

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

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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.