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ANNEXES TO THE

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

**GENERAL REPORT ON PRE-ACCESSION ASSISTANCE
(PHARE – ISPA – SAPARD)
IN 2006**

COUNTRY SECTIONS & ADDITIONAL INFORMATION

{COM(2007) 692 final}

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LIST OF ACRONYMS

BG	Bulgaria
CARDS	Community Assistance for Reconstruction Development and Stabilisation
CBC	Cross-Border Cooperation
CFR-SA	Romanian National Railway Company/Infrastructure
CFCU	Central Finance and Contracts Unit
DIS	Decentralised Implementation System
EC	European Community
EDIS	Extended Decentralised Implementation System
ESF	European Social Fund
ETF	European Training Foundation
EU	European Union
FYROM	Former Yugoslavian Republic of Macedonia
HLGW	High Level Working Groups
IPA	Instrument for Pre-Accession
ISPA	Structural Instrument for pre-adhesion
MEI	Ministry of European Integration
NAC	National Aid Co-ordinator
NAO	National Authorising Officer
NAR	National Administration of Roads
NF	National Fund
NIC	National ISPA Co-ordinator
PHARE	Comminatory programme for central and eastern European countries
RO	Romania
SAPARD	Special Adhesion Programme for Agriculture and Rural Development
STAR	Committee on agricultural structures and rural development
TAIEX	Technical Assistance Information Exchange Unit
TEN-T	Trans European Network - Transport

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 (generally 10%)
- Second transfer of pre-financing (generally 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

- 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 Rural Development (Management) Committee (former STAR 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. 1.2. EDIS

1.2.1. PHARE

In 2006, Bulgaria and Romania made substantial progress with regard to their application for EDIS accreditation, whilst a decision to confer accreditation for the partially decentralised implementation system (DIS) in Croatia was taken in February 2006.

- The application for EDIS by the Bulgarian authorities for its 4 Implementing Agencies (CFCU, Ministry for Regional Development and Public Works, the Ministry for Labour and Social Policy, the Ministry of Economy) was delayed. The draft report of December 2006 indicated a significant number of issues to be addressed, including the incomplete setting up of the ex ante control units, incomplete definition of external experts' input to the procurement process, and incomplete setting up of the internal control architecture of the Bulgarian system. The Bulgarian side was required to finalise an Action Plan to address the findings and EDIS accreditation would not be expected before mid-2007.
- Romania submitted its applications for the waiver of ex ante control and accreditation under the extended decentralised implementation system (EDIS) to the Commission in 2006. The application concerned firstly the Ministry of European Integration (MEI) and the CFCU as main Implementing Agency. A separate application was submitted by the Ministry of Labour, which was set up as separate Implementing Agency for ESF type pre-accession programmes. Following audits by the Commission and the follow up of main findings, the MEI and CFCU accreditation and notification occurred on 14 December 2006. The EDIS Decision includes a number of so called "type 2" findings, which will require further follow up and improvements to the system within strict deadlines from the date of the Decision. For the Ministry of Labour the draft EDIS report was sent to RO on 14 December 2006. The final report and accreditation will be completed in 2007.
- The Commission decision on partial conferral of management for Phare and CARDS under the decentralised implementation system (DIS) to Croatia was taken on 7 February 2006. DIS is 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 over each tendering and contracting procedure. The DIS Decision includes a number of conditionalities with deadlines for implementation that require further follow-up and actions by the Croatian authorities. Croatia reported on progress in fulfilling these conditions in March and August 2006 with the Commission Delegation in Zagreb closely monitoring the function of DIS. A follow-up audit by the Commission will take place in the beginning of 2007.

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.

1.2.2. ISPA

- In Bulgaria, Stage 3 started in December 2005 and the Bulgarian Government submitted an application for EDIS for ISPA Implementing Agencies in April 2006. This process was completed when the EDIS decision was adopted on 23 November 2006, granting accreditation to the two transport implementing agencies: Ministry of Transport and National Road Infrastructure Fund (formerly Roads Agency) and the implementing agency of the Ministry of Regional Development and Public Works. The decision recognized the progress made by the Bulgarian authorities to build up structures, but it contained safeguarding clauses to the effect that the procurement process would need to remain under close scrutiny. EDIS was not granted to the Ministry of Environment because of a negative audit opinion based on evidence of weaknesses in capacity and performance. Audit missions to Bulgaria in 2007 will have to assess compliance with audit recommendations and progress in tendering, contracting and implementation of projects at risk.
- The Romanian authorities submitted the EDIS Application for all ISPA Agencies on 20 December 2005. Following the in-depth assessment of the EDIS Application and on-the-spot verification audit, the Commission decided on 28 June 2006 to waive the ex-ante approval requirement referred to in Article 12.1 of Council Regulation (EC) No. 1266/99 for all ISPA Implementing Agencies in Romania (EDIS Decision).
- The Commission has required Croatia to have effective decentralised management and control functions and procedures in place before any Community assistance can be granted. A positive decision to confer the management of ISPA on a partially decentralised basis to the designated Croatian body in the Ministry of Finance was made in February 2006. Preparations are expected to continue during 2006 for requesting full accreditation for the fully decentralised management of ISPA funds (EDIS).

1.2.3. SAPARD

- With regard to **rural development**, Croatia has made substantial progress related to the implementation of the Special pre-Accession Programme for Agriculture and Rural Development (SAPARD). The Croatian programme for SAPARD was approved by the Commission in February 2006 and the Multi-annual Financing Agreement between Croatia and the EU entered into force on 6 April 2006. The management of the SAPARD programme was conferred on a provisional basis to the Ministry for Agriculture, Forestry and Water Management and to the National Fund within the Ministry of Finance, by Commission Decision of 29 September 2006. This decision marks the date for the SAPARD Agency to start selecting and contracting projects and so far covers the measures "Investments in agriculture holdings" and "Improving the processing and marketing of agricultural and fisheries products". The measure "Improvement of rural infrastructure" is currently being prepared for national accreditation

1.3. 1.3. AMOUNTS CONTRACTED AND DISBURSED PER COUNTRY

Amounts contracted and disbursed per country for PHARE, ISPA and SAPARD in 2006 (in € million)

	Bulgaria		Romania		Croatia ¹	
	Contracted	Disbursed	Contracted	Disbursed	Contracted	Disbursed
PHARE²	92.7	94.7	318.9	288.5	NA	NA
ISPA³	119	50.3	225.1	117.9	0	6.07 ⁴
SAPARD	421.8 ⁵	212.1 ⁶	988.3 ⁷	4532.6 ⁸	1.7	NA

¹ There was no contracting/disbursement in Croatia in 2006

² Amount contracted and disbursed by the national authorities in 2006

³ Amount contracted by the national authorities in 2006 and ISPA grant payments

⁴ Advance payments

⁵ Contracted amount by the Sapard Agency to the final beneficiary. Cumulative situation at 31.12.2006

⁶ Disbursed amount by the Commission to Bulgaria including advanced payments. Cumulative situation at 31.12.2006

⁷ Contracted amount by the Sapard Agency to the final beneficiary. Cumulative situation at 31.12.2006

⁸ Disbursed amount by the Commission to Romania including advanced payments. Cumulative situation at 31.12.2006

ANNEX II: COUNTRY SECTION

1.4. 2.1. BULGARIA

The allocations for Bulgaria's operational programme in 2006 were as follows:

PHARE: €208.8 million
 ISPA: €167.8 million
 SAPARD: €82.4 million⁹

TOTAL: €417 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 committed in 2006

Programme	Amount (in € million)
PHARE	813.3
<i>Bulgaria National Programme</i>	<i>166.8</i>
<i>Bulgaria CBC</i>	<i>42.0</i>
<i>Romania National Programme</i>	<i>408.6</i>
<i>Romania CBC</i>	<i>36.0</i>
<i>Multi-country programmes</i>	<i>137.5</i>
<i>TAIEX</i>	<i>7.2</i>
<i>Contribution to ETF</i>	<i>1.5</i>
<i>Support Expenditure</i>	<i>13.7</i>
ISPA	546.7
<i>Bulgaria</i>	<i>167.8</i>
<i>Romania</i>	<i>377.9</i>
<i>Support expenditure</i>	<i>1.0</i>
SAPARD	275
<i>Bulgaria</i>	<i>82.4</i>
<i>Romania</i>	<i>192.4</i>
<i>Support Expenditure</i>	<i>0.2</i>
TOTAL ROADMAP	1635.0

⁹ Indicative allocation of the maximum annual amount in 2003 prices

2.1.1. PROGRAMMING OF PRE-ACCESSION ASSISTANCE

1.4.1. PHARE: Committed amount: €208.8 million

Main programmes

- | | |
|--|-----------------------|
| ▪ <u>National Programme</u> | €166.8 million |
| ▪ <u>Cross border Co-operation programmes</u> | €42.0 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 (€7 million) | |
| ▪ <u>Nuclear Decommissioning</u> | €50 million |

National programme's objectives (represented in million €)

- | | |
|---|---------------|
| • Political criteria | 20.507 |
| • Internal market and economic criteria | 6.318 |
| • Agriculture | 11,58 |
| • Transport | 9.062 |
| • Employment, social policy and education | 1,375 |
| • Environment | 9.47 |
| • Justice and home Affairs | 37.695 |
| • Customs and Finance | 16,879 |
| • Administrative reform and capacity | 13.025 |
| • Economic and Social Cohesion | 38.905 |
| • Unallocated IB Envelope, EC programmes and agencies, Project Preparation Facility | 2.0 |

1.4.2. ISPA

Committed amount:	€167.8 million
Environment:	€80.1 million
Transport:	€87.7 million
Horizontal:	€0.141 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 one technical assistance project was approved for the preparation of projects in the environment sector covering both water management and solid waste.

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, three technical assistance projects were approved. One targeted the preparation of road projects on the TEN-T routes. The second was aimed at strengthening administrative capacity in the transport sector. The final project was for the provision of technical assistance in the preparation of measures on the railway network relating to the Sofia - Plovdiv, Sofia – Dragoman and Sofia – Pernik – Radomir routes.

BULGARIA	ISPA FUNDS	PROJECTS
Environment	16 019 736	1. Technical Assistance for Project Preparation in the Environmental Sector.
Transport	12 224 500	1. Technical assistance for preparation of road projects along the TEN-T; 2. Technical assistance for strengthening the capacity of the transport sector; 3. Technical assistance for the modernisation of TEN-T railway lines in Bulgaria (Sofia-Plovdiv, Sofia – Dragoman, Sofia – Pernik – Radomir)

1.4.3. *SAPARD: Committed amount: €444.8 million*¹⁰

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.
- 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

¹⁰ Committed in the EU budget until the end of 2006 (Annual Financing Agreements 2000-2006)

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	34%
Improvement of processing and marketing of agricultural and fishery products and construction of wholesale markets (of which for Wholesale markets: 4.2%)	33.4%
Development of environmentally friendly agricultural practices and activities	0.3%
Forestry, including afforestation and investments in improvement of the processing and marketing of forestry products	0.9%
Setting up producer groups	0.1%
Water resources management	0%

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	12.7%
Renovation and development of villages, protection and conservation of rural heritage and cultural traditions	9.1%
Development and improvement of rural infrastructure	9.3%

Priority 3: Investment in human resources

Improvement of vocational training	0.1%
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Priority 4: Technical Assistance

Technical assistance	0.1%
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¹¹ As stated in the financial table annexed to the RDP (September 2005), share of total allocation of EU funds

2.1.2. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

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

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

1.4.5. *For ISPA:*

- **National Fund (NF)** The National Fund in the Ministry of Finance, headed by the National Authorizing Officer (NAO), supervises the financial management of the programme.
- **The Management of EU Funds Directorate** in the Ministry of Finance, headed by the National ISPA Co-ordinator (NIC) is responsible for reporting to the European Commission.

Implementing Agencies

- *Transport:* the Ministry of Transport and the National Road Infrastructure Fund (formerly Roads Executive Agency).
- *Environment:* the Ministry of Environment and Water, and the Ministry of Regional Development and Public Works

1.4.6. 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.

2.1.3. 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).

1.5. 2.2. ROMANIA

The allocations for Romania's operational programmes in 2006 were as follows:

PHARE:	€444.6 million
ISPA:	€377.9 million
SAPARD:	€192.0 million
TOTAL:	€1014.5 million

Breakdown of Bulgaria / Romania Roadmap committed in 2006

Programme	Amount (in € million)
PHARE	813.3
<i>Bulgaria National Programme</i>	<i>166.8</i>
<i>Bulgaria CBC</i>	<i>42.0</i>
<i>Romania National Programme</i>	<i>408.6</i>
<i>Romania CBC</i>	<i>36.0</i>
<i>Multi-country programmes</i>	<i>137.5</i>
<i>TAIEX</i>	<i>7.2</i>
<i>Contribution to ETF</i>	<i>1.5</i>
<i>Support Expenditure</i>	<i>13.7</i>
ISPA	546.7
<i>Bulgaria</i>	<i>167.8</i>
<i>Romania</i>	<i>377.9</i>
Support Expenditure	1.0
SAPARD	275.0
<i>Bulgaria</i>	<i>82.4</i>
<i>Romania</i>	<i>192.4</i>
<i>Support Expenditure</i>	0.2
TOTAL ROADMAP	1635.0

2.2.1 PROGRAMMING OF PRE-ACCESSION ASSISTANCE

1.5.1. PHARE: *Committed amount: €444.6 million*

Main programmes

- National Programme €408.6 million
- Cross border Co-operation programmes €36 million

With Bulgaria (€8 million), Hungary (€5 million), Moldova (€8.996 million), Serbia (€7 million), Ukraine (€7 million)

National programme's objectives

Meeting the Political Criteria, includes 3 priority sectors in the field of **€57.90 million** *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.

Economic Criteria (cadastre and horizontal industry support) €8.02 million

Meeting the obligations of the acquis includes four priority sectors. **€140.33 million**
The four sectors are *Public Finance, Agriculture, Environment* and *Border Management*.

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. **€187.01 million**

Specific actions and needs including support to EU funds management **€15.37 million**

1.5.2. *ISPA*:

Committed amount: €377.8 million of EU contribution¹²

Environment: €189.0 million

Transport: €188.9 million

Horizontal: €50.0 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, 1 investment project was approved: concerning the improvement of the water distribution, sewerage and wastewater treatment in Caras-Severin County.

¹² Committed in the EU budget until the end of 2006 (Annual Financing Agreements 2000-2006)

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.

In the transport sector, one investment project was approved for 2006 concerning the improvement of navigation conditions on the river Danube between Calarasi and Braila. This is an initial investment project under ISPA to improve the navigation conditions on a section of the Inland Waterway system, which is stretching from the North Sea to the Black Sea (European Transport Priority Axis No. 18¹³). Further support is being prepared for funding from the Cohesion Fund and the Structural Funds during the period 2007-2013.

ROMANIA	ISPA FUNDS	PROJECTS
ENVIRONMENT		
Water and Waste Water	35 111 792	Improvement of the water distribution, sewerage and wastewater treatment in Caras-Severin County
TRANSPORT		
Inland waterways	18 850 410	Improvement in the navigation conditions on the Danube between Calarasi and Braila and accompanying measures

1.5.3. SAPARD: Committed amount: € 1,159.8¹⁴

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

Floods

Following the flood catastrophe in vast areas during spring and summer 2005 part of the amount allocated to some measures ("Processing and Marketing", "Rural Infrastructure", "Investment in Agricultural Holdings" and "Diversification of Activities") was designated for

¹³ <http://ec.europa.eu/ten/transport/maps/doc/axes/pp18.pdf>

¹⁴ Committed in the EU budget until the end of 2006 (Annual Financing Agreements 2000-2006)

financing of projects in the affected by floods areas with higher intensity of aid and higher EU contribution and creation of a new sub-measure under the "Rural Infrastructure" concerning the flood prevention.

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 products of which;	24.6%
In affected by floods areas	0.9%
In non-affected by floods areas	23.7%
Measure 1.2. Improving the structures for quality, veterinary and plant-health control, foodstuffs and consumer protection	2.4%

Priority 2: Improving infrastructures for rural development and agriculture

Measure 2.1. Development and improvement of rural infrastructure of which;	45.3%
In affected by floods areas	11.9%
In non-affected by floods areas	33.4%

Priority 3: Development of rural economy

Measure 3.1. Investments in agricultural holdings of which;	16.8%
In affected by floods areas	0.8%
In non-affected by floods areas	16.0%
Measure 3.2. Setting up producers groups	0.1%
Measure 3.3. Agri-environmental measures	0.1%
Measure 3.4. Development and diversification of economic activities, multiple activities and alternative income of which;	5.5%
In affected by floods areas	0.1%
In non-affected by floods areas	5.4%
Measure 3.5. Forestry	4.8%

Priority 4: Development of human resources

Measure 4.1. Improving of vocational training	0.3%
Measure 4.2. Technical assistance	0.1%

¹⁵ As stated in the financial table annexed to the RDP (December 2006), share of total allocation of EU funds

2.2.2 IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

1.5.4. 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

1.5.5. 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.)
- Ministry of Transport, Construction and Tourism, Danube Agency

Environment:

- Central Finance and Contracting Unit, with utility companies or local authorities acting as final beneficiaries.

1.5.6. 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.

2.2.3. 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.

The Multi-annual Financing Agreement for SAPARD provides that country "x" 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.

1.6. 2.3. CROATIA

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

PHARE: €67.062 million
ISPA: €34.4 million
SAPARD: €25 million

TOTAL: €126.5 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 2006

Programme	Amount (in € million)
PHARE	80.2
<i>Croatia National Programme¹⁶</i>	<i>61.1</i>
<i>Croatia CBC</i>	<i>6.0</i>
<i>Multi-country programmes</i>	<i>9.6</i>
<i>TAIEX</i>	<i>1.0</i>
<i>Contribution to ETF</i>	<i>0.5</i>
<i>Support Expenditure</i>	<i>2.0</i>
ISPA	34.5
<i>Croatia programme</i>	<i>34.4</i>
<i>Support Expenditure</i>	<i>0.1</i>
SAPARD	25.0
<i>Croatia Programme</i>	<i>25.0</i>
TOTAL	139.7

2.3.1 PROGRAMMING OF PRE-ACCESSION ASSISTANCE

1.6.1. PHARE: Committed amount: €61.062 million

Main programmes

National Programme

€ 61.062 million

- The Phare National Programme 2006

Cross border Co-operation programmes (CBC)

€ 6 million

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

National Programme Objectives

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

The Phare National Programme 2006 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	€7.085.000
2.	Human rights and protection of minorities	€4.900.000
3.	Economic criteria	€3.071.250
4.	Internal market and trade	€9.747.500
5.	Sectoral policies	€18.837.000
6.	Cooperation in justice and home affairs	€1.292.500
7.	Supporting programmes	€14.128.750
8.	Economic and social cohesion	€2.000.000

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 2006 are:

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

1.6.2. ISPA

Committed amount: €34.4 million
Environment: €17.166 million

Transport: €16.971 million
Horizontal: €0.262 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 project for the environment sector, aimed at the treatment of solid waste, was approved in 2006, namely the Bakarac Regional Waste Management Centre. In addition one technical assistance project was approved in the environment sector for the preparation of a pipeline of environmental projects for future IPA financing.

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 X permitting higher speeds and improved services
- Balanced and inter-related infrastructure development among different modes of transport.
- Restoring inter-modal competition between roads and railways

One technical assistance project was approved in 2006 in the transport sector, namely the preparation of a pipeline of transportation projects for future IPA financing

Horizontal Measures

One technical assistance measure was approved in 2006, namely Support for the CFCU and NIC in processing tender documents and running Monitoring Committees

CROATIA	ISPA FUNDS	PROJECTS
ENVIRONMENT		
Solid Waste	6 000 049	Bikarac Regonal Waste Management Centre
Env. Project Preparation	966 306	IPA Project Pipeline Preparation (Environment)
TRANSPORT		
Rail Project Preparation	741 738	IPA Project Pipeline Preparation (Transport)
HORIZONTAL		
	262 335	Support to the CFCU & NIC

1.6.3. SAPARD: Committed amount: €25 million¹⁷

¹⁷ Committed in EU budget until the end of 2006 (Annual Financing Agreements 2000-2006)

On 29 September 2006 the European Commission decided to confer the management of aid to the Croatian SAPARD agency for measures 1 and 2. This date marks the starting date for the SAPARD programme i.e. contracting of final beneficiaries.

Rural Development Plan's main priorities

The programme foresees the following main priorities:

1. Development of rural areas
2. Improving the access to markets
3. Development of rural infrastructure

Financial breakdown per measures¹⁸:

Priority 1: Development of rural areas

Measure 1: Investment in agriculture holdings	20%
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Priority 2: Improving the access to markets

Measure 2: Improving the processing for marketing of agricultural and fisheries products	39%
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Priority 3: Development of rural infrastructure

Measure 3: Improvement of infrastructure in rural areas with specific handicaps	40%
Technical assistance, Information and Publicity Campaigns	1%

¹⁸ As stated in the financial table annexed to the RDP (December 2006), share of total allocation of EU funds

2.3.2. IMPLEMENTATION OF PRE-ACCESSION ASSISTANCE

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

National Fund (NF) within the Ministry of Finance

Implementing Agencies

1.6.4. 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.

1.6.5. 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.

1.6.6. 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 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** established by a Government Decision on 3 November 2005 was set up within the Ministry of Agriculture, Forestry and Rural Development. The Managing Authority is in charge of the operational programming and monitoring of the Sapard programme.
- The **Sapard Agency** which is placed within the Ministry of Agriculture, Forestry and Water Management was established by a Government decree on internal organization of the Ministry of Agriculture, Forestry and Water Management as of 15 July 2005. The Agency to which the management of the Sapard funds has been conferred on 29 September 2006 is 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.

2.3.3 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 Foreign Affairs and European Integration
- 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.