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**REPORT FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT AND THE COUNCIL**

**GENERAL REPORT
ON PRE-ACCESSION ASSISTANCE
(PHARE – ISPA – SAPARD)
IN 2005**

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COMMISSION STAFF WORKING DOCUMENT

**GENERAL REPORT
ON PRE-ACCESSION ASSISTANCE
(PHARE– ISPA – SAPARD)
IN 2005**

ANNEXES

COUNTRY SECTIONS & ADDITIONAL INFORMATION

ANNEXES

ANNEX I: ADDITIONAL INFORMATION

| | | |
|-----|--|---|
| 1.1 | FUNDING PROCEDURES | 4 |
| 1.2 | EDIS | 6 |
| 1.3 | AMOUNTS CONTRACTED AND DISBURSED PER COUNTRY | 7 |

ANNEX II: COUNTRY SECTION

| | |
|----------|----|
| BULGARIA | 9 |
| ROMANIA | 15 |
| CROATIA | 23 |

ANNEX I: 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) Signature of Financing Memorandum (for each project)
- First transfer of funds (10%)
- Second transfer of pre-financing (10%) once the first main works contract has been signed, 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

(PHARE)

For Bulgaria and Romania, Phare assistance is currently still implemented in a partially decentralised way, through the partially decentralised implementation system ("DIS"), where the national authorities as contracting authorities are responsible for all implementation and paying functions, while the EC Delegation maintains the systematic ex-ante control requirement by over each tendering and contracting. However, the national authorities in both countries acknowledge their responsibility for ensuring robust systems for managing and controlling EU funds across the administration, and make further progress in their preparation to prepare for EDIS.

- In Bulgaria, a full application for EDIS accreditation will be submitted after the successful implementation of Stage 3 "Compliance Assessment" which is expected to be finalized by the end of March 2006.
- In Romania, the authorities submitted a formal application requesting EDIS to the Commission at the end of December 2005 (with the on-the-spot verification by DG Enlargement audit services in the second half of March 2005).
- In Croatia, Phare will be implemented under DIS. On 25 May 2005, Croatia submitted a request to the Commission for accreditation of its DIS system for Phare. Subsequently, the Commission audit services of DG Enlargement assessed the national and sectoral programme/project management capacity, financial control procedures and structures regarding public finance in Croatia. The decision to confer the management of Phare on a partially decentralised basis to the designated Croatian body in the Ministry of Finance is expected to take place in the first half of 2006.

The Commission and the national administrations in these countries continued to monitor the process through the High Level Working Groups (HLWG), set up in 2002 in all Phare countries to oversee and provide guidance for the transition to EDIS.

(ISPA)

In 2002, both Bulgaria and Romania initiated the first step towards EDIS (*gap assessment*) for ISPA, but subsequent steps suffered delay.

- In Bulgaria, the procurement process for Stage 3 started in December 2005 with the Bulgarian Government expected to submit an application for EDIS for ISPA Implementing Agencies in spring 2006.

- In Romania, audit work and application checks of Stage 3 (*compliance assessment*) were completed in December 2005 and a request for extended decentralisation was under preparation in December 2005 in view of submitting it to DG Regional Policy in January 2006.
- The Commission has required Croatia to have effective decentralised management and control functions and procedures in place before any Community assistance can be granted. During 2005, the Croatian authorities mobilised efforts in preparing for the introduction of the Decentralised Implementation System (DIS) for Phare and ISPA. The decision to confer the management of Phare on a partially decentralised basis to the designated Croatian body in the Ministry of Finance is expected to take place in the first half of 2006.

1.3. AMOUNTS CONTRACTED AND DISBURSED PER COUNTRY

**Amounts contracted and disbursed per country for
PHARE, ISPA and SAPARD in 2005 (in € million)**

| | Bulgaria | | Romania | | Croatia¹ | |
|--------------------------|--------------------|--------------------|--------------------|--------------------|----------------------------|-----------|
| | Contracted | Disbursed | Contracted | Disbursed | Contracted | Disbursed |
| PHARE² | 103 | 94.7 | 318.9 | 288.5 | NA | NA |
| ISPA³ | 100.4 | 74.5 | 407.2 | 154.6 | NA | NA |
| SAPARD | 244.2 ⁴ | 158.2 ⁵ | 534.8 ⁶ | 385.4 ⁷ | NA | NA |

1 There was no contracting or disbursement in Croatia in 2005
2 Amount contracted and disbursed by the national authorities in 2005
3 Amount contracted and disbursed by the national authorities in 2005
4 Contracted amount by the Sapard Agency to the final beneficiary. Cumulative situation at 31.12.2005
5 Disbursed amount by the Commission to Bulgaria. Cumulative situation at 31.12.2005
6 Contracted amount by the Sapard Agency to the final beneficiary. Cumulative situation at 31.12.2005
7 Disbursed amount by the Commission to Romania. Cumulative situation at 31.12.2005

ANNEX II: COUNTRY SECTION

BULGARIA

Initial allocations for Bulgaria's operational programmes in 2005 were as follows:

PHARE: € 277.2 million

ISPA: € 149.1 million

SAPARD: € 75.1 million⁸

TOTAL: € 501.4 million

In addition, Bulgaria also participated in a number of multi-country programmes (including TAIEX), its contribution for which was funded from the BG/RO Roadmap allocation as indicated in the following table:

Breakdown of Bulgaria / Romania Roadmap for 2005

| Programme | Amount (in € million) |
|--|------------------------------|
| PHARE | 751.0 |
| <i>Bulgaria National Programme</i> | <i>174.9</i> |
| <i>Bulgaria CBC</i> | <i>40.0</i> |
| <i>Romania National Programme</i> | <i>396.9</i> |
| <i>Romania CBC</i> | <i>34.0</i> |
| <i>Additional funds for floods⁹ RO & BG</i> | <i>19.3</i> |
| <i>Multi-country programmes</i> | <i>60.0</i> |
| <i>TAIEX</i> | <i>5.0</i> |
| <i>Contribution to ETF</i> | <i>1.5</i> |

⁸ Indicative allocation of the maximum annual amount in 2003 prices

⁹ Supplemented by a further 17.6 MEUR from C4/C5 credits

| | |
|----------------------------|---------------|
| <i>Support Expenditure</i> | 19.4 |
| ISPA | 500.7 |
| <i>Bulgaria</i> | 149.1 |
| <i>Romania</i> | 348.0 |
| <i>Support expenditure</i> | 3.6 |
| SAPARD | 250.3 |
| <i>Bulgaria</i> | 75.1 |
| <i>Romania</i> | 175.2 |
| TOTAL ROADMAP | 1502.0 |

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: €277.2 million

Main programmes

- National Programme € 174.9 million
- Cross border Co-operation programmes € 40 million
 - Cross-border Co-operation Romania (€ 8 million)
 - Cross-border Co-operation Greece (€ 20 million)
 - Cross-border Co-operation FYROM (€ 3 million)
 - Cross-border Co-operation Serbia & Montenegro (€ 4 million)
 - Cross-border Co-operation Turkey (€ 5 million)

- Nuclear Decommissioning € 50 million

- Floods € 12.3 million
Additional €12.3 million from the 2005 General Budget were allocated following the flood catastrophe in vast areas of Bulgaria during 2005 which necessitated additional Phare financial assistance. A programme designed to give support to rehabilitation of flood-damaged infrastructure and the preparation of flood prevention strategies was financed

National programme's objectives

| | |
|--|----------------------|
| • Political criteria | €17,8 million |
| • Internal market and economic criteria | €8,6 million |
| • Agriculture | €11,5 million |
| • Transport | €2,5 million |
| • Employment, social policy and education | €1,8 million |
| • Energy | €2,5 million |
| • Environment | €3,8 million |
| • Justice and home Affairs | €40,9 million |
| • Customs and Finance | €16,4 million |
| • Administrative reform and capacity | €6,6 million |
| • Economic and Social Cohesion | €56,5 million |
| • Unallocated IB Envelope, EC programmes and agencies, Project Preparation Facility | €18,3 million |
| • Environment | €3,8 million |

ISPA

Committed amount: €149.1 million

Environment: €103.2 million

Transport: €45.8 million

Environment strategy's priorities

1. Potable water and water supply
2. Sewerage system and urban Waste Water Treatment Plants
3. Waste management
4. Air pollution

In the environment sector five investment projects were approved. All the projects targeted the sector of **water and waste water management**. Four were integrated water projects for the towns of Sliven, Bourgas, Rousse and Kyustendil. The fifth concerned Sofia - the rehabilitation of sewage and water supply, the extension of the waste water treatment plant, and the construction of the new drinking water treatment plant.

Transport strategy's priorities

- Greater opening of Bulgaria to Europe and neighbouring countries in terms of transport infrastructure.
- Balanced and inter-related infrastructure development among different modes of transport.
- Upgrading and rehabilitation of railway infrastructure along important sections of Corridor IV permitting higher speeds and improved services.
- Completing track electrification along sections of railways that are part of pan-European transport corridors.
- Completing the reconstruction and modernisation of major highway sections on the pan-European transport corridors.
- Further introduction of free-market principles in infrastructure development and financing.

In the transport sector, two technical assistance projects were approved, both targeting the **railway system**: one relating to feasibility studies for the modernization of the Sofia-Vidin railway line, the other for the rehabilitation of the Plovdiv-Burgas and Mezdra-Gorna Oryahovitsa railway lines.

During 2005, one additional ISPA project for providing assistance to the management of the statutory ISPA Monitoring Committee was approved.

| BULGARIA | ISPA FUNDS | PROJECTS |
|-----------------|-------------------|--|
| Environment | 120 885 000 | 1. Rehabilitation, upgrade/extension of the Sofia wastewater treatment plant water line 2. Integrated Water Project for the Town of Sliven 3. Integrated Water Project Bourgas 4. Integrated Water Project - Town of Rousse 5. Integrated Water Project - Town of Kyustendil |
| Transport | 12 342 000 | 1. Technical assistance for modernization of Vidin-Sofia railway line 2. Technical assistance for the rehabilitation of railway infrastructure along sections of the Plovdiv-Burgas and Mezdra-Gorna Oryahovitsa railway lines |
| Horizontal | 20 000 | Support for the organization of the Monitoring Committees in 2005-2006 |

SAPARD

Committed amount: € 362.3 million¹⁰

Rural Development Plan's main priorities

- Priority 1: Improvement of the production, processing and marketing of agricultural products, and processing of fishery products, in compliance with EU standards. Development of environmentally friendly agricultural practices.

¹⁰ Committed in the EU budget until the end of 2005 (Annual Financing Agreements 2000-2005)

- Priority 2: Integrated development of rural areas aiming at protecting and strengthening their economies and communities and helping to reduce the process of rural depopulation.
- Priority 3: Investment in human resources.
- Priority 4: Technical Assistance

Financial breakdown per measures¹¹

Priority 1: Improvement of the production, processing and marketing of agricultural products, and processing of fishery products, in compliance with EU standards. Development of environmentally friendly agricultural practices.

| | |
|---|------|
| Investments in agricultural holdings | 28% |
| Improvement of processing and marketing of agricultural and fishery products and construction of wholesale markets | 33% |
| Development of environmentally friendly agricultural practices and activities | 2.2% |
| Forestry, including afforestation and investments in improvement of the processing and marketing of forestry products | 2.5% |
| Setting up producer groups | 0.9% |
| Water resources management | 1% |

Priority 2: Integrated development of rural areas aiming at protecting and strengthening their economies and communities and helping to reduce the process of rural depopulation.

| | |
|---|-----|
| Development and diversification of economic activities providing for multiple activities and alternative income | 13% |
| Renovation and development of villages, protection and conservation of rural heritage and cultural traditions | 10% |
| Development and improvement of rural infrastructure | 7% |

Priority 3: Investment in human resources.

| | |
|------------------------------------|----|
| Improvement of vocational training | 1% |
|------------------------------------|----|

Priority 4: Technical Assistance

| | |
|----------------------|------|
| Technical assistance | 0.6% |
|----------------------|------|

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

¹¹ As stated in the financial table annexed to the RDP (September 2005), share of total allocation of EU funds

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

For PHARE:

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

National Fund (NF) The National Fund in the Ministry of Finance, headed by the NAO, is supervising the financial management of the programme, and is responsible for reporting to the European Commission.

Implementing Agencies

The Central Finance and Contracting Unit (CFCU) of the Ministry of Finance will be the Implementing Agency for all programmes and sub-programmes, except for project some projects related to energy and transport for which the Implementing Agency is the Ministry of Economy and Energy.

For CBC programme, the Phare CBC Implementing Agency of the Ministry of Regional Development and Public Works is the Implementing Agency for all programmes.

For ISPA:

- **National Fund (NF)** The National Fund in the Ministry of Finance, headed by the NAO, is supervising the financial management of the programme, and is responsible for reporting to the European Commission.

Implementing Agencies

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

For SAPARD:

The following structures are used for the implementation of Sapard:

- The **National Fund**, which is placed within the Ministry of Finance administers Sapard funds allocated under the responsibility of the National Authorising Officer (NAO)
- The **Sapard Agency**, which is responsible for discharging the implementation and paying functions for the programme created within the State Fund Agriculture.
- The Ministers of Finance and Agriculture represent the **Competent Authority** for Sapard purposes and are responsible for the national accreditation of Sapard Agency.

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.

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

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

ROMANIA

Initial allocations for Romania's operational programmes in 2005 were as follows:

PHARE: €455.5 million

ISPA: €348.0 million

SAPARD: €175.2 million

TOTAL: €978.7 million

Breakdown of Bulgaria / Romania Roadmap for 2005

| Programme | Amount (in € million) |
|---|------------------------------|
| PHARE | 751.0 |
| <i>Bulgaria National Programme</i> | <i>174.9</i> |
| <i>Bulgaria CBC</i> | <i>40.0</i> |
| <i>Romania National Programme</i> | <i>396.9</i> |
| <i>Romania CBC</i> | <i>34.0</i> |
| <i>Additional funds for floods¹² RO & BG</i> | <i>19.3</i> |
| <i>Multi-country programmes</i> | <i>60.0</i> |
| <i>TAIEX</i> | <i>5.0</i> |
| <i>Contribution to ETF</i> | <i>1.5</i> |
| <i>Support Expenditure</i> | <i>19.4</i> |
| ISPA | 500.7 |
| <i>Bulgaria</i> | <i>149.1</i> |
| <i>Romania</i> | <i>348.0</i> |

¹² Supplemented by a further 17.6 MEUR from C4/C5 credits

| | |
|----------------------------|---------------|
| <i>Support expenditure</i> | <i>3.6</i> |
| SAPARD | 250.3 |
| <i>Bulgaria</i> | <i>75.1</i> |
| <i>Romania</i> | <i>175.2</i> |
| TOTAL ROADMAP | 1502.0 |

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: €455.5 million

Main programmes

- National Programme €396.9 million

- Cross border Co-operation programmes €34.0 million
 With Bulgaria (€8 million), Hungary (€5 million),
 Moldova (€7 million), Serbia & Montenegro (€5 million),
 Ukraine (€9 million)

- Floods €24.6 million
 Additional €24.6 million from the 2005 General Budget
 were allocated following the flood catastrophe in vast
 areas of Romania during spring and summer 2005 which
 necessitated additional Phare financial assistance. A
 programme designed to give support to rehabilitation of
 flood-damaged infrastructure and the preparation of flood
 prevention strategies was financed

National programme's objectives

2005-017-553.01 Political Criteria €44.59 million

Meeting the Political Criteria, includes 3 priority sectors in the field of *public administration reform, reform of the judiciary, minority issues* as well as civil society a specific need. These measures shall support Romania in their efforts of developing their democratic system and the public institutions and strengthening the rule of law.

2005-017-553.02 Economic Criteria void

2005-017-553.03 Meeting the obligations of the acquis €136.69 million

Meeting the obligations of the acquis, includes four priority sectors and 6 projects only identified for the 2005 budget. The four sectors are *Public Finance, Agriculture, Environment and Border Management*. To meet specific needs to be covered by the 2005 programme six additional projects were identified in the following fields: IPR protection, Insurance Supervisory Commission (ISC), Statistics, National Securities Commission (NSC), Energy and Transport.

2005-017-553.04 Economic and Social Cohesion €175.00 million

Economic and Social Cohesion, contains the priority sector programme for Economic and Social Cohesion. This programme follows a slightly different layout in order to come as close as possible to the programme structure that will be used under the future Structural Funds for Romania. This should help Romania to familiarise with the structure and management requirements needed to absorb Structural funds.

2005-017-553.05 Specific actions facility €16.01 million

contains a facility which shall allow the Romanian government to address small scale measures and necessary urgent actions identified in the course of the ongoing negotiations and during the first years of EU membership. This sub-programme also contains the option to co-finance Romania's participation in Community initiatives such as INTERREG.

2005-017-553.06 Participation in Community Programmes and Agencies and End-user support €24.61 million

provides support to Romania for its participation in specific Community activities prior to membership

ISPA:

Committed amount: € 967.4 million of EU contribution¹³

Environment: €173.8 million

Transport: €174.2 million

Environment strategy's priorities

1. Wastewater treatment and drinking water supply
2. Urban waste management (priority given to landfill disposal and selective collection)
3. Air quality protection (priority given to replacing old power plants and heating facilities).

In the environment sector, 5 investment projects were approved: 3 concerned the combined investment in the drinking and wastewater sectors in the cities of Suceava, Galati, and Deva & Hunedoara, whereas 2 projects concerned the management of solid waste in Bacau and the County of Arges. One TA project was adopted for Cohesion Fund project preparation in the environment sector.

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.

¹³ Committed in the EU budget until the end of 2005 (Annual Financing Agreements 2000-2005)

In the transport sector, 3 investment projects were approved: Calafat-Vidin Bridge, Lugoj bypass and one project concerning the reconstruction of [rail and road infrastructure sections damaged by the floods](#) of Summer 2005. Five new TA measures will support the preparation of Cohesion Fund/ERDF projects as well as the preparation of a Transport Master Plan.

| ROMANIA | ISPA FUNDS | PROJECTS |
|------------------------|-------------------|--|
| ENVIRONMENT | | |
| Water and Waste Water | 109.882.500 | <ol style="list-style-type: none"> 1. Galati upgrading of Water and Sewerage Networks-Construction of a new Wastewater 2. Rehabilitation and Upgrading of the Water and Wastewater System in Deva and Hunedoara 3. Rehabilitation and upgrading of the water supply and wastewater systems in Suceava |
| Solid Waste Management | 33.375.000 | <ol style="list-style-type: none"> 1. Regional Waste Landfill in Bacau 2. Integrated Managemant of Solid Waste and Sludge from WWTP in Arges County |
| TA | 12.500.000 | <ol style="list-style-type: none"> 1. Technical assistance for project preparation in the environmental sector in Romania |
| TRANSPORT | | |
| Road | 40.835.075 | <ol style="list-style-type: none"> 1. Technical Assistance for the preparation of road projects for the Cohesion Fund 2. Technical assistance for preparation of road projects for the Structural Funds 3. Lugoj By-pass |
| Rail | 19.465.000 | <ol style="list-style-type: none"> 1. Technical Assistance for the preparation of rail projects for the Cohesion Fund |
| Road and Rail | 85.050.000 | <ol style="list-style-type: none"> 1. Road and rail to the second bridge over Danube at Calafat-Vidin (Romanian side) 2. Reconstruction of rail and road infrastructure sections damaged by floods in July and August 2005 |

| | | |
|-----------------|-----------|---|
| Inland Waterway | 2.337.500 | 1. Technical Assistance for the improvement of navigation conditions on the Romanian-Bulgarian common sector of the Danube and accompanying studies |
| Horizontal | 5.032.000 | 1. Technical Assistance for the elaboration of the General Transport Master Plan |

SAPARD

Committed amount: € 967.4¹⁴

Rural Development Plan's main priorities

The programme foresees the following main priorities:

- Improving the competitiveness of processed agricultural and fisheries products
- Improving infrastructures for rural development and agriculture
- Development of rural economy
- Development of human resources

Financial breakdown per measures¹⁵:

Priority 1: Improving the competitiveness of processed agricultural and fisheries products

Measure 1.1: Processing and marketing of agricultural and fisheries **21%**

¹⁴ Committed in the EU budget until the end of 2005 (Annual Financing Agreements 2000-2005)

¹⁵ As stated in the financial table annexed to the RDP (July 2005), share of total allocation of EU funds

products:

Measure 1.2. Improving the structures for quality, veterinary and plant-health control, foodstuffs and consumer protection **3%**

Priority 2: Improving infrastructures for rural development and agriculture

Measure 2.1. Development and improvement of rural infrastructure **48.6%**

Priority 3: Development of rural economy

Measure 3.1. Investments in agricultural holdings **17%**

Measure 3.2. Setting up producers groups **0.2%**

Measure 3.3. Agri-environmental measures **1%**

Measure 3.4. Development and diversification of economic activities, multiple activities and alternative income **5.5%**

Measure 3.5. Forestry **3%**

Priority 4: Development of human resources

Measure 4.1. Improving of vocational training **0.5%**

Measure 4.2. Technical assistance **0.2%**

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

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 Community Programmes on Educational & Professional Training
- Ministry of Labour, Social Solidarity and Family

For ISPA:

National Fund (NF) The National Fund in the Ministry of Finance, headed by the NAO, is supervising the financial management of the programme, and is responsible for reporting to the European Commission

Implementing Agencies

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 Sapard is implemented through the following structure:

- The **National Fund** is located within the Ministry of Public Finance and administers Sapard funds allocated under the responsibility of the National Authorising Officer (NAO), who is responsible for the national accreditation of the Sapard Agency.
- The **Managing Authority** is placed within the Ministry of Agriculture, Forestry and Rural Development.
- The **Sapard Agency** is responsible for discharging the implementation and paying functions for the programme created within the Ministry of Agriculture. This agency operates from its headquarter in Bucharest as well as via eight regional offices located throughout Romania.

C. CO-ORDINATION BETWEEN PRE-ACCESSION INSTRUMENTS

- *At the national level:*

The **National Aid Co-ordinator** (NAC) in 2005 is the Minister for Finance, entitled also as National ISPA Co-ordinator (NIC) and responsible to ensure co-ordination between Phare and ISPA. The NAC also participates in the SAPARD Monitoring Committee to ensure co-ordination between Phare and SAPARD. The NAC consults with the Ministry of European Integration and the Ministry of Agriculture to ensure the full compatibility of the National Development Plan and the National Rural Development Plan.

- *At the regional level:*

To avoid overlapping between the economic and social cohesion chapter of Phare and SAPARD, appropriate provisions are included in the programming documents and agreements.

Complementarity between Phare and Sapard at regional level will be ensured through a close co-ordination between the Regional Development Agencies in the regions for Phare and the regional-level offices of the Ministry of Agriculture and Food. Regional Development Plans, forming the basis for Phare assistance in the regions, are to be approved by Regional Development Boards representing elected local authorities, and will be updated in the context of the updating of the National Development Plan. The regional development plans take account of the division of responsibilities between Phare and SAPARD established in the national programming documents. Regional development plans will also provide a framework for ensuring co-ordination between Phare (including Phare CBC) and ISPA, by taking into account the impact at regional level of national infrastructure projects supported by ISPA.

Furthermore, the Multi-annual Financing Agreement for SAPARD provides that country shall ensure that any risk of funds being disbursed more than once is avoided, notably by means of stamping invoices with "Sapard" before being paid for by the SAPARD Agency.

CROATIA

Initial allocations for Croatia's operational programmes were as follows:

| | |
|---------------|--------------------------------------|
| PHARE: | €77.5 million |
| ISPA: | €25 million |
| SAPARD: | <i>Programme has not yet started</i> |
| TOTAL: | €102.5 million |

In addition, Croatia also participated in a number of multi-country programmes (including TAIEX), its contribution for which was funded from its total PHARE allocation as indicated in the following table:

Breakdown of Croatia allocation for 2005

| Programme | Amount (in € million) |
|--|------------------------------|
| PHARE | 80.0 |
| <i>Croatia National Programme¹⁶</i> | <i>64.5</i> |
| <i>Croatia CBC</i> | <i>6.0</i> |
| <i>Multi-country programmes</i> | <i>6.0</i> |
| <i>TAIEX</i> | <i>1.0</i> |
| <i>Support Expenditure</i> | <i>2.5</i> |
| ISPA | 25.0 |
| <i>Croatia programme</i> | <i>24.6</i> |
| <i>Support Expenditure</i> | <i>0.4</i> |

¹⁶ This was supplemented by an additional 7 million € during the course of the year from the 2005 budget

TOTAL

105.0

A. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

PHARE

Committed amount: €77.5 million

Main programmes

• *National Programme*

€71,5 million

The Phare National Programme 2005 is the first year of the Phare assistance to Croatia.

• *Cross border Co-operation programmes (CBC)*

€6 million

The Phare CBC programme includes CBC Croatia-Slovenia-Hungary and Croatia-Italy.

National Programme Objectives

The Phare National Programme 2005 concentrates on eight sectoral objectives referring to the priorities identified in the Opinion and the European Partnership for Croatia:

Objective 01 / Democracy and rule of law

Objective 02 / Human rights and protection of minorities

Objective 03 / Economic criteria

Objective 04 / Internal market and trade

Objective 05 / Sectoral policies

Objective 06 / Cooperation in justice and home affairs

Objective 07 / Supporting programmes

Objective 08 / Economic and social cohesion

These priorities translate into the following financial allocations by priority:

| | | |
|---|---|-------------|
| 1 | Democracy and rule of law | €2.312.000 |
| 2 | Human rights and protection of minorities | €1.300.000 |
| 3 | Economic criteria | €5.165.000 |
| 4 | Internal market and trade | €13.175.000 |
| 5 | Sectoral policies | €29.415.000 |
| 6 | Cooperation in justice and home affairs | €5.000.000 |
| 7 | Supporting programmes | €10.133.000 |
| 8 | Economic and social cohesion | €5.000.000 |

CBC Programme objectives

The CBC programmes with Italy and Slovenia/Hungary concentrate on the following objectives:

- Promoting sustainable economic and social development in the border areas;

- Working together to address common challenges, in fields such as environment, public health, and the prevention of and fight against organised crime;
- Ensuring efficient and secure borders;
- Promoting local, 'people-to-people' type of actions.

The budget allocations in 2005 are:

| | |
|------------------------------|------------|
| 1. CBC with Italy | €3.000.000 |
| 2. CBC with Slovenia/Hungary | €3.000.000 |

ISPA:

Committed amount: €24.6 million

Environment: €12.3 million

Transport: € 12.3 million

Environment strategy's priorities

1. Wastewater treatment and drinking water supply
2. Regional waste management (priority given to landfill disposal and selective collection)

One wastewater project for the environment sector, aimed at combating river pollution, was approved in 2005, namely the Karlovac Water and wastewater programme.

Transport strategy's priorities

- Enhanced connectivity of Croatia to Europe and neighbouring countries in terms of transport infrastructure.
- Upgrading and rehabilitation of railway infrastructure along important sections of Corridor IV permitting higher speeds and improved services.
- Balanced and inter-related infrastructure development among different modes of transport.

One project was approved in the transport sector, namely the Vinkovci to Tovarnik to State Border Railway rehabilitation.

| CROATIA | ISPA FUNDS | PROJECTS |
|--------------------|-------------------|-----------------|
| ENVIRONMENT | | |

| | | |
|------------------|------------|---|
| Waste Water | 22.500.00 | Karlovac Water and Wastewater Programme |
| TRANSPORT | | |
| Rail | 28.789.180 | Vinkovci to Tovarnik to State Border Railway Rehabilitation |

SAPARD

Programme has not yet started

B. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

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

For PHARE:

Central Finance and Contracting Unit of the Ministry of finance

Characteristics:

- handle tendering, contracting and payments
- day-to-day project management remains the responsibility of the Ministries or agencies directly benefiting from the assistance
- the Commission Decision conferring management to the Croatian implementing structures was taken on 07 February 2006

For ISPA:

National Fund (NF) The National Fund in the Ministry of Finance, headed by the NAO, is supervising the financial management of the programme, and is responsible for reporting to the European Commission

Implementing Agencies

Transport: CFCU (Central Financing and Contracting Unit) as ISPA Implementing Agency was awarded DIS accreditation by the Commission in February 2006.

Environment: CFCU as ISPA Implementing Agency was awarded DIS accreditation by the Commission in February 2006.

For SAPARD:

Sapard is managed on a fully decentralised basis and will be implemented through the following structure:

- The **National Fund** was established by a Decision of the Government of the Republic of Croatia as of 30 September 2004 within the State Treasury of the Ministry of Finance. It will administer Sapard funds allocated under the responsibility of the National Authorising Officer (NAO), who is responsible for the national accreditation of the Sapard Agency.
- The **Managing Authority** established by a Government Decision on 3 November 2005 was set up within the Ministry of Agriculture, Forestry and Rural Development.
- The **Sapard Agency** was established by a Government decree on internal organization of the Ministry of Agriculture, Forestry and Water Management as of 15 July 2005. It will be responsible for discharging the implementation and paying functions for the programme drafted by the Ministry of Agriculture, Forestry and Water Management. The agency can start implementing the programme only after the Commission decides to confer the management of aid to the nationally accredited agency.

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. 2005 is the first year of the Multi Annual Programme 2005-2006 and in this regard, each following National Programme will be drafted in the light of the implementation of previous years, sequencing between the three phases being important for most of the projects.

- 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.

- At the regional level:

Programming: establishment of regional steering committees

Implementation and financial arrangement: through the designated Implementing Agency (PHARE, ISPA) and Paying Agency (Sapard) regarding implementation, financial management, and to ensure proper co-ordination and avoid overlapping activities.

To avoid overlapping between the economic and social cohesion chapter of Phare and Sapard, appropriate provisions are included in the programming documents and agreements. The Multi-annual Financing Agreement for Sapard provides that Croatia shall ensure that any risk of funds being disbursed more than once is avoided, notably by means of stamping invoices with "Sapard" before being paid for by the Sapard Agency.