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**ANNEXES (COUNTRY SECTIONS & ADDITIONAL INFORMATION)
TO THE GENERAL REPORT ON PRE-ACCESSION ASSISTANCE
(PHARE- ISPA – SAPARD)
IN 2003**

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ADDITIONAL INFORMATION

1.1 FUNDING PROCEDURES

1.1.1. PHARE

- Framework agreement signed between the Commission and each country (has existed for each country for several years)
- Annual programming by priorities identified in the Regular Reports and the Accession Partnerships
- Candidate countries prepare draft programmes and project fiches for comments and final decision by the Commission
- Financing proposals for annual National Programmes prepared by DG Enlargement; consultations with other Commission services, and presentation to the PHARE Management Committee for an opinion
- Commission Decision
- Commitment of funds
- Signature of annual financing memorandum by the candidate country and the Commission; exchange of letters on project fiches
- First transfer of funds (advance payment of 20%) upon request from the National Fund.

1.1.2. ISPA

- Existing framework agreements for PHARE are extended to ISPA
- National ISPA strategies for transport and environment prepared by the countries, other Commission services are consulted, and the strategies are approved by the Commission (they will be updated when needed to ensure that priority projects financed through ISPA remain focused on policy objectives)
- Identification and preparation of projects by the countries
- Project application on standard form, acceptance (i.e. check whether all documents are included) and appraisal
- Financing proposal for each project prepared by DG Regional Policy, put into inter-service consultation, and presented to the ISPA Management Committee for an opinion
- Commission Decision (for each project)
- Commitment of funds (one project may receive commitments from different years, e.g. 2000 and 2001 ISPA programmes)
- Signature of Financing Memorandum (for each project)
- First transfer of funds (10%)
- Second transfer of pre-financing (10%) once first works contract has been signed (for investment projects), and subject to certain conditions stipulated in the Financing Memorandum
- Intermediate payments for reimbursement of actual payments to contractors on the ground and subject to certain conditions in the Financing Memorandum
- Payment of final balance upon fulfilment of conditions stipulated in the Financing Memorandum.

1.1.3. SAPARD

- Submission to the Commission of a draft agriculture and rural development plan (RDP) for 2000-2006 by each country before the end of 1999

- Inter-service consultations with Commission services and consultations with each country
- Agreement with the country on the plan
- Final inter-service consultation with Commission services
- Submission of the plan to and opinion by the STAR (Management) Committee
- Formal adoption by the Commission of a programme for agriculture and rural development
- Commission Decision to authorise the signature of the Multi-Annual Financing Agreement and the Annual Financing Agreement
- Signature of the Multi-Annual Financing Agreement and the Annual Financing Agreement
- Commitment of the annual SAPARD appropriation
- Conclusion of the Multi-Annual Financing Agreement and the Annual Financing Agreement
- Formal decision by the Commission conferring management of aid on the Implementing Agencies
- First payment to the country (max 49% of the first annual allocation)
- Reimbursement of incurred expenditures

1.2. EDIS

During 2003 the acceding and Candidate countries continued their preparations for EDIS according to the Roadmap steps. The preparations were facilitated by the support provided in 2002 under a Multi-Country Programme of €5.9 million. By the end of the year the Commission had received EDIS applications from six of the eight PHAREcountries acceding in 2004 and had commenced the assessment of some of these applications.

For PHARE, the Commission had established in 2002 High Level Working Groups on EDIS in all PHAREcountries to supervise and guide the progress on EDIS for the PHAREprogramme. The first round of meetings was held in 2002 and during 2003, the High Level Working Groups met for a second and third round for most of the acceding PHAREcountries.

For ISPA, all countries completed the first stage systems gap assessment in 2002. In 2003 eight countries had completed the second phase and moved to the third stage (“Compliance assessment”). By the end of 2003 four acceding countries have applied for the waiving of the ex-ante control, confirming that the minimum criteria and conditions stipulated for granting EDIS had been met. Even if EDIS will not have been accredited for all countries before the accession, the EDIS process will remain a core element of the Commission’s initiative to strengthen the administrative capacity for project management and contracting in the new Member States.

ANNEX II: COUNTRY SECTION

1. BULGARIA

Allocations for Bulgaria in 2003 were as follows:

PHARE: € 188.9 million

ISPA: € 112.6 million

SAPARD: € 56.1 million¹

TOTAL: 357.6 € million

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: € 188.9 million²

Main programmes

- *National Programme* € 99 million

Comment: Includes External Border Initiative of € 4.12 million and participation in Community programmes costing € 10.009 million (not included in breakdown below)

- *Cross border Co-operation programmes* € 28 million

Geographical breakdown: Greece € 20 million, Romania € 8 million

- *Nuclear Decommissioning* € 61.9 million

The sum comprises € 60 million for the Kozloduy International Decommissioning Support Fund and € 1.9 million for assistance to the Nuclear Regulatory Authority

National programme's objectives

- *Strengthen public administration at all levels and the judiciary* € 15.8 million
- *Improve transparency, financial control and the fight* € 3.8 million

¹ Indicative allocation of the maximum annual amount in 2003 prices.

² Excluding benefits from horizontal and multi-country PHARE programmes.

against corruption and fraud

- Promote economic growth and competitiveness and social cohesion € 26.2 million
- Integrate minority and vulnerable groups into mainstream society and create a more dynamic and pluralist civil society € 9.1 million
- Enhance the administrative and judicial capacity to implement and enforce legislative measures and assume the obligations of EU membership € 19.1 million
- Improve the strategic planning and effective utilisation of EU funds and prepare for Structural Funds (including implementing EDIS) € 10.8 million

ISPA

Committed amount: € 112.6 million

Environment: € 73.3 million

Transport: € 39.3 million

Environment strategy's priorities

1. Water quality
2. Urban waste
3. Air pollution

Transport strategy's priorities

- Further opening of Bulgaria to its neighbours (Greece, Turkey and Central Europe) and the rest of Europe – development of main corridors, border infrastructure and Sofia airport.
- Maintain a balance between transport modes.
- Develop railway connections and electrification of all main railway lines.
- Continue programme of road rehabilitation and construction of new motorways.
- Ensure compliance of transport infrastructure with environmental concerns.
- Complete or upgrade the main Trans-European Networks and develop border connections (5 of the 10 priority TINA corridors across Bulgaria).

BULGARIA	ISPA FUNDS	PROJECTS
ENVIRONMENT		
Water sector	63.7 million	4
Waste management	8.7 million	1
Technical assistance	0.9 million	1
TRANSPORT		
Road	12.4 million	1
Rail	26.9 million	1

SAPARD

Committed amount: € 56.1 million

The Commission approved the Bulgarian SAPARD programme on 20 October 2000.

Modifications of the programme were approved by the Commission on 21 May 2002 and 27 May 2003.

Rural Development Plan's main objectives

- Improving agricultural production efficiency and promoting a competitive food processing sector by better market and technological infrastructure and strategic investment policies aimed ultimately at reaching EU standards.
- Sustainable rural development consistent with best environmental practices, by introducing alternative employment, diversifying economic activity and establishing necessary infrastructure.

Financial breakdown per measure³

Investments in agricultural holdings	31.4 %
Improvement of processing and marketing of agricultural and fishery products and construction of wholesale markets	24.0 %
Development of environmentally friendly agricultural products	2.5 %
Forestry, including afforestation and investments in improvement of the processing and marketing of forestry products	8.4 %
Setting up producers groups	1.0 %
Water resources management	5.6 %
Development and diversification of economic activities providing for multiple activities and alternative income	7.8 %
Renovation and development of villages, protection and conservation of rural heritage and cultural traditions	8.1 %
Development and improvement of rural infrastructure	5.9 %
Improvement of vocational training	4.7%
Technical Assistance	0.7 %

³ As stated in the financial table annexed to the RDP (December 2002), share of total allocation of EU funds

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

The following implementation structure exists in Bulgaria for the implementation of pre-accession assistance:

National Fund (NF)

Implementing Agencies

For PHARE:

- Central Finance and Contracting Unit for Institution Building projects
- Agency at the Ministry of Regional Development that handles investment projects for Cross-border Co-operation and Economic and Social Cohesion.
- Agency at the Ministry of Labour and Social Policy that handles investment projects in their field of competence

Characteristics:

- handle tendering, contracting and payments
- day-to-day project management remains the responsibility of the Ministries or agencies directly benefiting from the assistance.
- Increased ownership and responsibility for the sound management of EU funds with the issuance of a decree in September 2000 giving the CFCU the status of Directorate within the Ministry

For ISPA:

- *Transport:* the Ministry of Transport and the Roads Executive Agency
- *Environment:* the Ministry of Environment and Water, and Ministry of Regional Development and Public Works.

For SAPARD:

The Commission Decision conferring management to the Bulgarian implementing structures was taken on 14 May 2001 for 3 out of 11 measures, which account for 63.2% of the available amount. The three concerned measures are: investments in agricultural holdings; processing and marketing and diversification of activities.

Conferral of management was approved for six more measures and 1 sub-measure in August 2003. The measures concerned are: forestry, setting up of producer groups, renovation and development of villages, development and improvement of rural infrastructure, improvement of vocational training, technical assistance and sub-measure “wholesale markets”

Following the first Decision on conferral of management, in May 2001 the Commission made an initial payment on account of € 12,988,950 to the National Fund. A second instalment of the payment on account of € 12,988,949 was paid in 2003. Additional payments to cover

payment claims from the final beneficiaries of € 32,648,090⁴ were made for expenditure declared until the end of 2003.

From the beginning of the programme until the end of December 2003, the SAPARD Agency approved 979⁵ projects, involving € 145.15 million of Community contribution. From these projects, 394 have been completed and a total subsidy of € 50.35 million has been paid to the beneficiaries.

As regards payments executed by the Commission to Bulgaria a total amount of € 58,625,988.68 has been paid up to the end of 2003. This amount includes € 25,977,899 as a payment on account and 32,648,089.68 paid as a reimbursement of incurred expenditure. The final version of the mid-term evaluation report has been submitted to the Commission on 23 December 2003.

The following structure is used for the implementation of SAPARD in Bulgaria:

- The National Fund, located within the Ministry of Finance, administers SAPARD funds allocated under the responsibility of the National Authority Officer. It is responsible for the national accreditation of the SAPARD Agency and for the information flow between the Commission and Bulgaria.
- The Managing Authority is located within the Ministry of Agriculture.
- the SAPARD Agency, is within the State Fund Agriculture (SFA), and operates from its seat in Sofia with 6 regional offices.
- The **Monitoring Committee** was established by the Managing Authority and has met five times.

C. CO-ORDINATION BETWEEN PRE-ACCESSION INSTRUMENTS

In the programming process: through intensified collaboration between the relevant Commission services, including joint programming missions and regular meetings to share information.

- At the national level:
 - Programming: through the National Aid Co-ordinator (NAC) in the Ministry of Finance
 - Implementation *and financial management:* through the Ministry of Finance (National Fund) regarding all aspects of implementation and financial management.

⁴ From this amount, € 5,249,482 concerning reimbursement for expenditure occurring in the fourth quarter of 2003 was paid on 2004 .

⁵ From these projects, 33 have been cancelled. For the remaining 286 projects the respective EU contribution is € 41 million

- *At the regional level:*

- *Programming:* establishment of regional steering committees
- *Implementation and financial arrangement:* through the designated Implementing Agency (PHARE, ISPA).

2. CZECH REPUBLIC

Allocations for Czech Republic in 2003 were as follows:

PHARE: € 116.0 million

ISPA: € 75.5 million

SAPARD: € 23.8 million ⁶

TOTAL: 215.3 € million

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: € 116.0 million

Main programmes

- National Programme (2 FMs) (part 1 almost all IB 38.5 MEUR; part 2 almost all INV in ESC 56.68) € 95.2 million

- Cross border Co-operation programmes € 19.0 million

Geographical breakdown: Germany € 10 million, Austria € 4 million and Poland: € 5 million

- Nuclear Safety € 1.8 million

National programme's objectives

- Strengthening the democratic system, the rule of law, human rights, protection of minorities € 1.0 million

- Strengthening the competitiveness of the Czech Republic's market economy € 8.2 million

- Helping the Czech Republic adopt and implement the acquis and strengthening the institutional and administrative capacity to manage the acquis € 19.6 million

⁶ Indicative allocation of the maximum annual amount in 2002 prices

- Improving the standard of living in economically depressed regions and at preparing the Czech Republic for the management of Structural Funds € 66.4 million

ISPA

Committed amount: €75.5 million

Environment: €45.7 million

Transport: €23.8 million

Flooding Relief: €6 million

EDIS: €0.1 million

Environment strategy's priorities

- Water Quality Management
- Waste Management
- Air quality and Climate protection
- Technical assistance

Transport strategy's priorities

Road sector:

- completion of missing sections of the R 48 expressway linking Czech Republic with Poland
- construction of certain sections of D8 motorway linking Prague to Dresden
- completion of the Pilsen by-pass
- certain sections of the Prague Ring Road.

Rail sector: completion of modernisation TEN Corridor IV, which links the country to Berlin and Vienna/Bratislava.

Inland waterways sector: improvement of navigation conditions on the Labe River.

CZECH REPUBLIC	ISPA FUNDS in MEUR	% TOTAL OF SECTOR	PROJECTS
ENVIRONMENT			
Water management	21.2	46.4	3
Waste management	16.8	36.8	1
Air quality and climate protection	6.3	13.8	1
Technical assistance	1.4	3.0	1
Sub-total	45.7	100	6
Continues ...			
TRANSPORT			
Rail	7.3	30.6	2
Rail and Road	0.1	0.2	1
Road	16.5	69.2	2
Sub-total	23.8	100	5
EDIS			
Total	0.1	100	1
FLOODING RELIEF			
Total	6.0	100	1

SAPARD

Committed amount: € 23.8 million

The Commission approved the Czech programme on 26 October 2000. Since its approval, the SAPARD Programme in the Czech Republic has been the subject of four modifications. The last modification was approved by the Commission Decision on 23 December 2002. It included changes to the programme in response to the floods which seriously affected the country in August 2002.

Rural Development Plan's main priorities

- Increase the competitiveness of agriculture and processing industry
- Reach the sustainable development of rural areas
- Technical support

Financial breakdown per measures⁷

Measures to be realised in order to increase the competitiveness of agriculture and processing industry **63.9 %**

Investments in agriculture holdings **17.7%**

Improving of the processing and marketing of agricultural and fishery products **17.3 %**

Improving the structures for quality control, for the quality of foodstuffs and for consumer protection **8.9 %**

Land improvement and re-parcelling **20.0 %**

Measures selected to reach the sustainable development of rural areas **34.4 %**

Renovation and development of villages **10.5 %**

⁷ As stated in the financial table annexed to the RDP (December 2002), share of allocation of EU funds

Rural infrastructure	5.6%
Development and diversification of economic activities, providing for multiple activities and alternative income	16.0 %
Agricultural production methods designed to protect the environment and maintain the countryside	2.3 %
<i>Technical support</i>	1.6 %
Improvement of vocational training	0.9 %
Technical Assistance	0.7 %

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

PHARE and ISPA

National Fund (NF)

Implementing Agencies

For PHARE:

- Central Financing and Contracting Unit (CFCU), for Institution Building and Investment projects
- Centre for Regional Development, for cross-border co-operation projects and investment projects for Economic and Social Cohesion concerning regional development (e.g. INTERREG III style measures, improving business infrastructure)
- ‘CzechInvest’ at the Ministry of Industry and Trade, for investment ESC projects aimed at stimulating the private sector (e.g. SME support)
- Czech Civil Society Development Foundation (NROS), for projects concerning the civil society sector
- National Training Fund for investment ESC projects aimed at improving the employment situation (e.g. human resource development schemes)

For ISPA:

- The National ISPA Co-ordinator (NIC) is a Deputy Minister in the Ministry for Regional Development
- Creation of two Implementing Agencies:
 - *Transport:* the Ministry of Transport
 - *Environment:* the State Environment Fund

For SAPARD:

The management of SAPARD aid was conferred on the implementing agencies in the Czech Republic on 15 April 2002 covering seven out of nine measures, representing approximately 97% of the amounts available. A second conferral of management decision was adopted by the Commission on 19 February 2003 in respect of Measure 2.3: 'Agricultural production methods designed to protect the environment and maintain the countryside'. A third Commission Decision was taken on 1 August 2003 conferring the management of aid in respect of Measure 3.1: 'Improvement of Vocational Training'.

By the end of 2003, the SAPARD Agency has approved a cumulative total of 1656 projects, amounting to € 106,336,972 of Community contribution which corresponded to 115 % of the cumulative amount of approved commitments laid down in Annual Financing Agreements for Czech Republic for 2000-2003.

As regards payments executed by the Commission to Czech Republic a total amount of € 40,244,716.24 has been paid up to the end 2003 representing 43,4% of the total funds available in the AFAs for the Czech Republic for 2000-2003. This amount includes € 10,995,902 as a payment on account and € 29,248,814.24 paid as a reimbursement of incurred expenditure (i.e. payments made by the SAPARD Agency to the beneficiaries). The results of the mid-term evaluation have been submitted to the Commission on 26 December 2003.

The following structure is used for the implementation of SAPARD in the Czech Republic:

- The National Fund, located within the Ministry of Finance, administers SAPARD funds allocated under the responsibility of the National Authorising Officer. It is responsible for the national accreditation of the SAPARD Agency.
- The Managing Authority is a separate department within the structure of the SAPARD Agency.
- The SAPARD Agency: the Agency of the Czech Republic for Agricultural Markets and Rural development has been established as the SAPARD Agency.
- The Monitoring **Committee**.

C. CO-ORDINATION BETWEEN PRE-ACCESSION INSTRUMENTS

- ***In the programming process:*** through intensified collaboration between the relevant Commission services, including joint programming missions and regular meetings to share information.
- At the national level:
 - *Co-ordination PHARE, ISPA, SAPARD:* through the Joint Monitoring Committee, in which the NAC and the NAO meet with the Commission at least once a year. In 2003, this meeting took place on 20 June.
 - *Programming:* through the NAC in the Ministry of Finance
 - *Implementation and financial management:* through the Ministry of Finance (National Fund) regarding all aspects of implementation and financial management.
 - *Preparation of programming documentation connected with Economic and Social Cohesion:* through the Management and Co-ordination Committee responsible for the overall co-ordination and monitoring of preparations for programming documentation (National Development Plan, ROPs and SOPs) connected with Economic and Social Cohesion, and, in particular, the activities of the Regional and Sectoral Management and Monitoring Committees.
- At the regional level:
 - *For PHARECBC and ISPA:* through the Monitoring Sub-Committee for Economic and Social Cohesion

3. ESTONIA

Allocations for Estonia in 2003 were as follows:

PHARE:	€ 42.5 million
ISPA:	€ 30.9 million
SAPARD:	€ 13.2 million
TOTAL:	€ 86.5 million

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: € 42.5

Main programmes

- *National Programme* € 39.5 million
- *Cross border Co-operation programmes* € 3.0 million

Breakdown: Baltic Sea CBC programme: € 2 million and
Baltic Sea Special Action: € 1 million

National programme's objectives

- *Establishment of a customs laboratory* € 0.4 million
- *Accession Facility* € 2.6 million
- *Development of Structural Funds electronic information system* € 1.1 million
- *Project preparation facility for EU assistance* € 2.3 million
- *Twinning Light Facility* € 1.2 million
- *Assistance to the Ministry of Finances in preparing the administration of the European Communities' Own Resources and participation in the EU budgetary process* € 0.5 million
- *Strengthening Financial Management and Control System – Phase II* € 0.6 million
- *Assistance to the Public Service Academy to develop taxation training curriculum* € 0.7 million

- *Development of testing facilities for implementation of market surveillance* € 0.7 million

- *Further alignment with the railways acquis and strengthening administrative capacity to manage its implementation* € 1.1 million

- *Enhancing border control and development of border surveillance at Estonian eastern Border* € 3.3 million

- *Extension of the Estonian Automated Fingerprint Identification System* € 2.2 million

- *Reducing corruption in Estonia* € 0.5 million
- *Support to the creation of a witness protection system* € 0.3 million
- *Improving investigation involving digital evidence* € 0.4 million
- *Building competence in European law in the Estonian judiciary* € 0.6 million

- *Development of an IT system for the administration of EAGGF Guarantee section of the Rural development measures* € 0.4 million

- *Development of an IT system for the administration of market regulation measures* € 0.9 million

- *Development of plant protection products analyses in the Estonian Control Centre of Plant Protection* € 0.7 million

- *Upgrade of clinical veterinary medicine in Estonia* € 1.3 million
- *Strengthening of forest management in Estonia* € 0.8 million
- *Development of the national hydrometric network according to EU standards* € 0.5 million

- *Development of the Estonian fuel quality management* € 2.6 million

- system*
- *Programme for strengthening the civil society and preparing for Accession by supporting NGOs in implementing the environmental acquis* € 0.5 million
 - *Implementation and further development of the national drug strategy* € 0.5 million
 - *Development of administrative capacity of national authorities in the field of gender mainstreaming* € 0.6 million
 - *Support for Tourism Development* € 2.7 million
 - *Support for industrial infrastructure development* € 1.4 million
 - *Testing and notification of oil shale chemicals produced from oil shale* € 1.0 million
 - *Estonian Language Training and Teaching in Estonian for Non-Estonian Speakers* € 3.3 million
 - *Development of the Tartu Science Park* € 1.0 million
 - *Development of the Tallinn Technology Park* € 0.2 million
 - *Support to energy efficiency investments in municipalities* € 1.5 million
 - *External Border Initiative for Estonia* € 1.2 million

Community Programmes and Agencies: In 2002 sufficient funds were allotted to cover participation costs in 2003 (front-loading). Therefore, in 2003, PHARE funds were not allotted within the national programmes to front-load participation in Community programmes and agencies for those countries, like Estonia, joining the Union in 2004.

EDIS preparation:

€ 96,990 from the 2002 PHARE project preparation, training and management facility (€ 1.2 million) was dedicated to the gap assessment for EDIS (Stage 1). In addition, € 500,000 has been attributed to Estonia for the further stages, within a multi-country programme. € 110,000 has been contracted to perform the gap plugging exercise (stage 2). The EE authorities submitted the application on 4 March 2004. An audit mission will be carried out by DG ELARG audit team in Estonia in due course. On this basis, a decision will be submitted to the Commission for approval concerning the accreditation of Estonian financial authorities for full implementation of PHARE and Transition Facility project under extended decentralised system.

ISPA

Committed amount: € 30.9 million

Environment: € 12.2million

Transport: € 18.7 million

Environment strategy's priorities

1. Wastewater treatment
2. Waste Management
3. Air quality improvement

Transport strategy's priorities

Priority 1: Upgrading of Road Corridor I (Via Baltica). Main projects are located:

- On the Tallinn - Parnu - Ikla Road (Via Baltica)
- On the connecting east-west link between Corridors I and IX (in Russia)
- Along Lake Peipsi and in the south-eastern region of Estonia.

Priority 2: Upgrading of the Railway Link

- Modernisation of the transit traffic and the regional development of the Tallinn - Tapa - Narva - St. Petersburg railway line
- South-eastern rail border station
- Upgrading of the rail Corridor I
- Bypass of the railway line around Tallinn towards Paldiski.

ESTONIA	ISPA FUNDS	% OF TOTAL OF SECTOR	PROJECTS
ENVIRONMENT			
Drinking and sewage Water	12.2 million	100	6
TRANSPORT			
Road	18.7 million	100	5

SAPARD

Committed amount: € 13.2 million

The Commission approved the SAPARD Programme for Agriculture and Rural Development for Estonia on 17 November 2000. Amendments to this programme were approved by

Commission Decision of 19 December 2002. A new modification of the programme, mainly related to the breakdown of allocations between measures was approved by Commission Decision of 13 February 2004.

Rural Development Plan's main priorities

- Improving the competitiveness of agriculture and processing industry
- Rural regeneration and sustainable development
- Facilitating effective programme implementation

Financial breakdown per measures⁹

Priority 1: Improving the competitiveness of agriculture and the agri- food industry 68.2 %

Investments in agricultural holdings 45.3 %

Improving the processing and marketing of agricultural and fishery products 22.9 %

Priority 2: Rural regeneration and development 31 %

Development and diversification of economic activities 17.6 %

Development and improvement of rural infrastructure 7 %

Renovation and development of villages 4 %

Agricultural production methods designed to protect the environment and maintain the countryside 1.2 %

Forestry 1.2 %

0.9 %

Priority 3: Facilitating effective programme implementation

Technical Assistance

0.9 %

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

PHARE

National Fund (NF)

Implementing Agency

For PHARE:

- Central Finance and Contracting in Ministry of Finance

For ISPA:

- *Transport:* The Estonian National Road Administration - the Estonian Railway Administration
- *Environment:* Environmental Investment Centre

For SAPARD:

Management of SAPARD aid was conferred on Implementing Agencies by the Commission Decision of 15 June 2001 for 4 out of 8 measures, which account for 92.8 % of the amounts available.

The four concerned measures are: investments in agricultural holdings, processing and marketing, diversification of the economic activity and rural infrastructures.

A fifth measure on “Renovation and development of villages” has been accredited. The Commission Decision conferring management of aid for this measure has been approved by 13 February 2004.

The following structure is used for the implementation of SAPARD in Estonia:

- The National Fund, located within the Ministry of Finance administers SAPARD funds allocated under the responsibility of the National Authorising Officer; it is responsible for the national accreditation of the SAPARD Agency and for the information flow between the Commission and Estonia.
- The Managing Authority: the Ministry of Agriculture, responsible for general programme management and implementation
- The SAPARD Agency: the Agricultural Registers’ and Information Board (ARIB)

- The Monitoring Committee

By the end of 2003, the SAPARD Agency has approved a cumulative total of 1323 projects, amounting to € 49,684,785 of Community contribution which correspond to 98% of the cumulative amount of approved commitments laid down in Annual Financing Agreements for Estonia for 2000-2003.

As regards payments executed by the Commission to Estonia a total amount of € 26,656,148 has been paid up to the end 2003 representing 52% of the total funds available in the AFAs for Estonia for 2000-2003. This amount includes € 6,048,917 as a payment on account and € 20,607,231 paid as a reimbursement of incurred expenditure (i.e. payments made by the SAPARD Agency to the beneficiaries). The final version of the mid-term evaluation report has been submitted to the Commission on 6 January 2004.

C. CO-ORDINATION BETWEEN PRE-ACCESSION INSTRUMENTS

- **At the national level:**

- *Financial* management: through the National Fund
- Policy co-ordination between PHARE, ISPA and SAPARD as between all other bilateral/multilateral assistance is carried out by an Inter-ministerial Foreign Assistance Co-ordination Committee (Committee of Ministers), reuniting seven key ministers, chaired by the Minister of Regional Affairs. The secretariat is ensured by Ministry of Finance.
- PHARE programming: All PHARE projects are analysed by the Ministry of Finance and European Union Secretariat, which prepare documentation for the Council of Senior Civil Servants for European integration (CSCS). The CSCS consists of the representatives of the Bank of Estonia and eleven ministries (+ the Ministry of Defence, which has a status of an observer) and is chaired by the Head of the European Union Secretariat. The Council approves the list of projects and makes a proposal for the Committee of Ministers, which approves the projects.

4. HUNGARY

Allocations for Hungary in 2003 were as follows:

PHARE: € 126 million

ISPA: € 95.9 million

SAPARD: € 41 million

TOTAL: 262.9 million

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount € 126 million

Main programmes

- National Programme, including External Border initiative with bordering regions of the Ukraine and Croatia. € 107 million
- Cross border Co-operation programmes € 19 million

Geographical breakdown: Austria € 10 million; Romania € 5 million, Slovakia € 2 million and Slovenia € 2 million

National programme's objectives

	Budget M €		
	Institution Building	Investment	Total PHARE
Objective 1 - Agriculture	7.6	9.8	17.3
1 Development of the Integrated Administration and Control System			
2 Establishment of a National Phytosanitary Diagnostic Control System			
3 - Eradication of Rabies			
Objective 2 - Social Policy and Employment	2.9	3	5.9

1 Enhancement of equal opportunities for people with disabilities 2 - Access 2003			
Objective 3 - Justice and Home Affairs and Customs	1.4	6.2	7.7
1 Further Strengthening of Hungarian Judicial capacity 2 Development of the National Operational Control System of the Hungarian Border Guards 3 Support to the Police investigation capacity in the areas of organised crime, financial crime and corruption 4 Modernisation of Police Detention Centres 5 - Completing preparation for the implementation of the Customs acquis			
Objective 4 - Other Institution Building Actions	4.2	0	4.2
01 - Unallocated Institution Building Envelope			
Objective 5 - Establish Capacity to utilise Structural Funds Assistance	2.2	64.5	66.7
<i>Sub- Component 1 - Institution Building</i>			
01 - Completing preparations for the implementation of the EQUAL Community initiative 02 - Completing preparation for the implementation of the Interreg III Community Initiative			
<i>Sub-Component 2 Structural Funds type Measures</i>			
03 - Combating exclusion from the world of work 04 - IT in primary Schools 05 - Promotion of Integrated Local Development Actions			
Total	18.2	83.5	101.7

ISPA

Committed amount: € 95.9 million

Environment: € 50.5 million

Transport: € 45.4 million

EDIS: € 0.055 million

Environment strategy's priorities

1. Water protection
2. Municipal Waste Treatment
3. Air quality improvement

Transport strategy's priorities

- Promotion of integration into the EU;
- Improved co-operation with neighbouring countries;
- Contribution to balanced regional development; protection of human life and environment;
- Effective, market-oriented transport regulations.

HUNGARY	ISPA FUNDS	% TOTAL OF SECTOR	PROJECTS
ENVIRONMENT			
Solid Waste Collection System	10.4 million	20	1
Water project	35.4 million	70	3
TA	4.7 million	10	3
TRANSPORT			
Rail	35.1 million	77	4
Road	7.5 million	17	1
TA	2.8 million	6	1
Total	0.055 million	100	1

SAPARD

Committed amount: € 41.0 million

The SAPARD Rural Development Programme for Hungary was approved by the Commission on 18 October 2000. Since then it has been modified twice: on 26 November 2002 and on 21 August 2003.

Rural Development Plan's main objectives

- Increasing the competitiveness of agriculture and processing industries
- Focus on environmental protection aspects
- Enhancing the adaptation capabilities of rural areas

Financial breakdown per measures ⁸

Investments in agricultural holdings	34 %
Improvement of processing and marketing of agricultural and fishery products and construction of wholesale markets	23.9 %
Improvement of vocational training	0.9 %
Setting up producer group	3.1 %
Pilot actions on agricultural production methods designed to protect the environment and maintain the country side	2.1 %
Renovation and development of villages, protection and conservation of rural heritage and cultural traditions	5.9 %
Diversification of economic activities aimed at generating alternative revenues	9.6 %

⁸ As stated in the revised financial table annexed to the RDP approved by Commission Decision of 21 August 2003, share of total allocation of EU funds

Development and improvement of rural infrastructure **19.5 %**

Technical Assistance **0.6 %**

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

PHARE

National Fund (NF)

Implementing Agencies

For PHARE:

- The Central Finance and Contracting Unit (CFCU) for Institution Building projects - Transition Facility
- The VATI / National Agency for Regional Development (NARD). The National Agency for Regional Development handles also CBC projects.
- The European Social Fund Implementing Agency, for Economic and Social Cohesion type projects.

Together with the Office of the National Authorising Officer (which includes the National Fund) and the Office of the National PHARECo-ordinator, these agencies applied in September 2003 for EDIS accreditation which, if granted, will allow them to manage PHAREprogrammes in a completely decentralised manner i.e. without the Commission exercising ex-ante controls on the contracting process.

For ISPA:

- Transport: the Ministry of Economy and Transport
- Environment: the Ministry of Environment and Water.

For SAPARD:

The Commission Decision conferring the management of aid to the Hungarian Implementing Agencies was adopted on 26 November 2002 for 4 measures out of 9 of the SAPARD programme: investment in agricultural holdings, processing and marketing of agriculture and fishery products, rural infrastructures and Technical Assistance. Two further measures on renovation of villages and diversification of economic activities are under accreditation process.

Following the conferral decision, the Commission, in December 2002, made an initial payment on account of € 9,482,800 to the National Fund.

The first call for applications was launched in September 2002.

By the end of 2003, the SAPARD Agency has approved a cumulative total of 755 projects, amounting to € 57,051,521 of Community contribution which correspond to 35% of the cumulative amount of approved commitments laid down in Annual Financing Agreements for Hungary for 2000-2003.

As regards payments executed by the Commission to Hungary a total amount of € 9,482,800 has been paid up to the end 2003 representing 5.9% of the total funds available in the AFAs Hungary for 2000-2003. This amount represents the first part of the payment on account. The final version of the mid-term evaluation report has been submitted to the Commission on 8 January 2004.

The following structures are used for the implementation of SAPARD in Hungary:

1. The **National Fund**, located within the Ministry of Finance, administers SAPARD funds allocated under the responsibility of the National Authorising Officer (NAO) and is responsible for the national accreditation of the SAPARD Agency.
2. The **Managing Authority** is located within the Ministry of Agriculture and Rural Development (MARD).
3. The **SAPARD Agency** is established within the Ministry of Agriculture and Rural Development and has its own regional offices. In July 2003 the SAPARD Agency and the Agricultural Intervention Centre have been merged into a new body, the Agriculture and Rural Development Agency, which will be in charge of all agricultural payments after the accession.
4. The **Monitoring Committee**.

C. CO-ORDINATION BETWEEN PRE-ACCESSION INSTRUMENTS

- *In the programming process*: through intensified collaboration between the relevant Commission services, including joint programming missions and regular meetings to share information.
- **At the national level:**
 - *Programming and implementation*: through the National Aid Co-ordinator (NAC) in the Prime Minister's Office which co-ordinates programming and organises Monitoring Committees
 - *Financial management*: through the Ministry of Finance (National Fund) regarding all aspects of implementation and financial management.
- **At the regional level:**
 - *Programming*: the regional level is consulted during the programming phase and in the elaboration of the relevant strategy and programming documents.
 - *Implementation, financial arrangement*: through the designated Implementing Agencies (PHARE).

5. LATVIA

Allocations for Latvia in 2003 were as follows:

PHARE: € 49.1 million

ISPA: € 53.5 million

SAPARD: € 23.5 million⁹

TOTAL: € 126.1 million

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: € 49.1 million

Main programmes

• *National Programme* € 45.7 million

• *Cross border Co-operation programmes* € 3.0 million

Financial breakdown: Baltic Sea CBC programme € 2 million for Grant Scheme and € 1 million for Small Project Fund

• *Horizontal Programme for Community support in the field of Nuclear Safety* € 0.4 million

National programme's objectives

• *Political criteria: Promotion of Integration of Society in Latvia; Civil Society; Anti-corruption* € 5.3 million

• *Internal Market* € 3.4 million

– Agriculture € 2.9 million

⁹ Indicative allocation of the maximum annual amount in 2002 prices

- **Social Policy, Employment and Public Health** € 4.2 million
- **Energy** € 0.4 million
- **Regional Policy and Co-ordination of Structural Instruments** € 17.2 million
- **Co-operation in the field of Justice and Home Affairs** € 5.9 million
- **Customs, Public Finance and Overall Administrative Capacity** € 6.3 million

ISPA

Committed amount: € 53.5 million

Environment: € 28.9 million

Transport: € 24.6 million

Environment strategy's priorities

1. Wastewater treatment
2. Waste Management

Transport strategy's priorities

- Priority 1: Upgrading of Road Corridor I (Via Baltica).
- Priority 2: Upgrading of the East-West Railway Link

LATVIA	ISPA FUNDS	% TOTAL OF SECTOR	PROJECTS
ENVIRONMENT			
Water Management	€ 21.3. million	74	4
Waste Management	€ 7.6 million	26	4

TRANSPORT			
Rail	€ 10.5 million	43	3
Road	€ 14.1 million	57	5

SAPARD

Committed amount: € 23.5 million

The Commission approved the SAPARD Programme on 25 October 2000. By the end of 2003, the programme was subject to four modifications (approved on 28 November 2001; 31 July 2002; 18 February; 17 July 2003).

Rural Development Plan's main priorities

- To increase competitiveness and farming income level and to increase the incomes of agriculture enterprises through the development of sustainable agriculture
- To improve infrastructure in the rural territory to bring it closer to urban standards and to create employment structure in the rural territory
- To develop and promote the methods designed to protect the environment and maintain the countryside

Financial breakdown per measures¹⁰

Priority 1: Investment in agricultural holdings **37**

Modernisation of agriculture machinery, equipment and construction 32

Afforestation of agricultural land 3

Land reparation 2

Priority 2: Improvement of agriculture and fisheries product processing and marketing **26**

¹⁰ As stated in the revised financial table annexed to the RDP approved by Commission Decision of 17 July 2003, share of total allocation of EU funds

Priority 3: Development and diversification of economic activities providing alternative income 24

Priority 4: Improvement of general rural infrastructure 6

Priority 5: Environmental friendly agricultural methods 5

Organic farming -

Preservation of biodiversity and rural landscape 3

Reduction of agricultural run-off 2

Supporting measures 3

Vocational training 1

Technical Assistance 2

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

PHARE and ISPA

National Fund (NF)

Implementing Agencies

For PHARE:

- Central Finance and Contracting Unit (CFCU) for tendering and contracting in the case of Institution Building (including Twinning) and
- Society Integration Foundation (SIF) in the case of Integration of Society and Civil Society projects.

For ISPA:

- *Implementing agency in the Ministry of Transport:* tendering and contracting transport infrastructure projects
- *Implementation Agency in the Ministry of Environment:* tendering and contracting of environmental infrastructure projects

For SAPARD:

Management of SAPARD aid was conferred on Implementing Agencies by the Commission Decision of 6 December 2001 for 6 out of 11 measures, which account for 92% of the programmed amounts. The 6 measures concerned are:

- Modernisation of agriculture machinery, equipment and construction;
- Afforestation of agricultural land;
- Improvement of agriculture and fisheries product processing and marketing;
- Development and diversification of economic activities providing alternative income;
- Improvement of general rural infrastructure and
- Vocational training

A Commission Decision conferring management of aid for sub-measure “Technical Assistance” was taken on 24 September 2003.

Latvia has started to contract first projects in January 2002. By the end of 2003, the SAPARD Agency had approved 1,502 SAPARD projects, committing € 66,651,747 of Community contribution which correspond to 73% of the cumulative amount laid down in the Annual Financing Agreements for Latvia for 2000-2003.

As regards payments executed by the Commission to Latvia, a total amount of € 29,289,588.18 has been paid up to the end 2003. This amount includes € 10,888,748 as a payment on account, and € 18,400,840.18 paid as a reimbursement of incurred expenditure (i.e. payments made by the SAPARD Agency to beneficiaries). The final version of the mid-term evaluation report has been submitted to the Commission on 29 December 2003.

The following structure is used for the implementation of SAPARD in Latvia:

- The National Fund located within the Ministry of Finance administers SAPARD funds allocated under the responsibility of the National Authorising Officer; it is responsible for the national accreditation of the SAPARD Agency and for the information flow between the Commission and Latvia.
- The Managing Authority: located within the Ministry of Agriculture
- SAPARD Agency: the Rural support Service of the Ministry of Agriculture, seat in Riga with 9 regional offices

- The Monitoring Committee

C. CO-ORDINATION BETWEEN PRE-ACCESSION INSTRUMENTS

- **At the national level:**

- Programming: through the National Aid Co-ordinator for PHARE, who also acts as National ISPA Co-ordinator
- Implementation and Financial management: Ministry of Finance
- Co-ordination of the *monitoring of the 3 pre-accession instruments*: it includes the NAC, the NAO and the Commission.

6. LITHUANIA

Allocations for Lithuania in 2003 were as follows:

PHARE: € 102.8 million

ISPA: € 53.1 million

SAPARD: € 32.1 million ¹¹

TOTAL: € 187.9 million

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: € 102.8

Main programmes

- National Programme € 52.0 million
- Nuclear safety:
- Ignalina Decommissioning support € 30 million (€ 1.5 million for regulatory support; € 28.8 million-contribution to the fund)
- Horizontal Programme for Nuclear Safety € 2.7 million
- CBC (Investment+ Small Project Fund)
- Kaliningrad Transit Programme € 5.9 million
- € 12 million

National programme's objectives

- Public Finance € 6.4 million
- Internal Market and Finance € 1.8 million
- Agriculture € 12.6 million
- Environment € 4.3 million
- Justice and Home Affairs € 11.6 million
- Internal Market € 4.2 million

¹¹ Indicative allocation of the maximum annual amount in 2002 prices

- Economic and Social Cohesion € 8.8 million
- Unallocated IB Envelope € 2.5 million

ISPA

Committed amount: € 53.1 million

Environment: € 21.7 million

Transport: € 31.4 million

Environment strategy's priorities

1. Water Supply and wastewater treatment
2. Waste Management

Transport strategy's priorities

Priority 1: Completing and improving the European Corridors that pass through Lithuania (I, IA, IXB, IXD).

Priority 2: Development of a European gauge track linking the Polish border to a Logistics and Interchange centre at Kaunas: outline agreement has been reached with Poland on a strategy to upgrade the route.

LITHUANIA	ISPA FUNDS	% TOTAL OF SECTOR	PROJECTS
ENVIRONMENT			
Waste Management	14.9 million	24.9	2
Water supply and Waste Water Treatment	5.4 million	68.6	2
Technical Assistance	1.4 million	6.5	1
TRANSPORT			
Rail	15.2 million	48.3	4
Road	16.2 million	51.7	5

SAPARD

Committed amount: € 32.1 million

The Commission approved the SAPARD Programme for Agriculture and Rural Development for Lithuania on 27 November 2000. Amendments to this programme were approved by Commission Decisions of 23 December 2002 and of 9 September 2003.

Rural Development Plan's main priorities

- To strengthen the competitiveness and incomes of agricultural businesses
- To develop higher-value processed food products and improve efficiency in food processing through new technology and the introduction of quality management throughout the production process
- To invest in rural infrastructure and promote new economic activities to increase the viability of rural communities
- To introduce environmentally friendly production techniques for farming and forestry

Financial breakdown per measures¹²

Investments in agricultural holdings	46.8 %
Improving the processing and marketing of agricultural and fishery products	21.0 %
Development and diversification of economic activities providing alternative incomes	8.2 %
Improvement of rural infrastructure	15.5 %
Afforestation of agricultural land and improvement of forest infrastructure	3.7 %
Environmentally friendly agricultural methods	1.0 %

¹² As stated in the financial table annexed to the RDP (December 2002), share of total allocation of EU funds

Vocational training 1.8 %

Technical assistance 2.0 %

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

National Fund (NF)

Implementing Agencies

For PHARE:

- Central Finance and Contracting Unit for most PHARE funds

For ISPA:

- *Environment:* Environmental Projects Management Agency under the Ministry of Environment
- *Transport:* Ministry of Transport and Communication

For SAPARD:

Management of SAPARD aid was conferred on Implementing Agencies by the Commission Decisions of 26 November 2001 and of 9 October 2003 for 7 out of 8 measures which account for 99% of the programmed amounts. The 7 measures concerned are:

- Investments in agricultural holdings;
- Improving the processing and marketing of agricultural and fishery products;
- Development and diversification of economic activities providing alternative incomes;
- Improvement of rural infrastructure;
- Vocational training;
- Afforestation of agricultural lands and improvement of forest infrastructure and
- Technical assistance.

The following structure is used for the implementation of SAPARD in Lithuania:

- The National Fund within the Ministry of Finance administers SAPARD funds allocated under the responsibility of the National Authorising Officer; it is responsible for the national accreditation of the SAPARD Agency and for the information flow between the Commission and Lithuania.

- The Managing Authority: Ministry of Agriculture.
- SAPARD Agency: National paying agency, responsible for the implementation and financial management of the programme. The agency operates from its seat in Vilnius with 10 regional offices throughout Lithuania.
- The Monitoring Committee.

Lithuania has started to contract first projects in January 2002. By the end of 2003, the SAPARD Agency had contracted 509 projects, committing €105.1 million of Community contribution which correspond to 84% of the cumulative amount made available for Lithuania by the Annual Financing Agreements for 2000-2003. Of the committed amount 52% concerns the measure processing and marketing (49 projects), 30% the measure investments in agricultural holdings (255 projects), 11% the measure rural infrastructures (103 projects) and 7% the measure diversification of activities (54 projects)

As regards payments executed by the Commission to Lithuania, a total amount of €35,555,027.58 million has been paid up to the end 2003. This amount includes €14,866,372 million as payment on account, and €20,688,655.58 million paid as reimbursement of incurred expenditure (i.e. payments made by the SAPARD Agency to beneficiaries). The final version of the mid-term evaluation report has been submitted to the Commission on 5 January 2004.

C. CO-ORDINATION BETWEEN PRE-ACCESSION INSTRUMENTS

- At the national level:
 - *National aid* co-ordinator: responsible for PHARE and ISPA.
 - National Regional Development council: responsible for the co-ordination between PHARE and SAPARD.
 - PHARE Joint monitoring *committee*: responsible for co-ordination of monitoring for the three instruments.

7. POLAND

Allocations for Poland in 2003 were as follows:

PHARE: € 459.5 million

ISPA: € 377.9 million

SAPARD: € 181.8 million¹³

TOTAL: € 1019.1 million

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: € 459.5 million

Main programmes

- *The PHARE National Programme* € 402.8 million
- *Cross border Co-operation Programme* € 56 million

(Poland-Germany: € 44 million; Poland-Slovak Republic: € 4 million; Poland-Czech Republic: € 5 million; Baltic sea CBC: € 3 million)
- Horizontal Programme for Community support in the field of Nuclear Safety € 0.7 million

National programme's objectives

- *Strengthening institutional and administrative capacity* € 78.9 million
- *Internal market* € 13.5 million
- *Justice and home affairs* € 57.5 million
- *Agriculture* € 42.5 million

¹³ Indicative allocation of the maximum annual amount in 2003 prices

- Environment € 5.0 million
- Economic and Social Cohesion € 169.5 million
- Future External Borders € 8.0 million
- Participation in Community Programmes € 28.0 million

ISPA

Committed amount: € 377.9 million

Environment: € 188.9 million

Transport: € 189 million

Environment strategy's priorities

1. Wastewater treatment
2. Waste Management

Transport strategy's priorities

For the period 2000-2006, priority is given to investment which:

- Contribute to the further integration of the Polish transport system with the present TENs (Corridor I (connecting Poland with Baltic States), Corridor II (connecting Poland with Germany and Belarus), Corridor III (connecting Poland with Germany and the Ukraine), and Corridor VI (connecting Poland with Slovakia and Czech Republic).
- Improve transport links with the other accession countries and meet trans-border priorities agreed upon by Poland with its neighbours;
- Contribute to the improvement of the national transport system by eliminating missing links;
- Provide continuity with projects undertaken in previous years (the network effect).

POLAND	ISPA FUNDS	% TOTAL OF SECTOR	PROJECTS
ENVIRONMENT			
Drinking Water	0	0	
Drinking Sewage Water	27.6 million	14.6	6
Sewage Network/Treatment plant	151.7 million	80.3	11
Solid Waste Collection System	0	0	0
Technical Assistance	9.5 million	5.1	1
TRANSPORT			
Rail	64.5 million	34.1	9
Road	124.6 million	65.9	8

SAPARD

Committed amount: € 181.8 million

The Commission approved the Polish SAPARD programme on 18 October 2000. By to the end of 2003, the programme was subject to four modifications (approved on 22 April and 5 December 2002; 11 July and 1 August 2003). A new modification of the programme, mainly related to the breakdown of allocations between measures was approved by Commission Decision of 13 February 2004.

Rural Development Plan's main priorities

- Improvement of the market efficiency of the agri-food sector
- Improvement of conditions for economic activities and job creation

Financial breakdown per measures¹⁴

Priority 1: Improvement of the market efficiency of the agri-food sector

Improvement in processing and marketing of food and fishery products **34.6 %**

Investments in agricultural holdings **12.9 %**

Priority 2: Improvement of conditions for economic activities and job creation

Development of rural infrastructure **38.6 %**

Diversification of economic activities in rural areas **10.5 %**

Complementary axis

Agri-environmental measures (pilot projects)¹⁵ **0.00 %**

Vocational training **2.0 %**

Technical Assistance **0.4 %**

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

National Fund (NF)

Implementing Agencies

For PHARE and ISPA:

- Five Implementing Agencies, under the authority of the NAO

¹⁴ As stated in the revised financial table annexed to the RDP approved by Commission Decision of 13 February 2004, share of total allocation of EU funds

¹⁵ The amendment to the programme including, as accepted on 2002 by the Monitoring Committee, the removal of afforestation pilot projects was formally approved by the Commission on 11 July 2003;

- Central Finance and Contracting Unit for institution building projects, or where there is no implementing agency in a particular sector (tendering and contracting)
- Responsibility of the ministries/administrations for project selection and monitoring

For SAPARD:

The Commission Decision conferring management to the Polish implementing structures taken on 2 July 2002 and of 14 November 2003, Poland is managing 6 out of 7 Measures which account for 100% of the programmed amounts¹⁶.

By the end of December 2002, a total number of 4986 SAPARD projects had been contracted by the Polish SAPARD Agency, amounting to € 305,244,225 (cumulative amount of approved commitments); 3586 projects had been paid. As regards payments executed by the Commission to Poland a total amount of € 163,638,979.16 has been paid up to the end 2003. This amount includes € 84,069,336 as a payment on account and € 79,569,643.16 paid as a reimbursement of incurred expenditure (i.e. payments made by the SAPARD Agency to the beneficiaries). The final version of the mid-term evaluation report has been submitted to the Commission on 23 December 2003.

The following structure is used for the implementation of SAPARD in Poland:

- The National Fund, located within the Ministry of Finance is responsible for the national accreditation of SAPARD agency and will administer SAPARD funds allocated under the responsibility of the National Authorising Officer
- The Managing Authority is located in the Ministry of Agriculture and rural development
- The SAPARD Agency: The Agency for restructuring and Modernisation of agriculture (ARMA) operates from its seat in Warsaw with 16 regional offices throughout Poland
- The Monitoring Committee: a Monitoring Committee was established by the Managing Authority; it met twice in 2003, and has examined the progress made for the implementation of the programme, draft amendments to it and the draft mid-term evaluation.

C. CO-ORDINATION BETWEEN PRE-ACCESSION INSTRUMENTS

• At the national level:

- *Programming*: Office of the Committee for European Integration (National Aid Co-ordinator)
- *Implementation and Financial management*: through the National Fund, the Ministry of finance

¹⁶ As explained in foot-notes 18 and 19.

- At the regional level:
 - Programming: Regional steering committee
 - Implementation *and Financial management*: designated Implementing Agency (PHARE, ISPA) and regional offices of the paying agency (SAPARD).

8. ROMANIA

Allocations for Romania in 2003 were as follows:

PHARE: € 283.06 million

ISPA: € 260.8 million

SAPARD: €162.2 million

TOTAL: € 706.1 million

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: € 283 million

Main programmes

• National Programme, including External border initiative **272 M€**

• Cross border Co-operation programmes **11 M€**

With Bulgaria (€ 8 million), Hungary (€ 5 million)

National programme's objectives

2003/005-551.01 Political Criteria **34.9 M€**

Developing and diversification of child protection activities, Access to education for disadvantaged groups, Institution building in the field of anti-discrimination, Support to the reform of the system of the protection of the persons with disabilities, Strengthening Civil Society in Romania

2003/005-551.02 Economic Criteria **11.4 M€**

Implementation of the Cadastre and real property rights registration system in Romania, Strengthening the National Bank of Romania in acquis related areas, Strengthening the capacity for analysis, macroeconomic forecast and elaboration of economic policies in the National Commission of Prognosis

2003/005-551.03 Strengthening administrative capacity **27.4 M€**

Support to the Public Administration reform process in Romania,

Strengthening the Administrative capacity of the Romanian Parliament, Develop a professional human resources capacity within the Romanian administration to manage and monitor EU pre-accession funds, Support the Ministry of Finance in the implementation of the IT strategy

2003/005-551.04 Meeting the obligations of the acquis

56.4 M€

Designing an Integrated Administration and Control System (IACS) in Romania and support for the formulation of a policy for consolidation of farms, Strengthening the capacity to manage the veterinary acquis, Assistance to implement new safety aspects of the EU legislation in the field of Road transport, Sustainable development of the Romanian Statistical system, Programme for supporting institution building in the Ministry of Labour, Social Solidarity and Family, Promoting autonomous social dialogue, Improvement of the efficiency of the Romanian system for occupational health, Strengthening regulatory capacity of the Energy Sector, Improving the institutional capability of the National Regulatory authority for Communications (ANRC), Implementation of an adequate environmental radioactivity monitoring and reporting system, Improvement of accountability and transparency in the allocation and use of healthcare resources, Strengthening border control, Compliance with EU accession criteria on police co-operation and the fight against organised crime, Strengthening migration management, Support for the National anti-corruption prosecutor office, Support for the improvement of the justice for minors, support for the improvement of the activities of the penitentiary system

2003/005-551.05 Economic and Social Cohesion

112.0 M€

Institution Building for Economic and Social Cohesion, Investments in Economic and Social Cohesion

2003/005-551.06 Community Programmes

23.4 M€

Participation in Community Programmes and agencies, End-user support, Support for improving the participation of Romania in the Sixth Framework Programme and in the European research Area

ISPA:**Committed amount: € 260.8 million****Environment: € 131.4 million****Transport: € 129.4 million****Environment strategy's priorities**

1. Wastewater treatment
2. Waste Management
3. Air quality improvement

Transport strategy's priorities

Financing modernisation of well travelled sections of the three trans-European corridors crossing the country while maintaining a reasonable balance between road, rail and waterways:

- Corridor IV : from Hungary to Constanta (East Branch) and from Hungary to Bulgaria (South Branch), with a view of setting most of this rail/road corridor to EU standards;
- Corridor VII: Danube river from the Yugoslavian boarder to the delta (Ukrainian border), where navigability needs to be improved;
- Corridor IX: from the Ukrainian and Moldavian borders to the Bulgarian border, emphasis being placed on road connections with Bulgaria.

ROMANIA	ISPA FUNDS	% TOTAL OF SECTOR	PROJECTS
ENVIRONMENT			
Drinking and sewage water	89.4 million	68	6
Solid Waste Collection System	28.4 million	22	2
Technical Assistance	13.6 million	10	3
TRANSPORT			
Rail	123.4 million	95	1 + 1 TA

Road	6 million	4	5 + 1 TA

SAPARD

Committed amount: € 162.2 million

The Commission approved the Romanian SAPARD programme on December 12, 2000.

A modification of the programme was approved by the Commission on 11 July 2002.

Rural Development Plan's main priorities

- Contribution to the implementation of the acquis communautaire concerning the Common Agriculture Policy, environmental protection and related policies in the field of food and consumer protection, public health, well-being and good health condition of the animals and plant health.
- Engaging in environment protection, the transposition in the national legislation and implementation of Directives and programme.
- Solving priorities and specific problems for the sustainable adaptation of the agricultural sector and rural areas

Financial breakdown per measures¹⁷

Improving the processing and marketing of agricultural and fishery products **17.5 %**

Improving the structures for quality, veterinary and plant-health control, foodstuffs and consumer protection **2.9 %**

Development and improvement of rural infrastructure **29.9 %**

Management of water resources **2.9 %**

¹⁷ As stated in the financial table annexed to the RDP (December 2002), share of total allocation of EU funds

Investments in agricultural holdings	15.5 %
Setting up producers groups	1.9 %
Agri-environmental measures	2.8 %
Development and diversification of economic activities, multiple activities and alternative incomes	10.3 %
Forestry	10.7 %
Improving vocational training	5.5 %
Technical Assistance	0.1 %

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

PHARE and ISPA

National Fund (NF)

Implementing Agencies

For PHARE:

- Central Finance and Contracts Unit in the Ministry of Public Finance
- Ministry of European Integration
- National Fund in the Ministry of Public Finance
- Romanian National Agency for Socrates

For ISPA:

Transport: National Administration of Roads (N.A.R.)

- National Railway Company/Infrastructure (C.F.R.-S.A.)

Environment: Central Finance and Contracting Unit with utility companies or local authorities acting as final beneficiaries

For SAPARD:

The Commission Decision conferring the management to the Romanian Implementing Structures was taken on 31 July 2002 for 3 out of 11 measures, which account for 47.5 % of the available amount. The three concerned measures are: “processing and marketing of agricultural and fishery products”, “rural infrastructures” and “Technical Assistance”.

Following this Decision, in August 2002 the Commission made an initial payment on account of € 37,537,477.

A second Decision conferring management on the SAPARD Agency for the implementation of three new measures (“Investments in agricultural holdings”, “Diversification of activities” and “Vocational training”) was taken on 5 December 2003. With the second accreditation 78.8% of the amount available for Romania was covered.

Up to the end of December 2003, the SAPARD Agency approved 584 projects involving € 331,236,760.51 million of Community contribution which correspond to 52% of the cumulative amount of approved commitments laid down in Annual Financing Agreements for Romania for 2000-2003. A subsidy of € 6 million has been paid to beneficiaries corresponding to € 4.5 million EU contribution.

As regards payments executed by the Commission to Romania a total amount of € 37,537,477 has been paid up to the end 2003. This amount consists of the first part of the payment on account. No reimbursement on incurred expenditure has been made.

The following structure is envisaged for the implementation of SAPARD:

- The National Fund located within the Ministry of Finance is responsible for the national accreditation of SAPARD agency and will administer SAPARD funds allocated under the responsibility of the National Authorising Officer
- The Managing Authority is located within the Ministry of European Integration
- The SAPARD Agency is located within the Ministry of Agriculture operates from its seat in Bucharest with 8 regional offices.
- The Monitoring **Committee**: a Monitoring Committee was established by the Managing Authority and has been met four times.

C. CO-ORDINATION BETWEEN PRE-ACCESSION INSTRUMENTS

• At the national level:

The National Aid Co-ordinator, the Minister for European Integration, is in charge of the co-ordination between PHARE, ISPA and SAPARD, similarly between all other bilateral/multilateral assistance.

• At the regional level:

Between PHARE and SAPARD: close co-ordination between the Regional Development Agencies in the priority regions for PHARE, and the regional level offices of the Ministry of

Agriculture and Food. Existence of Regional Development Plans, approved by Regional Development Councils representing elected local authorities.

Between PHARE and ISPA: once again, Regional Development Plans.

9. SLOVAKIA

Allocations for Slovakia in 2003 were as follows:

PHARE: € 94.1 million

ISPA: € 50.7 million

SAPARD: € 19.7 million¹⁸

TOTAL: € 164.5 million

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: € 94.1 million

Main programmes

▪ National Programme € 57.1 million

▪ Cross border Co-operation programmes € 12 million

Financial breakdown: Austrian/Slovak border: € 6 million;
Polish/Slovak border: € 4 million; Hungarian/Slovak border: € 2 million

▪ Closure and decommissioning of Bohunice VI € 25 million

▪ Participation in horizontal programmes¹⁹

National programme's objectives

▪ **Political criteria:** *Modernisation of the Slovak Civil Service and Public Service; Support to the Public Administration Reform; Fight against Corruption; Institution Building Facility; Support to further integration of Roma in the educational field; Improve access of Roma to Health care* € 8.9 million

▪ **Economic criteria:** *Land administration and Cadastre Infrastructure* € 3.1 million

▪ **Free movement of services:** *Support to the Implementation of the Risk-Based Supervision* € 1.3 million

▪ **Agriculture:** *Support of agricultural food chain in comprehensive food safety policy; Veterinary and Phytosanitary Border Inspection Posts – II. PHARE;* € 2.8 million

¹⁸ Indicative allocation of the maximum annual amount in 2003 prices

¹⁹ No national allocation available

- Animal Protection during Transport*
- **Statistics:** *Enforcement of the new acquis in the field of statistics; Strengthening of statistical health information system and its harmonisation with EU requirements* € 2.9 million
 - **Regional Policy and co-ordination of structural instruments:** *Support to Local and Regional Project Development Grant Scheme; Support to Innovative SMEs; Tourism Development Grant Scheme; Grant Scheme on Equal Opportunities and Social Inclusion Support; External Border Initiative; Create the Administrative Capacity for Implementing the Equal Initiative in the Slovak Republic; Preparing for ESF Project Management; Strengthening regional and local capacities for managing and implementing Structural Funds* € 20.7 million
 - **Environment:** *Institutional and Capacity Building in the Environmental Sector; Bio Safety Monitoring System; Implementation of Council Directives on Electric and Electronic Scrap* € 2.6 million
 - **Social policy and employment:** *Strengthening the Surveillance and Control of Communicable Diseases in the Slovak Republic* € 1.6 million
 - **Co-operation in the fields of justice and home affairs:** *Strengthening the reception capacities for asylum seekers in the Slovak Republic; Establishment of EURODAC in the Slovak Republic; Modernisation of technical equipment at the Slovak international airports; Strengthening the efficiency of the judiciary; Compliance with EU criteria on police co-operation and the fight against crime; Combating Money Laundering* € 8.7 million
 - **Customs union:** *Equipment supply to the Slovak Customs Laboratory; X-ray inspection systems for the protection of the future EU external border* € 4.6 million

ISPA

Committed amount: € 50.7 million

Environment: € 32.9 million

Transport: € 17.5 million

EDIS: € 0.3 million

Environment strategy's priorities

1. Wastewater treatment
2. Waste Management
3. Air quality improvement

Transport strategy's priorities

- Build up and modernisation of transport infrastructure in the multi-modal corridors in line with European norms.
- Development of international roads and their interconnection with the European Roads network.
- Integration of passenger transportation systems.
- Promotion of combined road/rail transport and
- Ensure compliance of transport infrastructure with environmental concerns.

SLOVAKIA	ISPA FUNDS	% TOTAL OF SECTOR	PROJECTS
ENVIRONMENT			
Drinking and Sewage Water	5.6 million	17.0	1
Drinking water pipes/plant	7 million	21.3	1
Drinking and sewage water and solid waste	0.3 million	0.8	1
Sewage Network/Treatment Plant	16.9 million	51.2	8
Anti-flood measures	0.63 million	1.9	1
Air Quality Improvement	2.6 million	7.9	1
TRANSPORT			
Rail	14.4 million 0	82.7	2
Road	2.7 million	15.6	1
Rail and Road	0.3 million	1.7	1

EDIS			
Total	0.3 million	100	1

SAPARD

Committed amount: € 19.7 million

The Commission approved the Slovak plan on 17 November 2000. During 2003, the SAPARD Programme in the Slovak Republic was the subject of two modifications. The first modification was approved by the Commission Decision of 21 August 2003. It concerned modifications to include pig and cattle sectors as well as revisions to the programme's financial plan. The second modification put forward during 2003 was unanimously approved by the STAR Committee on 17 December 2003. This modification made provision for further changes to the financial plan in favour of the measure concerning the processing and marketing of agricultural and fishery products as well as rural infrastructure.

Rural Development Plan's main priorities

- Improvement of agricultural production sector including food processing industry
- Sustainable rural development
- Human resources development

Financial breakdown per measures²⁰

Priority 1: Improvement of agricultural production sector including food processing industry **59.1 %**

Investments in agricultural enterprises **27.3%**

Improving of the processing and marketing of agricultural and fishery products **29.7%**

Producer groups **2.1%**

Priority 2: Sustainable rural development **39%**

²⁰ As stated in the revised financial table annexed to the RDP approved by Commission Decision of 13 February 2004, share of total allocation of EU funds

Diversification of activities in rural areas	10.9%
Rural infrastructure	11.1%
Forestry	4.2%
Agricultural production methods designed to protect the environment and maintain the countryside	2.9%
Land consolidation	9.9%
<i>Priority 3: Human resources development</i>	1.9%
Development of human resources (training)	0.6%
Technical Assistance	1.3%

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

PHARE

National Fund (NF)

Implementing Agencies

For PHARE:

- Central Finance and Contracting Unit, handles the financial administration, accounting and payments of PHARE projects.
- Regional Development Support Agency
- NADSME – National Agency **for the development of the SME**

For ISPA:

- Ministry of Environment

- Ministry of Transport

For SAPARD:

The Commission Decision conferring management of aid on the Implementing Agencies for SAPARD in the Slovak Republic was taken on 15 April 2002. This covered five out of nine measures representing approximately 83% of the amounts available. A subsequent Commission Decision conferring management of aid in respect of the remaining measures was taken on 14 August 2003.

In total, over 1200 applications have been submitted to the SAPARD Agency since the start of the programme. By the end of 2003, the SAPARD Agency has approved a cumulative total of 494 projects, amounting to € 48,724,100 of Community contribution which correspond to 63% of the cumulative amount of approved commitments laid down in Annual Financing Agreements for Slovakia for 2000-2003.

As regards payments executed by the Commission to Slovakia a total amount of € 9,376,760 has been paid up to the end 2003. This amount includes € 4,557,496 as the first part of the payment on account and € 4,819,264 paid as a reimbursement of incurred expenditure (i.e. payments made by the SAPARD Agency to the beneficiaries). The results of the mid-term evaluation have been submitted to the Commission on 5 January 2004.

The following structure is used for the implementation of SAPARD in the Slovak Republic:

- The **National** Fund, located within the Ministry of Finance administers SAPARD funds allocated under the responsibility of the National Authorising Officer (NAO). It is responsible for matters relating to the national accreditation of the SAPARD Agency.
- Management authority for SAPARD programme resides within the Section for Structural Policy and Rural Development in the Ministry of Agriculture of the Slovak Republic (Department of Regional Policy and Rural Development).
- The SAPARD Agency was established on 1 December 1999 as a budgetary organisation reporting directly to the Minister of Agriculture Slovak Paying Agency; on 1 July 2000, it enlarged its activities and changed its name to SAPARD Agency.
- The **Monitoring Committee**

C. CO-ORDINATION BETWEEN PRE-ACCESSION INSTRUMENTS

- ***At the national level:***

- Co-ordination of PHARE and ISPA: the National Aid Coordinator:
- Financial management: State Secretary at the Ministry of Finance, who is also the National Authorizing officer

- ***At the regional level:***

The Joint Monitoring Committee will ensure co-ordination of monitoring of the three instruments.

10. SLOVENIA

Allocations for Slovenia in 2003 were as follows

PHARE: € 46.2 million

ISPA: € 14.8 million

SAPARD: € 6.8 million

TOTAL: € 67.8 million

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: € 46.2 million

Main programmes

National Programme € 37.9 million

Cross border Co-operation programmes € 7 million

Geographical breakdown: Austria (€ 5 million) and Hungary (€ 2 million)

Multi-country nuclear safety programme € 1.3 million

National programme's objectives

Further integration of Slovenia into the internal market € 6.4 million

Justice and home affairs € 12.2 million

Economic and social cohesion € 16.0 million

Mobility Schemes Complementary Fund € 0.3 million

Prepare for CBC with Croatia – External Border Initiative 2003 € 3.0 million

SPA

Committed amount: € 14.8 million

Environment: € 9.2 million

Transport: € 5.5 million

EDIS: € 0.14 million

Environment strategy's priorities

1. Water protection
2. Waste Management

Transport strategy's priorities

Concentration of all efforts on completing, or upgrading the main Trans-European networks in the railway sector (2 of the 10 priority TINA corridors across Slovenia).

SLOVENIA	ISPA FUNDS (2003)	% TOTAL OF SECTOR	PROJECTS
ENVIRONMENT			
Drinking and Sewage Water	0	0	0
Sewage Network/Treatment Plant	6.6 million	71.3	3
Solid Waste Collection System	2.6 million	28.7	1
TRANSPORT			
Rail	5.5 million 2	100	2
EDIS			
Total	0.2 million	100	1

SAPARD

Committed amount: € 6.8 million

The commission approved the Slovenian SAPARD programme on 27 October 2000. The programme was subsequently modified by Commission decision of 24 November 2003.

Rural Development Plan's main priorities

- Improvement of production and marketing structures in agriculture and food-processing industry
- Economic diversification and improvement of rural infrastructure

Financial breakdown per measures²¹

<i>Investments in agricultural holdings</i>	35 %
<i>Processing and marketing of agricultural and fishery products</i>	40 %
<i>Economic diversification</i>	14 %
<i>Development and improvement of rural infrastructure</i>	10 %
<i>Technical assistance</i>	1 %

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

PHARE and ISPA

The following implementation structure now exists in Slovenia the implementation of pre-accession assistance

National Fund (NF)

Implementing Agency

For PHARE:

- Central Finance and Contracting Unit in Ministry of Finance

For ISPA:

Transport: the Ministry of Transport

Environment: the Ministry of Environment, Spatial Planning and Energy

The following structure is used for the implementation of ISPA in Slovenia:

- The **National** Fund, located within the Ministry of Finance administers ISPA funds allocated under the responsibility of the National Authorising Officer (NAO)
- The authority responsible for implementation is Central Finance and Contracting Unit within the Ministry of Finance with the support of the Ministry of Environment,

²¹ As stated in the revised financial table annexed to the RDP approved by Commission Decision of 24 November 2003, share of total allocation of EU funds

Spatial Planning and Energy in the environment sector and with the support of the Ministry of Transport in the transport sector

- The final beneficiaries in the environment sector are the municipalities and the final beneficiary in the transport sector is the Public Agency for Rail Transport

For SAPARD:

Management of SAPARD aid was conferred on Implementing Agencies by the Commission Decision of 19 November 2001 for 4 out of 5 measures which account for 99 % of programmed amounts.

The four concerned measures are: investments in agricultural holdings, processing and marketing, diversification of activities and rural infrastructures. The remaining measure on Technical Assistance is currently under accreditation process.

The following structure is used for the implementation of SAPARD in Slovenia:

- The National Fund, located within the Ministry of finance administers SAPARD funds allocated under the responsibility of the National Authorising Officer (NAO); it is responsible for the national accreditation of the Sapard Agency and for the information flow between the Commission and Slovenia;
- The Managing Authority is located in the Ministry of Agriculture Forestry and food.
- The SAPARD Agency: the Agency of the Republic of Slovenia for agricultural markets and Rural Development (AAMRD), within the Ministry of Agriculture Forestry and food.
- The Monitoring Committee

By the end of 2003, the SAPARD Agency has approved a cumulative total of 263 projects, amounting to € 15,260,989 of Community contribution which correspond to 57% of the cumulative amount of approved commitments laid down in Annual Financing Agreements for Slovenia for 2000-2003.

As regards payments executed by the Commission to Slovenia a total amount of € 7,222,229.94 has been paid up to the end 2003 representing 27.1% of the total funds available in the AFAs for Slovenia for 2000-2003. This amount includes € 3,158,275.40 as a payment on account and € 4,063,954.54 paid as a reimbursement of incurred expenditure (i.e. payments made by the SAPARD Agency to the beneficiaries). The final mid-term evaluation report has been transmitted electronically to the Commission on 19 February 2004.

C. CO-ORDINATION BETWEEN PRE-ACCESSION INSTRUMENTS

At the national level:

- - *Financial management:* through the National Fund
- - *Co-ordination of programming of all three pre-accession instruments:* through the national aid co-ordinator

- - *National co-ordination*: Government office for European Affairs which co-ordinates the multi-annual strategic documents prepared by the line Ministries at national level; co-ordination under Article 4 of the co-ordination regulation; and co-ordination by activities financed through EIB, EBRD, other IFIs and EU instruments.