

# Procedure file

Basic information		
CNS - Consultation procedure Regulation	<a href="#">1998/0094(CNS)</a>	Procedure completed
Agenda 2000: pre-accession, coordinating aid to the applicant countries		
Subject 8.20.04 Pre-accession and partnership 8.20.12 Enlargement's agricultural point of view 8.20.16 Enlargement's transport point of view 8.20.18 Enlargement's environment point of view		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>AFET</b> Foreign Affairs, Security and Defense Policy		03/06/1998
		PSE <a href="#">BARÓN CRESPO Enrique</a>	
	Former committee responsible		
	<b>AFET</b> Foreign Affairs, Security and Defense Policy		03/06/1998
		PSE <a href="#">BARÓN CRESPO Enrique</a>	
	Former committee for opinion		
	<b>AGRI</b> Agriculture and Rural Development	The committee decided not to give an opinion.	
	<b>BUDG</b> Budgets		03/06/1998
		V <a href="#">MÜLLER Edith</a>	
	<b>ENER</b> Research, Technological Development and Energy		03/09/1998
		PPE <a href="#">MOMBAUR Peter Michael</a>	
	<b>RELA</b> External Economic Relations		25/06/1998
		PSE <a href="#">MONIZ Fernando</a>	
<b>REGI</b> Regional Policy		25/06/1998	
	ELDR <a href="#">RYYNÄNEN Mirja</a>		
<b>ENVI</b> Environment, Public Health and Consumer Protection		25/02/1998	
	PSE <a href="#">MYLLER Riitta</a>		
<b>LIBE</b> Civil Liberties and Internal Affairs		23/07/1998	
	UPE <a href="#">CACCAVALE Ernesto</a>		
<b>CONT</b> Budgetary Control		29/06/1998	
	ELDR <a href="#">KJER HANSEN Eva</a>		
<b>FEMM</b> Women's Rights	The committee decided not to give an opinion.		

## Key events

18/03/1998	Initial legislative proposal published	COM(1998)0150	Summary
30/09/1998	Legislative proposal published	COM(1998)0551	Summary
28/10/1998	Vote in committee		Summary
28/10/1998	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0397/1998</a>	
04/11/1998	Committee referral announced in Parliament		
18/11/1998	Debate in Parliament		
19/11/1998	Decision by Parliament	T4-0669/1998	Summary
19/11/1998	Report referred back to committee		
19/04/1999	Vote in committee		Summary
19/04/1999	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0191/1999</a>	
05/05/1999	Debate in Parliament		
06/05/1999	Decision by Parliament	T4-0436/1999	Summary
21/06/1999	Act adopted by Council after consultation of Parliament		
21/06/1999	End of procedure in Parliament		
26/06/1999	Final act published in Official Journal		

## Technical information

Procedure reference	1998/0094(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	EC Treaty (after Amsterdam) EC 308; Rules of Procedure EP 050
Stage reached in procedure	Procedure completed
Committee dossier	AFET/4/10067; AFET/4/10567

## Documentation gateway

Initial legislative proposal		COM(1998)0150 <a href="#">OJ C 140 05.05.1998, p. 0026</a>	18/03/1998	EC	Summary
Document attached to the procedure		COM(1998)0182	18/03/1998	EC	
Legislative proposal		COM(1998)0551	30/09/1998	EC	Summary

		<a href="#">OJ C 329 27.10.1998, p. 0013</a>			
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A4-0397/1998</a> <a href="#">OJ C 379 07.12.1998, p. 0005</a>	28/10/1998	EP	
Text adopted by Parliament, partial vote at 1st reading/single reading		T4-0669/1998 <a href="#">OJ C 379 07.12.1998, p. 0121-0139</a>	19/11/1998	EP	Summary
Supplementary legislative basic document		<a href="#">06924/1999</a>	06/04/1999	CSL	Summary
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A4-0191/1999</a> <a href="#">OJ C 279 01.10.1999, p. 0004</a>	19/04/1999	EP	
Text adopted by Parliament, 1st reading/single reading		T4-0436/1999 <a href="#">OJ C 279 01.10.1999, p. 0255-0364</a>	06/05/1999	EP	Summary
Follow-up document		<a href="#">COM(2002)0781</a>	09/01/2003	EC	Summary
Follow-up document		SEC(2002)1418	09/01/2003	EC	
Follow-up document		<a href="#">COM(2003)0329</a>	04/06/2003	EC	Summary
Follow-up document		SEC(2003)0656	04/06/2003	EC	
Follow-up document		<a href="#">COM(2003)0844</a>	05/01/2004	EC	Summary
Follow-up document		<a href="#">SEC(2003)1477</a>	05/01/2004	EC	
Follow-up document		<a href="#">COM(2005)0178</a>	02/05/2005	EC	Summary
Follow-up document		<a href="#">SEC(2005)0558</a>	02/05/2005	EC	
Follow-up document		<a href="#">COM(2006)0137</a>	24/03/2006	EC	Summary
Follow-up document		<a href="#">SEC(2006)0378</a>	24/03/2006	EC	
Document attached to the procedure		<a href="#">SEC(2006)1546</a>	30/11/2006	EC	
Follow-up document		<a href="#">COM(2006)0746</a>	30/11/2006	EC	Summary
Follow-up document		<a href="#">COM(2007)0692</a>	09/11/2007	EC	Summary
Follow-up document		<a href="#">SEC(2007)1468</a>	09/11/2007	EC	

#### Additional information

European Commission

[EUR-Lex](#)

#### Final act

[Regulation 1999/1266](#)

[OJ L 161 26.06.1999, p. 0068](#) Summary

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

OBJECTIVE: in the framework of the pre-accession strategy and Agenda 2000, to provide coordination of all the pre-accession financial instruments within a single regulatory framework. SUBSTANCE: Council Regulation 622/98/EC on assistance for the applicant countries under the pre-accession strategy instituted for each of the applicant countries, accession partnerships providing a single framework for programming the priorities and financial resources of pre-accession aid (see CNS97351 and COS0684) In accordance with the Luxembourg European Council there is now a need to ensure coordination of all the aid and financial instruments for the future applicant countries. This is the aim of the proposal which seeks to ensure coherence and complementarity of the three financial instruments provided: - the Phare programme will concentrate on the essential priorities linked to adoption of the *acquis communautaire* by the applicant countries, i.e. building up the administrative and institutional capacities of the applicant countries and financing investments designed to help them comply with Community laws, - the aid for agriculture (fund intended to provide for modernizing the structure of agricultural holdings of the CEEC, improving processing

and distribution structures, developing inspection activities and rural development), - a structural instrument intended to finance activities similar to those of the cohesion fund and known as the ISPA or pre-accession structural assistance fund (aid in the fields of transport and the environment). This coordination will seek to ensure optimum economic impact for Community interventions. Systematic contribution by the applicant countries to the financing of investments will be required in each case. The Commission will be responsible for ensuring this coordination. In its task it will be assisted by an advisory committee made up of representatives of the Member States. It will also be responsible for the coordination and coherence of the interventions of these three instruments with financing from the EIB, other Community financial instruments and international financial institutions. The regulation should be applicable from 1 January 2000. ?

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

Following discussions with the Member States on coordinating operations under the two instruments for pre-accession aid (the agricultural instrument and ISPA) with PHARE, it became apparent that the majority wished the respective areas of intervention to be better defined and the coordination procedure to be simplified. The Commission therefore proposes an amended version of its proposal of 18 March 1998 to take account of these comments. The areas of intervention of the PHARE programme vis-à-vis the other two instruments have been clarified: PHARE is to focus its funds on the priorities linked to adoption of the *acquis communautaire* and investments (except for those covered by the two other instruments). The Commission also proposes amendments to the comitology procedure: the PHARE committee, rather than an additional committee, is to be responsible for coordination and coherence between operations as well as with those funded by the EIB. The Commission also proposes including in the amended text certain elements to decentralise the management of aid, in line with the opinion Parliament has already expressed on this matter. This decentralisation of management will be accompanied by an inspection and evaluation procedure. ?

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

The committee adopted the report by Enrique BARÓN CRESPO (PES, E), with an eye to the Vienna European Council in December 1998. Mr Barón Crespo stressed - just as he did when Parliament adopted his resolution on enlargement (on 4.12.97) - that the pre-accession process must take full account of the Copenhagen criteria: establishment of the rule of law and democracy, existence of a market economy and acceptance of the *acquis communautaire*. The Luxembourg European Council (12th-13th December 1997) created two new instruments to provide pre-accession aid alongside the Phare programme: ISPA (structural aid) and an agricultural aid instrument. This meant that legislation was needed to ensure sound management of the funds allocated to these programmes (ECU 520 million for agriculture, ECU 1040 for ISPA and ECU 1560 for Phare). Hence this report on the proposed coordinating regulation, which is due to enter into force on January 1st 2000. The report calls for genuine coordination of the above instruments and for coherence between their operations and those carried out under other financial instruments of the EU and the international financial institutions. The committee says that the aid provided must be used efficiently and that there must be proper monitoring of how it is used. Efficiency will be best served if the recipient states have to share in the funding of any investment projects, as this should ensure that EU funds have a greater economic impact. With regard to monitoring, as the rapporteur said, "It would be wrong to give the Commission *carte blanche*". The committee therefore calls for the Commission to submit an annual, rather than a biennial, report. On the subject of Parliament's role, the committee reminds the Council that on 11th March 1998, during the plenary debate on the accession partnership, it undertook to consult Parliament before any changes were made to the pre-accession partnerships. The committee therefore warns the Council that the conciliation procedure will have to be opened if the Council departs from Parliament's stated positions. In addition, MEPs want to take part, if only on a consultative basis, in the proceedings of the Coordination Committee (made up of representatives of the Member States and chaired by a Commission representative, with the participation of a non-voting EIB representative) and to receive all the necessary information relating to the monitoring of expenditure. ?

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

Following confirmation by the Commissioner, Mr Hans van den BROEK, that the Commission could not accept all the amendments adopted by plenary, the rapporteur, Mr Enrique BARON CRESPO (PSE, E) requested referral back to committee of his report, which was agreed. A more flexible attitude on the part of the Commission with regard to the demands was hoped for. In its amendments Parliament was stressing in particular: - the need to strengthen the effectiveness and monitoring of the aid granted. In this context Parliament stated that the beneficiary states should be systematically required to contribute to the financing of investments in order to optimise the economic impact of Community operations; - greater emphasis in the funding granted on the restoration and improvement of the rule of law and democracy in the applicant countries; - greater attention to coordination (including with the Member States); - more frequent reports from the Commission (every year and not every two years); - greater involvement by Parliament in the management of pre-accession partnerships, in particular through participation in the work of the coordination committee. Lastly, Parliament considered it inappropriate that PHARE was able to finance measures in the areas of the environment, transport and rural and agricultural development. It suggested that PHARE should have responsibility for nuclear safety. ?

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

Following on from the outcome of the Berlin Summit (23.03.1999) and the overall agreement reached by the Fifteen on Agenda 2000, this text constitutes the Council's consolidated version regarding the co-ordination of aid to the applicant countries in the framework of the pre-accession strategy for the period 2000-2006 (including Phare). Among the important changes made by the Council, it should be noted in particular that there is a clearer division of tasks between the funds under consideration (ISPA, the agricultural instrument and Phare). The Phare programme will have to focus specifically on the funding of support specifically linked to the adoption of the *acquis communautaire* (administrative and institutional capacities of candidate countries) and investments. Phare may also fund measures in the environment, transport, agriculture and rural development fields. The Council also modified the comitology rules governing this regulation by giving a more important role to the committee currently overseeing the Phare programme. Lastly, the Council clarified the minimum criteria and conditions for decentralising management to implementing agencies in applicant countries. It should be noted that the Berlin Summit for indicative purposes

set a total for pre-accession aid for the 2000-2006 period at EUR 3.12 billion per year (of which 1.56 billion would be for the Phare programme).?

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

The second report by Enrique BARÓN CRESPO (PES, E) on the proposal for a regulation on coordinating pre-accession aid to the applicant countries has been adopted by the Committee. The aim of the regulation is to coordinate the various pre-accession instruments following the decision by the Luxembourg European Council (12-13 December 1997) to set up two new aid programmes over and above the Phare programme. The new programmes are an agricultural aid instrument and ISPA (for structural aid). The regulation is designed to ensure that the funds allocated to these programmes (520m euro for agriculture, 1040m euro for ISPA and 1560m euro for Phare) are soundly managed. At the first plenary debate on 19 November 1998 Mr Barón Crespo asked for his report to be referred back to committee because the Commission was unable to accept Parliament's amendments. Parliament's delegation subsequently met the Council Presidency three times. This informal "conciliation" process resulted in the use of a flexible and efficient mechanism during an ordinary consultation procedure, where such a process would not normally be possible. It emerged from these informal meetings that there was a consensus within the Council on virtually all the amendments tabled by Parliament. Against this background, the second report retables most of the amendments adopted in November 1998 (except for those relating to the preamble). The rapporteur welcomed the fact that the main amendments had already been accepted by the Council and said that, in the case of the others, a further expression of support in plenary could only bring greater influence to bear on the Council when it adopted its final position. The report underlines the need to ensure that aid is used efficiently and is properly monitored. For Community-funded operations to have the maximum economic impact, the beneficiary States should be "systematically required" to contribute to any such investments. Funding under the Phare programme should focus on the main priorities for the adoption of the *acquis communautaire*, e.g. consolidating the rule of law and democracy, with particular reference to strict respect for individual rights and judicial and police cooperation. Aid for the improvement of nuclear safety should also be implemented in accordance with the Phare regulation. As regards the monitoring of aid, the report calls for the Commission to submit more frequent reports, i.e. annually rather than every other year, and for Parliament to be kept informed about the work of the Coordination Committee. ?

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

Under consultation procedure, the European Parliament adopted the second report by Enrique Barón Crespo (PSE,ES), which approves the Commission's amended proposal for a Council regulation on coordinating aid to the applicant countries in the framework of the pre-accession strategy, subject to amendments, notably in the following areas: - specifically requiring that an effort will be made to coordinate aid to the applicant states as regards EU-internal, cross-border and intergovernmental cooperation (Takis, Interreg) so that this aid constitutes a coordinated whole; - adding to the list of eligible measures under the programme measures in the sector of training and professional retraining for those areas and sectors in which recipient states must adopt conversion and restructuring measures in some industrial sectors in order to comply with the objectives of the partnerships for accession; - giving a more exacting and in-depth definition of the priorities which need to be fulfilled by those countries benefitting from the Phare programme for the adoption of the *acquis communautaire* (consolidating the rule of law and democracy, strict respect for individual rights, swift, impartial justice and judicial and police cooperation particularly in combatting organised crime and on external border controls); - providing that, in building up the administrative and institutional capacities of the applicant states, adequate consideration should be given to local and regional administrations; - providing that aid for the improvement of nuclear safety shall be implemented in accordance with the Phare regulation; - in order to optimise the economic impact of Community operations implemented under the three instruments referred to in the regulation, systematically requiring beneficiary states to contribute to the financing of investments; - assigning primary responsibility for coordination of the actions or measures covered by the regulation to the Coordination Committee set up by regulation 3906/89/EEC; - providing for greater consultation of the budgetary authority in determining rules governing inspection and evaluation; - providing that the Council and European Parliament shall receive annual reports and special monitoring and evaluation reports and shall be informed, as the need arises, of the work of the Coordination Committee (comitology); - requiring the Commission's report on the overall pre-accession aid for each country to be presented to the Council and the Parliament every year (rather than every two years).?

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

**PURPOSE:** to ensure the coordination and coherence in the forms of aid to applicant countries in the framework of the pre-accession strategy under the Phare programme, the agricultural instrument (SAPARD) and the structural instrument (ISPA). **COMMUNITY MEASURE:** Council Regulation 1266/1999/EC on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation 3906/89/EEC. **CONTENT:** Council Regulation 622/98/EC on assistance to the applicant countries in the context of the pre-accession strategy establishes for each of the candidate countries Accession Partnerships that comprise a single framework for the priority areas and all available resources for pre-accession assistance. The Luxembourg European Council called for a substantial increase in pre-accession aid so as to include, in addition to the Phare programme, an instrument for aid to agriculture and a structural instrument for financing schemes similar to the Cohesion Fund. The purpose of this proposed Regulation is to ensure that there is no duplication of these financial instruments and that there is maximum complementarity and economic impact of the 3 financial instruments. The three financial instruments are as follows : 1) the Phare programme focusing on the main priorities for the adoption of the Community *acquis*, i.e. building up of the administrative and institutional capacities of the applicant States and financing investment, excluding the types of investment financed under ISPA and SAPARD. The new Phare programme can be used to finance environmental, transport, agricultural and rural development measures which form a vital part of industrial reconstruction or regional development programmes. 2) The agricultural pre-accession instrument (SAPARD) will fund measures to support agriculture and rural development with a view to improving farm structures, the processing and marketing of agricultural and fishery products, plant-health and veterinary controls and food quality controls. Integrated rural development measures, including rural infrastructures and agri-environmental measures are also funded under the instrument. 3) The structural pre-accession instrument (ISPA) will fund: - environmental measures enabling the beneficiary countries to comply with the requirements of Community environmental law and with the objectives of the Accession Partnerships; - transport infrastructure measures, in particular those that constitute projects of common interest and those which enable the beneficiary countries to comply with the objectives of the Accession Partnerships. These include measures to ensure the interconnection and interoperability of national networks both with each other and with the

trans-European networks, and to provide access to such networks. Only one of the three financial instruments may be used to fund a given measure. The beneficiary States are to contribute to the financing of investments. The Commission is responsible for coordinating operations under the three instruments. It will establish the pre-accession aid guidelines for each country. It will be assisted by the Phare Management Committee in this task. The Commission is required to inform the Management Committee of any decisions concerning the indicative financial allocations for each country and for each pre-accession instrument, as well as of any measures taken to ensure coordination and coherence between operations undertaken under the three instruments and between the latter and operations funded by the European Investment Bank, other Community financial instruments or international financial institutions. There are provisions regarding the selection of projects and the evaluation of planned actions. The Commission may allow implementing agencies in applicant countries to manage the aid on a decentralised basis (the criteria are laid down in the Annex). The rules regarding inspection and evaluation are adopted by the Commission. The Commission is required to prepare an annual report for presentation to the European Parliament and the Council on all the pre-accession aid granted to each country. ENTRY INTO FORCE: 29.06.1999.?

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

**PURPOSE :** to present the general report from the Commission on pre-accession assistance (PHARE, SAPARD and ISPA) in 2000. **CONTENT :** This is the first report produced by the Commission on the three pre-accession instruments and their co-ordination in accordance with Article 13 of the Council Regulation on the coordination of pre-accession assistance (Co-ordination Regulation). On the basis of the strategy endorsed by the European Council at the Luxembourg Summit in December 1998 and the financial framework agreed at the Berlin Summit in March 1999, the three pre-accession instruments - Phare, Instrument for Structural Policies for Pre-accession (ISPA) and Special Accession Programme for Agriculture and Rural Development (SAPARD) - provide annually up to EUR 3,174 million in pre-accession assistance (2000 figures) to the ten applicant countries in central and eastern Europe for the 2000-6 period. The year 2000 was the first year when all three pre-accession instruments came on stream. Much progress was achieved in setting up the new instruments of ISPA and SAPARD. The pre-accession assistance for the candidate countries doubled, the Phare programme had to be adapted in order to take into account the new instruments and more emphasis was put on Economic and Social Cohesion. The co-operation between the different Commission services was stepped up and further developed in line with the Co-ordinating Regulation. Setting up of the structures for the pre-accession instruments in the candidate countries also provided an important exercise in Institution Building and started to prepare the candidate countries for the Structural Funds. The situation concerning the three instruments are as follows: 1) SAPARD : all SAPARD programmes were approved in 2000, bilateral multiannual financing agreements were negotiated and the work to establish SAPARD implementing agencies was started. However, no applicant country had a SAPARD agency ready to receive funds and therefore no SAPARD funds could be transferred to any applicant country by the end of 2000. 2) ISPA : for ISPA, the investment strategies were prepared and presented to the ISPA Management Committee. 85 projects (that had been prepared under the Phare programme in 1998 and 1999) were approved in 2000. These projects represent a total ISPA contribution of EUR 2.09 billion. For the 2000 budget, 75 projects (EUR 997 million) were committed; the 10 other projects that received a positive opinion are being committed from the 2001 budget. The projects accepted in 2000, including the technical assistance projects, were divided fairly evenly between the environmental and transport sectors: 39 environmental projects received over 46% of the 2000 budget, and 36 transport projects received over 53% of the 2000 budget. The slight inequality between the two sectors was a result of the transfer of two environmental projects in Poland (valued at over EUR 41 million) to the 2001 budget. In the environmental sector, over 64% of the funds are used for sewage installations and water treatment projects. In the transport sector, the focus was on rail projects, which constitute more than half of the budget. This is in accordance with Community policy on transport initiatives which places a strong emphasis on shifting the balance between transport modes through notably the revitalisation of the railways and calls for the promotion of intermodality and the development solutions for the financing of infrastructures. Funds have also been allocated in support of the Community Contribution to the International Fund "Clearance of the Fairway of the Danube". EUR 7.5 million was committed from the 2000 budget. Phare and OBNOVA - the Community programme related to aid for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia - also contributed to this project, in the tune of EUR 7.5 million and EUR 7 million respectively. As far as projects are concerned, approximately EUR 390 million of the appropriations for 2001 have already been committed through projects decided on in 2000 (as investment projects that are financed through ISPA are implemented over several years, projects generally require a commitment for more than one year). 3) PHARE : programming in 2000 was based on the revised guidelines for Phare that were approved by the Commission in 1999. These guidelines build on the changes decided in 1998. They take account of the new ISPA and SAPARD Regulations that take effect from 2000. The new guidelines also emphasise the need to use the Phare Programme to help the candidate countries prepare to benefit from the Structural Funds after accession (economic and social cohesion). Therefore, approximately 30% of the aid went on institution building, the main instrument of which was Twinning (secondment of experts from Member State governments and agencies to the candidate countries to help develop the capacity to implement a specific part of the acquis) and 70% went on investments designed to improve the regulatory framework and economic and social cohesion, thereby facilitating adoption of the acquis. The total Phare commitments for 2000 amounted to EUR 1,569 million. The operations financed were: - national programmes: EUR 853 million, of which: Bulgaria: EUR 66 million; Czech Republic: EUR 59 million; Estonia: EUR 24 million; Hungary : 70 million; Latvia: EUR 25 million; Lithuania: EUR 38 million; Poland: EUR 313 million; Romania: EUR 215 million; Slovakia: EUR 28 million; Slovenia: EUR 16 million. - special nuclear decommissioning programme EUR 82 million - cross-border co-operation : EUR 163 million - participation in Community programmes : EUR 188 million - regional and horizontal programmes : EUR 284 million The European Commission has increasingly transferred responsibility for the management and implementation of Phare programmes to the authorities in the candidate countries of eastern and central Europe. In addition, the Commission has revised and strengthened the internal arrangements within its Delegations for overseeing the tendering and contracting carried out by the authorities of the candidate countries.?

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

**PURPOSE :** to present the general report on pre-accession assistance (Phare-Isipa-Sapard) in 2001. **CONTENT :** this is the second report by the Commission to the European Parliament and the Council on the three pre-accession instruments and their co-ordination in accordance with Article 13 of Council Regulation 1266/99/EC. This Co-ordination Regulation sets out the division of labour between the three pre-accession instruments. To recall: - PHARE addresses priority measures concerning the adoption of the acquis communautaire, whether through improving administrative capacity or supporting related investment (EUR 1,634 million); - ISPA finances large infrastructure projects in the transport and environment sectors (EUR 1,109 million); - SAPARD finances measures to support agriculture and rural development (EUR 539.6 million). PHARE: The total Phare commitments for 2001 amounted to EUR 1,634 million. The operations financed were: - national programmes: EUR 1,091 million, of which: Bulgaria: EUR 83 million; Czech Republic: EUR 65 million; Estonia : EUR 26 million; Hungary :

EUR 90 million; Latvia : EUR 31 million; Lithuania : EUR 46 million; Poland : EUR 411 million; Romania : EUR 274 million; Slovakia : EUR 44 million; Slovenia : EUR 21 million; - special nuclear decommissioning programme EUR 168 million; - cross-border cooperation: EUR 163 million; - regional and horizontal programmes: EUR 212 million. The accession-driven focus that underpins the new orientations of Phare implies an increasing emphasis on National Programmes designed to address the specific weaknesses identified in the Regular Reports that the Commission prepares on each candidate country. The guidelines provide for around 30% of the aid to be devoted to institution building. In fact, in 2001, the figure was about 40%, the main instruments of which were Twinning and Twinning Light (a shorter scale version of Twinning introduced in 2001, as recommended in the Phare Review of 2000.) The balance of assistance went on investments designed to improve the regulatory framework, thereby facilitating adoption of the *acquis*, and to support economic and social cohesion. ISPA: In 2001 ISPA commitment appropriations were mainly used for the 94 new ISPA measures and second tranches for projects decided in 2000 (EUR 1,109 million). Of this, EUR 2.7 million was committed for technical assistance for EDIS, and EUR 26.1 million for project preparation. A total of 94 new projects with a total project cost of EUR 2.3 billion were decided on by the Commission, Community funding for these new projects is over EUR 1.1 billion. The remainder is to be co-financed by the beneficiary states (national sources at central, regional, and local level), and international financial institutions (IFIs). The average Community grant rate stood at 64% of project cost in 2001. In the field of environment, support from ISPA is intended to contribute to the implementation of Community environment policy. ISPA concentrates, in the first instance, on the investment-heavy environmental Directives, i.e. the Directives that will be most costly to implement. These concern the following four sectors: - drinking water supply; - waste water treatment; - management of solid waste and hazardous waste; and - air quality improvement. 51.92% of the ISPA budget this year went to environment projects. More than half of ISPA funding in the environmental sector for the year 2001 was dedicated to sewage treatment projects. Primarily the projects focused on sewerage works to extend, replace or repair current systems in the beneficiary countries. Approximately 26% of funding was assigned to drinking water projects, the majority in conjunction with waste water treatment projects. About 15% of the funding in this sector was applied to solid waste management, primarily to landfill projects. With regard to transport, ISPA funds spent in this sector in 2001 have been focused on further extending the TINA (Transport Infrastructure Needs Assessment) network. 57.5% of the transport sector funds have been allocated to road projects including new construction and improvements to meet EU capacity and safety standards. Around 40% have financed projects aiming at the rehabilitation and upgrading of existing rail infrastructure to EU standards. The Commission has also allocated EUR 59.9 million in order to enhance the technical capacity for project management. SAPARD: the programmes for all 10 countries were approved by the Commission in the autumn of 2000, and one of them (Latvia) was modified in 2001, mostly to take into account the work associated with the conferral of management to the SAPARD agency. Unlike the other pre-accession instruments Phare and ISPA, the Commission is not involved in the management, or project selection with SAPARD. Instead, the national authorities in the applicant countries are to assume entire responsibility through fully "decentralised management. This approach required two major exercises to be accomplished before aid could be granted: - negotiation with the applicant countries of an appropriate set of provisions covering all aspects relevant to the proper use, control and accountability of funds which was laid down in multi-annual financing agreements with each of them. By the end of 2001 these negotiations had been completed and all bilateral multiannual financing agreements and annual financing agreements were negotiated and concluded (with the exception of Romania) and annual allocations 2000 were committed. - the establishment in each applicant country of an agency capable of implementing SAPARD in a manner consistent with the legal provisions concluded in the multi-annual financing agreements. By the end of 2001 a considerable amount of work was accomplished by the applicant countries to build their SAPARD agencies, and conferral of management to the national authorities was decided by the Commission for 5 out of 10 countries. About EUR 30.5 million were transferred to these countries by that time: EUR 30.47 million as accounts and EUR 21,570 as interim payments (reimbursements) to Estonia relating to third quarter of 2001.?

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

PURPOSE : to present the General Report from the Commission on pre-accession assistance (Phare - Ispa - Sapard) in 2002. CONTENT : the breakdown of the Community pre-accession assistance in 2002 was as follows: EUR 1,699 million for PHARE, EUR 1,107.4 million for ISPA and EUR 554.5 million for SAPARD. 1) The total PHARE commitments for 2002 amounted to EUR 1,699 million. The operations financed were: - National programmes: EUR 1,168 million, of which: Bulgaria : EUR 95 million; Czech Republic: EUR 85 million; Estonia : EUR 30 million; Hungary : EUR 112 million; Latvia : EUR 32 million; Lithuania : EUR 62 million; Poland : EUR 394 million; Romania : EUR 266 million; Slovakia : EUR 57 million; Slovenia : EUR 35 million; - Nuclear Safety: EUR 108 million; - Cross-border co-operation : EUR 163 million; - Regional and horizontal programmes : EUR 260 million. Approximately 30% of the aid aims to support Institution Building, the main instrument of which was Twinning (secondment of experts from Member States' administrations to candidate countries) and approximately 70% went on investments designed to improve the regulatory framework and Economic and Social Cohesion, thereby facilitating the adoption of the *acquis*. The European Commission has increasingly transferred responsibility for the management and implementation of PHARE programmes to the authorities in the candidate countries. 2) The year 2002 was also the third operational year for both ISPA and SAPARD. All SAPARD programmes had already been approved in 2000; one of them (Latvia) was modified in 2001, nine of them (all but Slovenia) in 2002. The establishment of SAPARD Implementing Agencies progressed substantially with all ten candidate countries having received conferral of management for their respective SAPARD Agencies resulting in SAPARD funds being transferred to them in 2002. 3) Concerning ISPA, it finances large infrastructure projects in the transport and environment sectors. In 2002 ISPA commitment appropriations from budget line B7-020 were mainly used for the 80 new ISPA measures and tranches<sup>5</sup> for projects decided in 2000 and 2001 (EUR 1,107 million). Of this, EUR 4.2 million was committed for technical assistance for EDIS, and EUR 35.1 million for project preparation. A total of 80 new projects with a total eligible project cost of EUR 2.4 billion were decided on by the Commission, Community funding for these new projects is over EUR 1.5 billion. The remainder is to be co-financed by the beneficiary states (national sources at central, regional, and local level), and international financial institutions (IFIs). The average Community grant rate stood at 65 % of project cost in 2002. With the decisions taken between 2000 and 2002, the Commission approved a total of 249 ISPA measures, amounting to EUR 8.75 billion of investment, of which the EU is financing EUR 5.65 billion. With these decisions, the Commission already allocated about 75% of the funds foreseen for the entire period 2000-06. - In the field of environment, support from ISPA is intended to contribute to the implementation of Community environment policy. In order to maximise the impact of Community assistance on achieving the objectives of the environmental legislation, ISPA concentrates, in the first instance, on the investment-heavy environmental Directives i.e. the Directives that will be most costly to implement. These concern the following four sectors: - drinking water supply; waste water treatment; management of solid waste and hazardous waste, and Air quality improvement. As in earlier years, projects focused primarily on sewerage works to extend, replace or repair current systems in the beneficiary countries. About 18% of the funding in this sector were applied to solid waste management, primarily to landfill projects. - ISPA funds allocated to this sector in 2002 have again been focused on upgrading and extending the TINA network. With 45.7 %, a substantial share of the transport sector funds has been allocated to road projects including new construction and improvements to meet EU capacity and safety standards. However, more than 50% of the transport sector funds are financing projects aimed at the rehabilitation and upgrading of existing rail infrastructure to EU standards. Along the TINA Network, priority should be given to the integrated development of the 10 Pan-European Transport Corridors which were endorsed by the third Pan-European Transport conference in Helsinki in June 1997. The co-ordination of the

three instruments is ensured by a clear division of responsibilities between the instruments, by a common basis for programming and regular contacts between the different parties involved. The Commission strongly encourages the applicant countries to enhance inter-ministerial co-ordination, which is a key pre-condition for the candidate countries' successful future management of the Structural Funds. The Commission also maintained regular contact with the EIB and other International Financial Institutions, in particular the EBRD, with a view to ensuring maximum complementarity of project and programme funding.?

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

The European Commission has presented its fourth report on the three preaccession instruments and their co-ordination. In line with the positive accession negotiations in Copenhagen 2002, an increased emphasis was in 2003 put on creating the administrative capacity required for a successful implementation of the acquis and participation in present or future European Community programmes as of membership.

- PHARE: an ex-ante evaluation report was conducted in 2003, which revealed needs for more strategic programming, increase of resources for project design and the introduction of a more systematic quality control. Overall, evaluation results concluded satisfactory Phare performance. Good progress was made in meeting objectives in cross border co-operation, environment, justice and home affairs, public administration/finance, transport and the social domain. Outcomes were more mixed in agriculture, economic and social cohesion/regional policy. Results in the SME and in the internal market sectors have been uneven but improving.

- ISPA: given the early stage of ISPA implementation, no ex-post evaluation was launched in 2003.

- SAPARD: the Commission continued working closely with the beneficiary countries on adapting and

running the monitoring and evaluation systems. Meetings provided a useful opportunity to reinforce Commission Guidelines on the mid-term evaluation; to ensure that the evaluation exercise would be undertaken in a comprehensive and timely fashion; and to address specific queries which the evaluators wished to raise in the early stages of their work. The Commission also organised a seminar on the theme 'Developing and promoting local initiatives in the Candidate Countries (Pardubice, Czech Republic, 8-11 May)' aiming to provide a forum for the exchange of views on the implementation of the SAPARD programme.

As regards cooperation with EIB and the International Financial Institutions (IFIs), the report states that co-operation with the EIB and other IFIs in 2003 therefore continued under the framework of the

'Memorandum of Understanding on co-operation in the pre-accession assistance'. Figures available for the years 2000 to 2003 show that the yearly operations of the IFIs are in excess of EUR 22.8 billion in loans signed with the 10 enlargement countries. This amount also demonstrates the leverage effect of Community pre-accession assistance having been reinforced since 2000.

On the issue of the financial overview, the report highlights that the allocations for PHARE, ISPA and SAPARD in 2003 amounted to EUR 3389 million (PHARE: EUR 1699 million; ISPA: 1128 million and SAPARD: EUR 561 million).

The breakdown by country was as follows: Bulgaria EUR 268 million; Czech Republic EUR 195 million; Estonia EUR 84 million; Hungary EUR 244 million; Latvia EUR 124 million; Lithuania EUR 152 million; Poland EUR 963 million; Romania EUR 695 million; Slovakia EUR 128 million; Slovenia EUR 60 million; others EUR 476 million.

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

This is the fifth Commission Report on the pre-accession instruments, Phare, Ispa and Sapard in accordance with Article 13 of Regulation 1266/99/EC and covers the year 2004. It is a general Report and gives an overall description of the three instruments; their structure, spending, monitoring and funding procedures. Thus, for example, it describes in detail how funds are transferred, the implementation of the structures in the candidate countries and the move towards decentralisation under the Decentralised Implementation System or DIS. Also scrutinised is the Co-ordination Regulation, which seeks to bind the three instruments. Phare, for example, falls under the responsibility of DG Enlargement, ISPA under the responsibility of DG Regional Policy and SAPARD under the responsibility of DG Agriculture. The Co-ordination Regulation, however, ensures close co-operation between the three pre-accession instruments, specifying carefully the field to which each instrument provides assistance.

To recall, Phare is a programme which seeks to help in the adoption of the EU's acquis communautaire. This can be done either through investing in the applicant countries' administrative procedures or through investing in related economic activities. It also has an element of Economic and Social Cohesion. ISPA is an instrument through which funding can be channelled in support of major environmental and transport infrastructure projects and SAPARD offers agricultural and rural development funding. For more detail on the individual programmes, the Commission has prepared reports unique to each of them.

As far as the monitoring and evaluation of Phare is concerned the final evaluation results report mixed findings. Three shortfalls have been identified. First, substantial weaknesses in Phare require further analysis. Second, the objectives set by Phare have not been adequately achieved and third, implementation of the programme suffers from pervasive inefficiency. In spite of these findings the Commission Report suggests that in view of the complexities involved in the pre-accession objectives and in light of the constraints vis-à-vis implementation periods, Phare achievements are nevertheless remarkable. For ISPA, an ex-post evaluation is impossible to deliver given that many of its projects have not yet reached fruition.

Lastly, for SAPARD, the Commission notes that eight out of the ten beneficiary countries became new Member States in May 2004. However, many of the acceding countries continued with Sapard projects until they were in a position to switch to post-accession programming. As a result of this, up to the end of 2004, the Sapard agencies approved as many as 37 000 projects involving EUR 2.2 billion.

Also discussed by the Commission is co-ordination with the EIB and other International Financial Institutions. As in previous years co-operation with the EIB and other IFIs continued in 2004. Figures available for the years 2000-2004 show that IFI operations to pre-accession assistance amounts to some EUR 6.9 billion in loans signed with Bulgaria and Romania.

To conclude, the Report gives a Financial Overview of allocations per country for PHARE, ISPA and SAPARD in 2004. This overview states that in 2004 Bulgaria was allocated a total of EUR 497 million and Romania a total of EUR 907 million. A total of EUR 31 million was awarded



to multi-country programmes such as nuclear safety, statistics and the European Training Foundation.

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

**PURPOSE** : to present a report on pre-accession assistance in 2005.

**CONTENT** : this is the sixth report covering activities financed by the three pre-accession instruments, Phare, ISPA and SAPARD in 2005.

The report focuses on the coordination between these instruments in accordance with Article 13 of the Council Regulation (EC) No 1266/99 on the co-ordination of pre-accession assistance. In line with accession negotiations in Copenhagen 2002, an increased emphasis was put on creating the administrative capacity required for a successful implementation of the acquis and participation in present or future European Community programmes.

The actions of the pre-accession programmes may be summarised as follows:

**Phare:** Execution of the Phare programmes is subject to a structured monitoring and evaluation process. A Joint Monitoring Committee (JMC) in each country is supported by Sectoral Monitoring Sub-Committees (SMSC) which meet twice a year. In 2005, all new Member States had set up their decentralised monitoring and interim evaluation (IE) functions. In Bulgaria and Romania, whilst the responsibility for monitoring was decentralised in 2001, the IE function remained centralised. As a preparation for decentralising the IE function, both countries started in 2005 to draft their Action Plans on decentralised monitoring and interim evaluation. Croatia started to prepare for decentralisation of monitoring.

The key messages derived from the reports are the following:

- objectives are too ambitious/vague/unclear, and require subsequent reformulation to become operational;
- there is insufficient capacity for, and preparation of, multi-annual programming/project fiche design;
- effectiveness of multi-annual programming is reduced as a result of cumulative implementation delays;
- sustainability is at risk due to limited institutional absorption capacity as well as lack of progress with public administration reform;
- Phare has had limited effect to date in preparing beneficiaries to the Structural Funds;
- on the whole, effectiveness of twinning projects is satisfactory.

**ISPA:** all ISPA projects are subject to the ISPA Regulation and the Financing Agreement provisions of both monitoring and evaluation. As no project had been completed by end 2005, no ex-post evaluation was launched in that year.

**SAPARD:** the Commission continued working closely with the beneficiary countries on adapting and running the monitoring and evaluation systems. The 14 Monitoring Committee meetings held in 2005 provided a useful opportunity to discuss and decide on: (i) monitoring the implementation of the programmes (ii) approval of modifications necessary regarding the closure of the programme and improving the absorption capacity of the programmes (BG, RO) as well as (iii) approval of the annual reports on progress achieved in relation to the implementation of the Sapard programmes, before their official submission to the Commission.

**Coordination of the 3 instruments:** as required by the Coordination Regulation, the Commission ensures close co-ordination between the three pre-accession instruments. The Commission's Co-ordination Committee for the 3 pre-accession instruments, set at Directors level, has not officially convened during 2005, although an important number of meetings have taken place notably in view of creation of the new Instrument for Pre- Accession (IPA) and its relevant components. A General Assistance Document, through which the Commission informed the Phare Management Committee of the co-ordination of pre-accession aid in 2005 and planned assistance for 2006, was presented in May 2005. At the national level, the Commission strongly encourages the candidate countries to enhance inter-ministerial coordination, which is a key pre-condition for the candidate countries' successful future management of the Structural Funds.

**Allocations for PHARE, ISPA and SAPARD in 2005:** the principal operations financed were as follows;

- Bulgaria /Romania Roadmap (plus Kozloduy) (PHARE + SAPARD + ISPA) : EUR 1,502 million;
- Kozloduy Decommissioning: EUR 50 Million;
- Croatia: EUR 80 Million by PHARE ; EUR 25 million by ISPA.

Total (3 instruments, all operations) : EUR 1,653 million in 2005.

## Agenda 2000: pre-accession, coordinating aid to the applicant countries

---

This is the seventh report on activities financed by the three pre-accession instruments: Phare, ISPA and SAPARD and covers the year 2006. The report focuses on coordination between the three instruments as specified in the Council Regulation on the co-ordination of pre-accession assistance; typically referred to as the 'Coordination Regulation'. In line with the positive accession negotiations in Copenhagen, an increased emphasis has been put on creating the administrative capacity required for a successful implementation of the acquis and participation in present or future European Community programmes.

In summary, the main findings of the report are as follows:

**PHARE:** under the Phare structure a joint monitoring committee (JMC) has been set up in each country that is supported by Sectoral Monitoring Sub-Committees (SMSC). These meet twice a year. In 2006, DG Enlargement generated 24 individual country, sectoral ad-hoc or thematic reports on Phare support to Bulgaria and Romania. The key message derived from the Bulgaria and Romania evaluations is as follows:

- On the whole, the performance of Phare has improved with time though some results are mixed.

- Implementation of Phare remains a challenge with widespread contracting delays.
- Outputs have been delivered adequately, by and large, though sometime later than planned.
- Twinning has proven to be a particularly effective tool for institution building and increasing the absorption capacity of beneficiaries.
- The sectoral performance of Phare was varied. In Romania, Environmental and Internal Market sectors scored the highest rating. The lowest rated sectors, by contrast, were Economic and Social Cohesion and Energy Transport. In Bulgaria the Environment scored the highest rating whilst again the lowest ratings scored concerned Economic and Social Cohesion, Energy and Transport.
- Phare support was needed to help initiate reform of public administrations as well as the judiciary. Only adequate progress has been recorded however.
- Phare has had a limited effect on preparing beneficiaries for the Structural Funds. Any acceleration and advanced preparation from these Funds was due mainly to candidate countries own efforts.
- Phare did not contribute significantly to the setting up of national coordinating structures and procedures.

Phare assistance and its sustainability, however, is growing in line with the strengthening of Phare's legal, organisational and administrative systems.

ISPA:

No ex post evaluations or projects have been complete in Romania or Croatia by the end of 2006. Although some projects were being carried out in Bulgaria they were completed towards the end of 2006 and thus no investment projects have been wound up. As a result an ex-post evaluation in Bulgaria was not launched there either.

SAPARD: throughout 2006, the Commission continued to work closely with the beneficiary countries on adapting and running the monitoring and evaluation systems. The Monitoring Committee meetings held in 2006 provided a useful opportunity to discuss and decide on i) monitoring and implementation of the programmes; ii) approval of modifications needed to close certain programme and improve the absorption capacity of the programmes and iii) approve the annual reports on progress achieved in relation to implementation of the Sapard programmes.

Coordination: in line with legislative requirements to do so, the Commission has continued to support close coordination between the three pre-accession instruments through a number of committee meetings as well as the general framework for assistance under the pre-accession instruments as set up by the Accession Partnerships. To avoid duplication, the Commission has clarified the interface between Phare and SAPARD, taking account of provisions in the Coordination Regulation. As regards project monitoring, coordination takes the form of the JMC, which in turn is supported by the ISPA Monitoring Committees and Phare sub-committees. In addition the Commission strongly encourages the candidate countries to enhance their inter-ministerial coordination ? a key pre-condition to their successful future management of the Structural Funds. Indeed a coordination ?checklist? is forwarded to the candidate countries.

Similarly, the Commission regularly consults the international financial institutions (IFI's) and bilateral donors throughout a programming cycle in order to identify scope for joint activities and complementary approaches to address pre-accession priorities. The EIB, for example, and the Commission have established a facility at border regions, as requested by the Nice European Council. The project concentrates on the implementation of small municipal infrastructure in border regions to promote integration with current EU regions.