

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

1998/0094(CNS) - 04/06/2003 - Follow-up document

PURPOSE : to present the general report on pre-accession assistance (Phare-Ispra-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.