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PRE-ACCESSION FUNDS

Brussels, 19 September 2002

OPINION

of the

Economic and Social Committee

on

Financial assistance for Pre-accession

Phare, ISPA and SAPARD

On 17 January 2002 the Economic and Social Committee, acting under Rule 23(3) of its Rules of Procedure, decided to draw up an Own-initiative Opinion on:

Financial assistance for Pre-accession – Phare, ISPA and SAPARD.

The Section for External Relations, which was responsible for preparing the Committee's work on this subject, adopted its opinion on 5 September 2002. The rapporteur was **Mr Kenneth Walker**.

At its 393rd plenary session (meeting of 19 September 2002) the Economic and Social Committee adopted the following Opinion by 23 votes to 1 with 2 abstentions.

1. Introduction

1.1 As part of its pre-accession strategy, the EU makes financial assistance available in various forms to the applicant countries. The ten Central and Eastern European countries (CEECs) receive direct financial assistance from the Phare, ISPA and SAPARD instruments; in addition, they participate in co-financing with the European Investment Bank (EIB) and international financial institutions. The remaining applicant countries, Cyprus, Malta and Turkey, do not benefit from Phare, ISPA or SAPARD but are eligible for EIB facilities, including the €**6.42 billion EIB facility for** Mediterranean countries under the MEDA programme. The applicant countries also gain useful experience by being allowed to participate in EU programmes (such as Erasmus, Socrates and Leonardo), agencies and committees.

1.2 The Phare programme has operated since 1989, delivering assistance to the CEECs, and is focused on institution building – the strengthening of candidate countries' capacities to put the *acquis communautaire* into effect. Through this programme, the EU makes experts available for short-term advice and through twinning – longer-term secondments of officials from Member State ministries, regional bodies, public agencies and professional organisations. It also provides for investment to help the candidate countries to implement the *acquis*. Other allocations for economic and social cohesion assist in developing the mechanisms and institutions that each country will need as it joins the EU, particularly to implement EU regional funding. In 1999, the Phare programme was re-orientated in the context of the imminent introduction of ISPA and SAPARD, in order to avoid overlapping and to ensure the greatest possible coordination between the three instruments. Phare has also made assistance available to some nations in Eastern Europe which are not applicant countries. The annual amount available for disbursement in 2001 was €**1,620 million (**€**1,590 million at 1999** prices).

1.3 Under ISPA (Instrument for Structural Policies for pre-Accession), which came into force on 1 January 2000, the EU provides assistance to the CEECs for:

- environmental measures to enable these candidate countries to meet the requirements of the *acquis;*

- transport infrastructure measures to promote sustainable mobility and, in particular, projects of common interest based on the criteria in the Council Decision (1692/96) establishing the Trans-European Networks (TENs).

The latter includes the inter-connection and inter-operability of national networks as well as with the TENs. Each of the eligible candidate countries has prepared national strategies for transport and the environment for EU funding under ISPA. The EU allocates **€1,080 million per** annum (at 1999 prices) to infrastructure assistance under this programme.

1.4 The SAPARD (Special Accession Programme for Agriculture and Rural Development) programme was introduced by Council Regulation (EC) 1268/1999 and came into effect on 1 January 2000; to promote agricultural and rural development in the beneficiary countries. Aid granted under this programme has to be in the form of a financial contribution, subject to financial rules reflecting in part those established for the financing of the Common Agricultural Policy (CAP) as well as those relating to structural instruments. The programme allocates **€540 million per annum** (at 1999 prices) to the CEECs, co-financing projects selected by the candidate countries themselves on the basis of rural development plans approved by the EU. The fully-decentralised implementation structure for each country includes a SAPARD Agency, responsible for management and payments, accredited and approved by the European Commission.

1.5 The financial assistance under all three instruments is given in the general legal framework of the Association Agreements with the beneficiary countries and taking into account the contents of the relevant Accession Partnerships. For Phare and ISPA, the Commission exercises systematic *ex-ante* controls; i.e. decisions concerning procurement and the award of contracts are taken by the Contracting Authority and referred for prior approval to the Commission Delegation. SAPARD operates under an *ex-post* control system in which the SAPARD Agency takes these decisions without prior reference to the Commission Delegation.

1.6 The aim of pre-accession funding is twofold: -

- to provide financial assistance in meeting EU standards and complying with the *acquis communautaire*;

- to provide learning experience and prepare countries for effective future utilisation of the EU Structural and Cohesion Funds.

1.7 The three pre-accession instruments are precursors to the Community funding which will be available to the candidate countries after accession; they necessitate capacity building in relevant institutions and new organisational and administrative structures. Phare is a precursor to the Structural Funds, ISPA to the Cohesion Fund and SAPARD to the agricultural funds.[1] Phare is the sole instrument to provide support for institution building.

1.8 The three instruments are controlled by three different Directorates-General of the Commission. Phare is administered by DG Enlargement, ISPA by DG Regional Policy and SAPARD by DG Agriculture. The three instruments also have different rules. The process for ISPA is quite different from Phare, while SAPARD is very different from Phare and ISPA.[2]

1.9 The EU also promotes large-scale infrastructure projects through co-financing arrangements with the EIB and with international financial institutions with which the European Commission has signed a coordination memorandum.

1.10 In addition to its pre-accession assistance, the EU will also make available compensatory post-accession budget payments to new Member States in the period 2004-2006 in order to prevent them from becoming net contributors to the EU budget. Despite the low levels of GDP in the accession countries compared to the EU average, there is a danger that, without these payments, some countries could contribute more to the EU budget than they receive in aid because they will be required to make contributions to the EU budget from the date of accession but the lack of absorption capacity in their administrative structure and the reduced levels of payments proposed under the CAP will curtail the amount of financial assistance actually received.

1.11 The proven ability to handle the pre-accession funds and, by implication, the much larger Structural and Cohesion Fund assistance which will follow accession, is likely to be a criterion for the final closure of Chapter 28. Both the European Parliament and the Council have indicated that this should be seen as a key indicator of a country’s readiness for accession.

1.12 In the preparation of this opinion, the Committee has visited four of the candidate countries (Bulgaria, Estonia, Poland and Slovakia) and conducted hearings there with representatives of the social partners and a wide range of civil society organisations. Details of the organisations represented are set out in **Appendix 1**. In addition, members of the study group held talks with some of the European Commission's delegations in the candidate countries. A questionnaire was sent to civil society representatives in those candidate countries with which the EESC has a Joint Consultative Committee. Input has also been received from Commission documents, from officials of the Directorates General involved and from civil society organisations at the European level.

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1 Proceedings of a seminar held in September 1999 at the EU Information Centre in Budapest. Presentation given by **Mr Alain Bothorel**, Head of Phare Unit, Budapest Delegation.

2 Ibid.

2. The operation of the pre-accession instruments

2.1 Phare

2.1.1 Phare is an enormous and extremely complex programme, which represents a huge challenge both for the European Commission and for each of the beneficiary countries. In its early stages, it concentrated on the public finance sector, agriculture, the environment and privatisation. Support for regional development was also a priority, complemented by cross-border cooperation programmes. SMEs were another area of particular concern. Support measures mainly took the form of technical assistance, with limited investment support.[3]

2.1.2 In this phase it was mainly demand-driven. The governments of candidate countries proposed projects to the European Commission. As long as they met the Phare objectives, they could be in any field or sector, for varying amounts and for whatever purpose. This resulted in a large number of small projects, which were complicated and time-consuming to manage.

2.1.3 In 1997, when the other two pre-accession instruments were being planned, the Phare programme was re-focused to form part of a comprehensive pre-accession strategy. The Commission prepared an opinion on each of the applicant countries, indicating areas where action was needed before accession could take place. These opinions became the basis of the respective Accession Partnerships. Phare support was now geared to the accession priorities listed in the relevant Accession Partnership. It thus became accession-driven.

2.1.4 In this form, Phare provides two types of support, institution building and investment support. The former accounts for 30% of the total funding and is divided between twinning and technical assistance. Twinning involves the secondment of a Member State civil servant to a counterpart organisation in a partner country on a long-term basis (more than one year). It may be complemented by specialised technical assistance and equipment-investment support; the latter focuses on the equipment necessary to support institution-building projects. There are no minimum levels for institution-building projects but the average value is about **€1 million. Investment support** projects, which account for the bulk of the remaining 70% of the funds, are focused primarily on rehabilitating/modernising infrastructures and have a minimum project value of **€2 million.**

2.1.5 The refocusing of the programme took virtually two years to complete, a fact that has been the subject of some criticism by both the European Court of Auditors[4] and representatives of the beneficiary countries. In the process, it imposed a heavy additional workload on their national administrations and the European Commission's delegations alike.[5] It also initiated a process of progressive decentralisation that is still on-going. Under the old rules, all contracts exceeding

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[3] Ibid.

[4] Court of Auditors 1999 sector letter on Phare

[5] Op. cit.

€500,000 had to be sent to Phare headquarters in Brussels for authorisation; under the new rules, heads of delegations can endorse projects up to a value of **€5 million.**

2.1.6 Approximately 78% of Phare funding is allocated to national programmes, which are agreed bilaterally with each candidate country. The remainder goes to multi-country, horizontal and cross-border cooperation (CBC) initiatives. Following its re-orientation in 1998, Phare no longer makes new commitments to environmental projects, which have devolved upon ISPA, or agricultural projects, which have been subsumed into SAPARD.

2.1.7 Phare has been criticised by the Court of Auditors[6] for the limited impact of the programme, due in large part to inadequate harmonisation with INTERREG. It was also claimed that an effective management-information system was lacking and that the Commission had failed to demonstrate that the twinning process offered value for money.[7] This led to a review of the process.

2.1.8 At the end of 1998, Phare had delivered some **€5.8 billion of aid against a total** commitment of nearly **€9 billion of funds. On average, some 95 % of the sums committed are** eventually delivered. A breakdown by country of the sums committed, contracted and spent is contained in **Appendix 2**. Some 500 twinning projects are currently in place.

2.2 **ISPA**

2.2.1 The management of the programming phase and implementation of ISPA is the responsibility of DG Regional Policy; the European Commission’s delegations play an important role during implementation. Like the other pre-accession instruments, ISPA targets accession and must conform to the priorities of the relevant Accession Partnership. The fund is reserved for transport and environmental projects in equal proportions.

2.2.2 The beneficiary countries are required to produce national strategies for both the transport and environmental aspects. ISPA projects must have co-financing and Community support is limited to 75% of the national contribution (or 85% in exceptional cases); they are also required to be leveraged to the greatest possible extent. ISPA requires a financing memorandum for each project rather than a financing memorandum covering an entire programme (as is the case under Phare).

2.2.3 Transport projects must constitute either an extension of a TINA (Transport Infrastructure Needs Assessment) network, one of the priority corridors which the Commission is recommending or an access route to such a network. Before a project can be selected by the Commission, a cost-benefit analysis and an environmental-impact assessment must be carried out. It must further be financially sustainable, particularly in terms of the ability to ensure continued maintenance provision, and fit in with the relevant national strategy. In the case of ISPA

6 Special Report on Phare Cross Border Cooperation (CBC) 1994-98

7 Op. cit.

environmental projects, priority is given to those that will benefit the greatest number of people; hence, urban projects tend to predominate. The minimum size of an investment is €**5 million but a** number of smaller projects can be grouped to achieve the qualifying limit.[8]

2.2.4 Like Phare, ISPA is based on an *ex-ante* control system. The Commission can waive the requirement for *ex-ante* controls but would only do so within the parameters of the Extended De-centralised Implementation System (EDIS) as outlined in Article 12 of the Coordination Regulations.

2.2.5 Implementation of ISPA is quite low. Against more than €**1 billion per annum** allocated in the years 2000-2002, nothing was spent in 2000 and only €**200 million in 2001. The** figures for 2002 are not yet available but are likely to be higher than for 2001. The budget allocations to each country are shown in **Appendix 3**.

2.3 SAPARD

2.3.1 SAPARD functions along the lines of the European Agriculture Guidance and Guarantee Fund (EAGGF), the agricultural subsidy system for the Member States,[9] and requires a paying agency to be set up in the candidate country, which, on accession, could be responsible for the Community's agricultural funds. To date, such agencies have been established in all but one of the eligible countries. The Commission approves a programme for each candidate country based on a plan drawn up by the national authorities. Due to the system of fully decentralised management, it is not involved in project selection or management and comes on the scene on an *ex-post* basis during a clearance of accounts exercise (as for the EAGGF), in order to ensure that implementation is in accordance with the SAPARD rules. The rules require co-financing, with the EU paying up to 75%, and exceptionally 100%, of the total eligible public expenditure.

2.3.2 The programme supports, in particular, farming and rural development projects, regional tourism projects and food-industry projects. The beneficiaries tend to be private sector operators (often SMEs) but public beneficiaries are also involved, particularly with infrastructure. Calls for proposals are made by the SAPARD Agency in the beneficiary country, which conducts the selection process and manages the criteria set in line with the overall SAPARD rules.

2.3.3 Whereas ISPA support is at the government level and goes to ministries, SAPARD funding tends to go to numerous other beneficiaries, such as individual farmers, many of whom cannot speak any Community language, and municipalities. Because of the large number of individual cases, and in order to contribute as much as possible to the capacity-building objective, a decentralised system was justified from the start. Beneficiary countries are required to set up an administrative system to exert effective controls. Strict audits are conducted and, unlike the situation in Phare, the

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8 European Commission: Enlargement Directorate General, February 2002 "The enlargement process and the three pre-accession instruments; Phare, ISPA and SAPARD" *Proceedings of the conference organised by DG Enlargement and the Permanent Representations of Sweden and Austria to the European Union on 5 March 2000.*

9 Op. cit.

Commission can demand reimbursement if the project is not implemented properly; it can also decide that the amounts concerned can be offset against payments due under any Community instrument.

2.3.4 To the end of 2001, some 30 **million of aid has been delivered against the total of** more than 1**.5 billion allocated for the years 2000-2002, although the programme did not get under** way until May 2001 with the first conferral-of-management Decision. Two thirds of the total Community contribution is allocated to Poland and Romania. The annual allocations to each country are set out in **Appendix 4**.

3. Developments in the pre-accession instruments

3.1 The Commission has identified[10] five key actions to improve the operation of the pre-accession instruments: -

- Programming and administrative capacities in the CEECs need to be strengthened through institution building and associated investment, as well as pilot-testing approaches for Objective 1 actions.

- National Development Plans (NDP) need to be strengthened.

- An appropriate mix of national and regional schemes will be chosen by the candidate country.

- The use of the programmatic approach will be expanded and the management of such measures tightened-up.

- As for economic and social cohesion, **programming for CBC** will follow the NDP and will move towards **INTERREG**.

3.2 As part of the continuing process of extended decentralisation, all Phare funds will be channelled through one single body, the National Fund, in the CEECs. The National Authorising Officer will bear full responsibility and liability towards the Commission for the use of the funds.

3.3 The new implementation mechanisms reflect the experience from the implementation of the Phare programme over the years and, in particular, the lesson that it is necessary to ensure that a limited number of "centres of excellence" be responsible for handling the funds.[11] This is an essential precondition for the full transfer of responsibility for tendering and contracting from the Commission to the candidate country.

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10 Phare Annual Report 2000

11 Ibid.

3.4 Instead of stand-alone projects, Phare is now moving towards a more programmatic approach. This should lead to a further alignment of the Phare CBC programmes with the Structural Funds' version of these programmes (INTERREG).

3.5 Adoption by the Phare programme of the INTEREG III guidelines has provided additional guidance for preparing and submitting joint PhareCBC/INTERREG programming documents for EU/CEEC border regions, covering the 2002-2006 period.

3.6 An appropriation has been made in the PhareCBC budget line for Small Project Funds (SPF). These are now in place on all borders.[12]

3.7 There has been a significant increase in the activities of the TAIEX (Technical Assistance Information Exchange) office.[13]

3.8 A need was identified for a new medium-term instrument to fill the gap between the long-term twinning process and the short-term TAIEX assistance. This has been termed "twinning light" and was introduced in 2001; it should provide increased flexibility for these measures.[14]

3.9 A SME finance facility has been introduced into the Phare programme to encourage financial institutions to expand, and maintain in the long term, their financing of SME operations.[15]

4. Perspectives on progress to date and the current situation

4.1 EU Perspectives

4.1.1 The Commission accepts that the amount of aid delivered, compared to the sums allocated under each of the three instruments, is disappointing but lays the blame for this squarely on the governments of the beneficiary countries. "The instruments used in the Phare programme risk being undermined by systematic failings in national administrations."[16] The Commission takes the view that nothing can be paid out until a country has demonstrated that it is capable of managing the funds. The Commission is engaged in building this capacity, mainly through the Phare programme, but progress has been slow in some countries. The Commission is constrained in what it can do by the requirements of the financial regulations.

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12 Ibid.

13 Ibid.

14 Ibid.

15 Ibid.

16 Phare 2000 Review COM(2000) 3103/2, 27 October 2000.

4.1.2 The Commission considers that a coherent long-term view should guide policy. As a prerequisite for obtaining pre-accession funding, candidate countries must prepare national plans and strategies for sectoral development. The guidelines for the pre-accession funds do not provide a mandatory requirement for public consultation. The Czech Republic is the only candidate country that consistently conducts a Sustainable Environmental Assessment (SEA) for prepared strategies and plans.

4.1.3 It is not only a question of ensuring that the partner countries have instituted adequate control systems. It is also essential that they should develop satisfactory mechanisms for delivering the projects. Thus, it is necessary to build up a bureaucratic infrastructure which will be able to manage the implementation process, liase with EU officials and exercise a coordinating function within the country concerned. The creation of this infrastructure is required for inter-facing with the pre-accession funding process but is also a prerequisite for attracting inward investment.

4.1.4 Criticism has been levelled at the fact that the three instruments all have different rules. The Commission contends that this is inevitable because the various instruments have different target beneficiaries. In addition, one of their functions is to prepare candidate countries for participation in the Structural and Cohesion Funds, which also have different rules.

4.1.5 Small, localised projects may appear to have a more direct and immediate impact on regional living standards but larger projects, and particularly those with a cross-border infrastructure dimension, have a greater macro-economic impact and are more likely to improve the quality of life for everyone in the long run.

4.1.6 National Development Plans are often prepared in a rush, with inadequate consultation between the responsible ministries and other government departments and even less consultation with the representatives of civil society.[17] The applicant countries are being asked to adjust to current models in all aspects of EU policy, even if their planned date of accession is still somewhat distant and where the existing policy is presently under review. The result, in many cases, is an exercise limited to outdated policies and methods of operation. The shortcomings and mistakes of EU policies are being replicated in the candidate countries. It is unsatisfactory for both the EU and the accession countries if all the past mistakes in the current Member States are repeated by future Member States, who thus become locked in to unsustainable positions. According to Friends of the Earth, this is particularly true in relation to the CAP, which has not fulfilled the conditions for sustainable development; therefore, SAPARD is not promoting sustainable development in the applicant countries.[18]

4.1.7 The key problem areas are:-

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17 Friends of the Earth Europe/CEE Bankwatch: Billions for Sustainability? Second briefing on the EU pre-accession funds and their environmental and social implications.

18 Friends of the Earth Europe/CEE Bankwatch: Sustainable Theory – Unsustainable Practice? Third briefing on the EU pre-accession funds and their environmental and social implications.

- the undeveloped nature of the business environment;
- the lack of administrative capacity;
- the weakness of the judiciary;
- the lack of neutrality and accountability in the civil service.

4.1.8 The following is a synopsis of the views expressed by representatives of the European Commission delegations in the various countries visited during the discussions held with them.

4.1.8.1 Projects have often fallen through due to weakness of the national administrative structure. This is sometimes the result of the project being too ambitious for the current state of the national administration. The right types of projects are not being formulated and this is creating a log-jam of funds. It is frequently difficult to set up monitoring bodies of sufficient quality. Corruption is also an issue; in many cases, it is exacerbated by lack of efficiency in the judiciary.

4.1.8.2 In many national government ministries, the necessary institutional standards and administrative capacity are not yet in place. The ministries need fewer, but more motivated and better paid, staff. There is a lack of implementing agencies at regional level, primarily because of weaknesses in the regional administrations.

4.1.8.3 In most candidate countries, there is a weakness in the social dialogue and, frequently, an imbalance between the two sides of the social partnership.

4.2 Perspectives of the governments in the beneficiary countries

4.2.1 Most government agencies feel that substantial progress has been made with the development of the administrative infrastructure, that there is now a full capability to plan, present and implement projects and that there is capacity to absorb a very high proportion of the allocated funds.

4.2.2 There is a tendency for government departments which are not involved in the process to exhibit indifference or even hostility towards it.

4.2.2.1 Views on the success or otherwise of the twinning programme vary considerably from country to country. In general, the introduction of the “twinning-light” programme has been well received. It is seen as being more flexible, cheaper, quicker and easier to implement than the conventional twinning programme.

4.2.3 There is a need for greater motivation of the target beneficiaries, particularly in relation to SAPARD, in order to encourage them to bring forward more projects. This could be improved by enhanced publicity; EU assistance in this direction would be useful. There is also a need to improve the capacity of the private sector.

4.2.4 Government officials consider that, in general, NGOs and other civil society organisations are well represented in the process and carry equal weight with government officials.

4.2.5 The requirement under Phare and ISPA that tendering companies should have at least two years' experience in the relevant sector militates against the participation of national companies unless they form consortia with multi-national organisations.

4.2.6 It sometimes appears that the EU applies pressure to appoint certain firms of consultants in order to obtain project approval. This is particularly the case under ISPA.

4.2.7 The insistence on the initiation, implementation and completion of a Phare project within a three-year timescale (the N+3 rule) is overly restrictive and should be relaxed.

4.2.8 The social and cohesion elements of the Phare programme should be strengthened.

4.2.9 There is a tendency for the EU to be late in fulfilling its responsibilities but to hold national government officials strictly to the deadlines. There is often a lack of communication between EU officials and the government ministries.

4.2.10 Phare is administered by DG Enlargement but other line DGs are often involved. It appears that there is frequently a lack of coordination and cooperation between them.

4.2.11 It frequently appears that there is a lack of communication between the Commission in Brussels and the Commission delegations in the candidate countries.

4.3 **Perspectives of civil society representatives in the beneficiary countries**

4.3.1 Respondents said that major problems are encountered when preparing proposals for pre-accession funding. The links with the consulting agencies are weakest in those remote regions that are most in need of assistance. Too often, attention is concentrated on large national and cross-border projects when smaller, localised projects could effect a more immediate improvement of peoples' daily lives. There is a lack of transparency and information of the public on the state of negotiations. The socio-economic actors are not adequately involved in pre-accession aid schemes. There is a perception that the participation of NGOs and voluntary organisations is not always appreciated. This could be alleviated by the creation of a database of information that could be accessed by NGOs and other civil society organisations; if this cannot be done at national level, it should be done at the European level.

4.3.1.1 Representatives felt that the social and civil dialogues need to be strengthened. Phare is engaged in capacity building within the public sector but assistance is necessary to build the capacity of NGOs and other elements of civil society in order to enable them to participate more effectively in the process. Government ministries do not recognise civil society representatives as partners or stakeholders. Even where civil society is represented on monitoring committees and other bodies, it can be difficult for them to make a real contribution. Monitoring committees often deal only with purely technical questions; they do not address substantive issues, such as whether or not the project objectives are being achieved. Meetings are called at short notice and papers are frequently not available sufficiently in advance of the meeting to allow for adequate preparation. When consultation with civil society does take place, the deadlines set for the submission of representations are often so short as to undermine the validity of the process. The criteria for the selection of the civil society organisations to be consulted are not clear. It often appears that "consultation" is merely an exercise to endorse a *fait accompli*. Many civil society representatives state that, "We only find out about things after they have happened". Even where documents are publicly available by law, the procedures for obtaining access to them are so cumbersome and protracted that they seem to be designed to discourage people from exercising their rights. Too often, government officials simply do not comply with the regulations.

4.3.1.2 Public participation and, in particular, the involvement of the representatives of civil society should take place at the earliest possible stage.

4.3.2 People find that the pre-accession aid programmes are far too complex. The problem lies not so much in a lack of information as in a surfeit of it. There is a plethora of information but a lack of knowledge. In the jumble of data it is difficult to find that which is appropriate to a specific situation. Moreover, the language is often too sophisticated and verbose. Project guidelines are frequently unclear, confusing and easy to misinterpret. There is a need for rationalisation, simplification and a reduction in volume. Frequently, project proposals are abandoned or not put forward in the first place because there is so much work involved in preparing them with no guarantee that they will be accepted.

4.3.2.1 There is a perception, particularly under SAPARD, that, in order to have a project selected, it is necessary to employ one of a limited number of firms of consultants to prepare it. Projects are often prepared by one European firm of consultants and then assessed in Brussels by another European firm of consultants, who disagree with the first firm.

4.3.2.2 Under SAPARD, the condition that the beneficiary must finance 50% of the project cost is preventing small and medium-sized farms from participating. Because the SAPARD funds are only made available once the project is up and running, the beneficiary must, in fact, finance 100% of the cost initially. Only the larger farmers can obtain the necessary bank support or fund it out of their own resources. Smaller farmers, who are most in need of assistance, are, therefore, effectively excluded from the programme. Another constraint is the requirement that, in order to qualify, beneficiaries must derive at least 50% of their income from farming. This also has the effect of excluding many potential beneficiaries, particularly in those countries where there are large numbers of very small farms operated on a part-time basis.

4.3.2.3 Under the transport dimension of ISPA, there is a perception that the orientation of the programme towards the TENs is limiting access for other projects which would be of greater immediate benefit.

4.3.3 Civil society organisations argue that better coordination is needed between the agencies involved. Too often, projects are put forward simply because the funds are available, without a proper assessment of their impact and effectiveness. For example, some water purification plants are running at only 20% of capacity. There is a need for in-depth analysis of completed projects to ascertain why some things work and others do not. There is also a need for regional operational plans in addition to national strategic plans. The regional dimension is lacking, which leads to apathy amongst regional authorities.

4.3.3.1 In several countries it was stated that there is corruption in all areas but chiefly in the corridors of power. Project contracts are sometimes awarded to surprising tenderers. People are involved in project selection who have a vested interest in the outcome. Impact analyses are prepared by supposedly independent experts, appointed by the government ministries. It is difficult, if not impossible, to ascertain how these experts have been selected or appointed. Frequently, their role appears to be to “rubber-stamp” decisions which have already been taken. Nor is it always easy to understand the basis on which projects are selected. The regional distribution of projects sometimes appears to owe more to political influence than to an objective assessment of project value. Civil society organisations have reported apparent irregularities to politicians, government officials and Commission delegations but with no response.

4.3.3.2 The situation in one country was summarised as, "There is no public control, no accountability and no transparency".

4.3.3.3 Respondents said that projects are being implemented that are not sustainable because they do not reflect the needs or the characteristics of the country.

4.3.4 The process of project selection is seen as long-winded, formalised and ritualistic. The preparation of a project for pre-accession funding is an art form in itself. The drawing-up of plans is a very expensive and time-consuming process, requiring the extensive use of highly-paid foreign experts and consultants. Too much attention appears to be paid to the content of the project rather than its likely impact in terms of the level of unemployment or living standards. Projects are frequently rejected for trifling errors in the formal presentation. There is a tendency to focus on larger projects because they are easier to manage.

4.3.5 There is a perception that the beneficiary countries are having to adjust their policies to conform to the priorities of those who are dispensing the funds. This leads people to feel that there is an agenda to which they are not privy and which does not reflect their primary concerns. Projects are based on procedures rather than needs and there is no sense of partnership. The approach is essentially top-down and not bottom-up.

4.3.6 The availability of pre-accession funding assistance is too often seen as a prerequisite for taking remedial action to deal with identified local problems, even where these could be addressed within the limitations of national resources.

4.3.7 There are sometimes problems with the availability of documentation in the national language of the beneficiary country, including strategic plans drawn up within the country.

4.3.8 There is a general feeling that the systems by which the pre-accession aid is being delivered or, more often, not delivered, are fundamentally flawed and in need of a thorough-going, root-and-branch revision. This should involve greater transparency and a mandated requirement for the intervention of the social partners and other civil society organisations.

4.3.9 The public sector does not possess the administrative capacity to absorb the available funds. The issue of absorption capacity is an ongoing problem and will be for many years.

4.3.10 Project administrators frequently have problems with documentation being delayed for lengthy periods by the Commission in Brussels or in the local delegation. There are also extended delays in receiving payment for work done.

4.3.11 There is no formal mechanism for feedback from civil society to the national administrations and the Commission on the *ex post* evaluation of project impact and success.

5. **Results of the questionnaire**

5.1 A questionnaire was sent to respondents in nine candidate countries. A copy of this questionnaire is contained in **Appendix 5**.

5.2 Responses to the first four questions varied widely :

– opinions of the results achieved ranged from “Very positive” through “Quite good” to “Poor” with several respondents saying that they had insufficient information to form a judgment;
– the degree of involvement of the respondents in the aid programmes also varied significantly;
– there was a wide disparity in their views on how easy it is to obtain information; some said that it was relatively easy, others that it was difficult and still others that the information is available but that it takes considerable effort to unearth it;
– in some countries it is said that there is a great imbalance between regional and national involvement in the process while in others the situation is deemed to be reasonably balanced.

5.3 On a weighted average of responses, the priorities for aid programmes in the future, in descending order of importance, are: -

- reductions in economic disparities (infrastructure, environment, entrepreneurship) between your country and the Member States of the EU;
- reduction of economic disparities within your country;
- education and training;
- access to new information technologies;

- reduction in social disparities and combating exclusion;
- better administration and capacity-building in government and amongst the economic and social players;
- softening the impact of economic disciplines required by the EU;
- meeting the *acquis communautaire*;
- the question of minorities;
- promoting the social dialogue.

5.4 Most of the mechanisms for financial assistance were deemed to be appropriate, depending on the circumstances, but the one most frequently mentioned was public/private co-financing.

5.5 On a scale of one to ten, the average rating for how well the aid programmes had performed was 6.25.

5.6 The answers to the remaining questions are incorporated in sections 4.2 and 4.3 above.

6. **Comments**

6.1 Undoubtedly, the pre-accession funds have contributed significantly to the development of the candidate countries and have been largely responsible for the Commission being able to say[19] that, “negotiations are progressing satisfactorily and negotiating countries are generally meeting their commitments up till now,”. However, the same document identifies the management of Community funds as being one area which still requires particular attention.

6.1.1 The aggregate sums allocated to the candidate countries under the three pre-accession instruments are substantial. This amount of financial aid will create profound changes in the economies of the countries concerned; it will also have an irreversible impact on the societies of the CEEC countries, where civil transformation is still an ongoing process that sometimes seems to lack both impetus and direction. It is, therefore, of paramount importance, as the Commission itself has acknowledged,[20] that these instruments should operate in line with the principles of sustainable development.

6.2 There are wide disparities in the rate of progress made by the different candidate countries. All of the countries concerned are on a learning curve but their positions on that curve are widely dispersed.

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19 COM(2002) 256 final

20 EU Sustainable Development Strategy

6.3 Important differences also exist in the perspectives of different participants. While the Commission still points to fundamental administrative weaknesses in many candidate countries, which are limiting their capacity to absorb the allocated funds, government departments in those same countries take a more sanguine view of the situation and their ability to design, implement and control projects in the remaining pre-accession period. Most probably, this difference reflects the gap between an assessment by the national government ministries of how far they have come and the knowledge of the Commission of how far they have still to go. The view of civil society organisations in the countries concerned is most often aligned with that of the Commission; in several instances, they have expressed reservations about the absorption capacity of their national government administrations.

6.3.1 It seems clear that the Commission assessment most closely reflects the realities of the situation and that the view of the government ministries is coloured by wishful thinking. Questions arise, however, of why this state of affairs continues to exist. Phare is a programme which is specifically designed to assist in institution-building. Why, after so many years of operation and the expenditure of not inconsiderable sums of money, does the administrative capacity in so many candidate countries remain so weak?

6.3.2 This also calls into question the role of experts in the preparation of projects and the conduct of impact assessments. From all accounts, experts are widely involved in all stages of the projects and frequently play a decisive role in project selection. These experts are usually drawn from firms of consultants based outside the beneficiary country or with only a token presence within it. The relatively high incidence of rejected, failed or withdrawn projects raises doubts about the quality of their contribution to the process.

6.4 There is also widespread disagreement between the government ministries and the representatives of civil society concerning the nature and extent of civil society involvement. While the situation obviously varies from country to country, it would appear that, in many of the candidate countries, there is a lack of true public participation. Civil servants deem it politic to pay lip service to the principle of consultation but generally regard it as an obstacle to the smooth and quick preparation of projects. In such cases, public participation remains a formal exercise without substance. This is in part the legacy of regimes in which the questioning of government officials was actively discouraged.

6.4.1 In order to improve the quality of public participation, it will be necessary to strengthen the social dialogue and the civil dialogue in many of the beneficiary countries. In this context, it is disturbing that respondents to the questionnaire attributed the lowest priority to this function of the aid programmes.

6.4.2 Quite apart from the question of the participation of the social partners and other elements of civil society, there is often a lack of involvement by regional administrations. This is variously attributed to apathy and weakness in the regional administrations and a desire by national authorities to retain these matters within their own purview.

6.4.3 Representatives of civil society claim that Phare is directed too much towards central government and that more could be achieved if it were refocused to provide institution-building assistance for local government and for civil society organisations. However, given the relatively slow progress made with central government administrations, this might be impractical in most countries.

6.5 There is a broad measure of unity between government ministries and the representatives of civil society on the complexity of the procedures laid down for access to funding under all three instruments. Almost without exception, they agree that they are unnecessarily complicated and time-consuming. On the other hand, there are legitimate concerns in some countries about the representativity of civil society organisations.

6.6 As in other areas, there is a tendency for the players involved to blame each other for the shortcomings in the system and to overlook their own responsibility for ensuring that it works efficiently. There are also some popular misconceptions that result in misplaced criticisms; for instance, it is claimed by some environmental NGOs that public transport has not been supported by ISPA but this contention is not reflected in the statistics. This points to a clear need for improvement in the quality and quantity of information being made available to the public and in the methods of its dissemination.

6.6.1 In many countries, it is clear that civil society organisations such as NGOs, trade unions, chambers of commerce and employers' associations, could do more to provide information to their members and to assist them in other ways with project submissions.

6.7 A worrying factor is that SMEs do not appear to be benefiting from the pre-accession instruments to the extent that is desirable, given their importance to these emerging economies. Particularly in relation to SAPARD, SMEs are failing to derive benefits due to: -

- lack of capacity to fulfil the formal criteria;
- lack of knowledge about the programme;
- lack of means to fund the co-financing element.

6.8 The most important criterion in relation to the assessment of any project is not its fulfilment of stated objectives but its impact on the real economy. Projects have a dual function - to achieve the project objectives and to provide the candidate countries with experience in project management.

6.9 Transparency and public participation in decision-making should be one of the key and obligatory rules for pre-accession funding under all three instruments. The public participation process should be used to improve the quality of plans and projects and to build up a sense of "ownership" amongst the citizens of the beneficiary countries.

6.10 One of the objectives of the Council Regulation establishing SAPARD was to set the framework for Community support for sustainable agriculture and rural development. However, the

CAP, which is in need of reform, should be orientated more towards fulfilment of the criteria for sustainable development. The question thus arises of the extent to which SAPARD, which is aimed at CAP implementation, can promote sustainable development in rural areas of the accession countries.

6.11 The relatively low levels of aid actually delivered in comparison to the sums allocated result from a number of factors, including the lack of administrative capacity in some countries and problems in meeting the complementarity requirements. However, the lack of visible aid is fuelling anti-European sentiment in some candidate countries.

6.12 There are concerns in several countries with very low levels of per-capita GDP that it will be difficult to obtain private sector funding for ISPA projects because of the inability of people to pay the higher prices for energy supplies and public transport that would be needed to provide an adequate return to the private-sector investors. A study in one country by independent experts from an international firm of consultants estimated that the necessary water treatment and sewage facilities would require water charges equivalent to 5% of average wages; it was thought that this would be sustainable but this evaluation did not take into account the likely additional burden of similarly increased charges for energy and public transport.

7. Recommendations

7.1 The Committee makes the following recommendations (not necessarily in order of importance) for improving the operation and effectiveness of the pre-accession instruments:

- The transparency of the pre-accession funds needs to be increased in all beneficiary countries.

- The funds should be reorientated to promote more sustainable solutions and the guidelines of the instruments, especially ISPA and SAPARD, should be revised in the spirit of the EU Strategy on Sustainable Development.

- There should be a mandatory requirement for the active involvement of the social partners and other elements of civil society; this involvement should take place at the earliest possible stage.

- The social and civil dialogues need to be strengthened in every country concerned; one effective way of promoting this would be the creation of a civil society forum on the model of the European Economic and Social Committee in each country which does not currently have one.

- Information is too often spread through personal, informal contacts between government ministries and other agencies; there is a need for clear and binding guidelines on access to information; these can only emanate from the EU.

- There is a need for more effective dissemination of information and wider publicity in general; if this cannot be provided by the authorities in the countries concerned, it should come from the EU.

- The social partners, NGOs and other civil society organisations in the candidate countries need to be more pro-active in seeking information, providing assistance for their members and making their voices heard.

- The procedures imposed by the EU in relation to all three instruments should be reviewed with the object of streamlining and simplifying them. A clear set of unambiguous, binding and enforceable rules and guidelines should be drawn up, which should remain stable over time.

- The capacity and quality of performance of Western-based consultants and experts should be closely monitored, both to ensure project quality and improve their credibility. Non-performing consultants should be blacklisted.

- The eligibility rules for SAPARD should be reviewed to improve access for small and part-time farmers, who stand to derive the greatest potential benefit; in addition, either the co-financing requirements should be relaxed or a system of government-backed guarantees should be provided for bank loans. Romania has recently taken positive steps to address this issue.

- The question of corruption should be tackled openly, frankly and fearlessly, wherever it arises.

- The Commission should set and publish targets for the amount of aid to be actually delivered to each beneficiary country in each year for each of the three instruments.

- Formal processes should be established for obtaining *ex post* feedback from civil society organisations on project impact.

- The system of communication and coordination between the relevant DGs in Brussels and the European Commission delegations in the candidate countries should be reviewed.

- The various players involved need to learn to work together in closer cooperation rather than blaming each other for the lack of results.

- The concentration of the transport element of ISPA financing on TENs should not be to the exclusion of the development of local and regional transport infrastructures.

7.2 The Committee proposes to prepare a follow-up Opinion in due course in order to assess the extent to which these recommendations have been implemented and to update its evaluation of the operation of the pre-accession funds.

7.3 The Committee believes that, after the first wave of accession in 2004, the pre-accession funds should be restructured to deliver aid to all the applicant countries remaining outside the Union at that time.

8. **Conclusions**

8.1 The pre-accession funds have provided valuable assistance to the beneficiary countries. Without them, it is doubtful in the extreme whether so much progress could have been made towards accession. The importance of their role is likely to continue to increase. Nonetheless, it is clear that there is room for considerable improvement in the way these funds are administered and operated. It is unfortunate that continuing lack of capacity in the administrative structures in the beneficiary countries should still be acting as a severe constraint on the ability of the instruments to actually deliver aid. There is a need for greater transparency and accountability. It is not acceptable that public participation and access to information should be at the whim of government ministers and civil servants.

8.1.1 Civil society organisations have a great deal to contribute to the process, especially in the analysis of potential project impact, but they need to adopt a more proactive stance. In particular, the social partners and other elements of civil society need to strengthen their dialogue with each other and present a common position to their national governments. This process would be facilitated by the creation of national Economic and Social Committees, based on the European model.

8.2 There must be a greater focus on the funds as an instrument for promoting sustainable development. Access to SAPARD should be facilitated for small and part-time farmers; an improvement in their situation offers the greatest potential benefit to agriculture and rural development in the countries concerned.

8.3 The public perception in most, if not all, of the candidate countries is that there are fundamental problems with the operation of the pre-accession funds and that these stem in large part from the overly-bureaucratic nature of the structures laid down by the EU and the insistence upon the involvement of external firms of consultants. However misplaced these perceptions may be, it is a fact that they exist and, while they do, they will undermine support in the beneficiary countries for the objective of European accession. It would be dangerous to ignore these views simply because they appear to be misconceptions. There is a pressing need for a public relations exercise to convey the true picture to the peoples of these countries.

8.4 It might seem that the imminence of the first wave of accession, which is planned to enlarge the Union by up to ten new Member States, renders it unnecessary to address these issues. Nothing could be further from the truth. Not only is it essential to restore credibility and efficiency to the disbursement of large amounts of public funds but it is also vital that the candidate countries should acquire sufficient expertise in the handling of these funds and the delivery of the related projects. This is far from being the case at present in most countries and, without this, their ability to absorb the much larger amounts of Structural and Cohesion Fund assistance post-accession must be called into question and, hence, their state of preparedness for membership of the Union. To bridge the gap between their present condition and the required state of readiness is, in most cases, a daunting task and there is not much time left in which to complete it.

8.5 The Committee has set out a number of specific recommendations for improving the *status quo*. The list is not exhaustive; it needs to be tackled with energy and celerity; time is of the essence. To be effective, any action plan must be a shared agenda between the Commission, the governments of the beneficiary countries and civil society in those countries. It is to be hoped that the political will exists to achieve this.

Brussels, 19 September 2002.

The President of the Economic and Social Committee	The Secretary-General of the Economic and Social Committee
Göke Frerichs	**Patrick Venturini**

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N.B.: Appendices overleaf

Appendix 1

DETAILS OF CIVIL SOCIETY ORGANISATIONS
CONSULTED DURING HEARINGS IN PREPARATION OF OPINION

FACT-FINDING VISIT TO PRESOV, SLOVAKIA, 7 March 2002

Representatives of Employers

Stanislav **ČOREJ**	Chairman of the Board of Directors of the Regional Chamber of Commerce and Industry in Presov
Anton **LANCÍK**	Member of the Federation of the Employers' Associations, Secretary General of the Association of the Electrical Engineering Industry of the Slovak Republic
Peter **DUBINA**	Executive Director of HORECA, s.r.o.

Representatives of employees

Miroslav □**EC**	Chairman of the Regional Council of the Confederation of the Trade Unions of the Slovak Republic

Representatives of Academic Community and Education Organisations

Oto **HUDEC**	Vice-Dean - Faculty for Economics - Technical University of Košice
Dušan **MALINDZAK**	Vice-Rector - Technical University of Košice
Juliana **HAJDUKOVÁ**	Director of SAIA Prešov
Renáta **KOPANIČÁKOVA**	Project Manager - Academy of Education, Programmes Dpt.
Ol'ga IVANIČOVÁ	Director - Academy for Education, Branch Office Košice
František **GODLA**	Director - Secondary Grammar School – Sabinov

Representatives of the Economic and Social Committee in the Slovak Republic and Slovak Chamber of Commerce and Industry

Igor **LENSKY**	Vice-President - Confederation of Trade Unions of the Slovak Republic
Jaroslav **MLYNČEK**	President of the Association of Electrical Engineering Industry of the Slovak Republic, Member of the Federation of Employers' Associations of the Slovak Republic
Martin **HRIVÍK**	Secretary General of Slovak Chamber of Commerce and Industry (CCI)
Helena **VIRČÍKOVA**	Director - Prešov Regional Chamber of Commerce and Industry (CCI)
Štefan **KARAŠ**	Director - Košice Regional Chamber of Commerce and Industry (CCI)

FACT-FINDING VISIT TO WARSAW, 10 June 2002

Representatives of Employers

Andrzej **FALIŃSKI**	Secretary General - Polish Organisation of Trade and Distribution
Zygmunt **JANIEC**	General Manager, Foreign Investors' Chamber of Industry and Commerce
Piotr **KEMPA**	President - Foreign Investors' Chamber of Industry and Commerce
Krzysztof **KOSATKA**	Polish Chamber of Shoe and Leather Industry

Magdalena **KUZNIK**	Polish Chamber of Shoe and Leather Industry
Hanna **MOSKAL**	Polish Chamber of Commerce
Enrico **PAVONI**	President – FIAT
Mieczysław POBRATYN	**Regional Chamber of Commerce and Industry of Częstochowa**
Józef **PRZYCHODZIEŃ**	Polish Entrepreneur
Andrzej **RUDKA**	Director, Foreign Relations - Polish Confederation of Private Employers

Representatives of employees

Tomász **JASIŃSKI**	All-Poland Alliance of Trade Unions
Norbert **KUSIAK**	Manager - All-Poland Alliance of Trade Unions

Various interests

Marek **KADUCZAK**	Research Fellow - Adam Smith Research Centre
Włodzimierz KĘDZIERSKI	
Agnieszka **NIEZGODA**	Trade officer - Consumer Federation
Anna **ORĘZIAK**	Vice-director - Association of Polish Craft
Elżbieta SZADZIŃSKA	International Officer - Consumer Federation
Aleksandra **WŁADYNIAK**	Foreign Trade Research Institute of Warsaw
Tomász **WYSOCKI**	Industrial Chemistry Research Institute

FACT-FINDING VISIT TO SOFIA, BULGARIA, 20-21 June 2002

Joint Consultative Committee Members

Dr Jeliazko **HRISTOV**	CITUB
Konstantin **TRENCHEV**	Podkrepa
Pavel **KARLEV**	Consumers Federation

Permanent Coordinating Committee of Agricultural Organizations

Prof. Atanas **GANEV**	President, National Union of Agricultural Cooperatives in Bulgaria
Boyan **TCHERESHAROV**	Secretary General, Central Cooperative Union

NGOs

Martin **DIMITROV**	Institute for Market Economics
Vesselina **KOMITSKA**	Foundation for local Government Reform
Peter **RADEV**	Borrowed Nature Association
Petko **KOVATCHEV**	Center for Environmental Information and Education
Velislava **CHILINGIROVA**	Association for Partnership and Citizens Activity Support
Prof. Radi **RADEV**	Association "Ecoforum"
Anelia **STEFANOVA**	Za Zemiata / CEE Bankwatch Network
Keti **MEDAROVA**	Za Zemiata / CEE Bankwatch Network
Veleslava **ABADZHIEVA**	"This Is My Environment" (TIME) Foundation
Alexander **TONKOV**	Bulgarian Association of Regional Development Agencies and Business Centres
Darinanova **DORA**	KNSB – CISI

Darina **KADUNKOVA**	European Institute
Assya **KAVRAKOVA**	Open Society Foundation
Nievolav **ILTCHEV**	Open Society Foundation
Spartak **KEREMIDCHIEV**	Club Economica 2000

<u>FACT-FINDING VISIT TO TALLINN, ESTONIA, 3 July 2002</u>

Siim **RAIE**	Estonian Chamber of Commerce and Industry
Eve **PÄÄRENDSON**	Estonian Employers Confederation
Urmas **ARDEL**	Estonian Farmers Federation
Jane **ANGERJÄRV**	Confederation of Estonian Trade Unions
Toivo **ROOSIMAA**	Estonian Employees Unions Confederation
Mall **HELLAM**	Network of Nonprofit Associations and Foundations (NENO)
Kristina **MÄND**	Network of Nonprofit Associations and Foundations (NENO)

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Appendix 2

Total Phare commitments, contracts and payments (inc CBC)
(1990-1998, in million €)

Partner country	**Commitments**	**Contracts**	**Payments**
Albania	493.13	347.82	315.88
Bosnia and Herzegovina	282.33	206.98	152.11
Bulgaria	746.94	518.13	479.44
Czech Republic	389.73	246.12	196.46
Estonia	162.83	116.76	95.48
FYROM	167.33	127.68	93.57
Hungary	864.04	586.59	566.92
Latvia	206.57	149.56	115.07
Lithuania	272.03	197.33	146.46
Poland	1,731.51	1,386.04	1,251.30
Romania	971.85	675.75	598.13
Slovakia	253.23	149.45	132.95
Slovenia	131.29	95.65	77.67
Ex-Czechoslovakia	232.71	228.85	229.17
Multi-country	880.69	701.07	544.67
Horizontal programmes	1,104.68	963.51	593.81
Total	**8,890.88**	**6,697.3**	**5,589.10**

<u>Appendix 3</u>

ISPA Funds

Country Budget	**Budget provision for 2000* (□)**	**Country % of Total**
Bulgaria	106,795,200	9.63%
Czech Republic	66,907,017	6.03%
Estonia	29,921,977	2.70%
Hungary	90,776,000	8.18%
Latvia	48,057,849	4.33%
Lithuania	50,464,517	4.55%
Poland	406,566,846	36.65%
Romania	245,628,509	22.14%
Slovakia	48,057,848	4.33%
Slovenia	16,019,300	1.44%

**Second tranche of 2000 projects included*

<u>Appendix 4</u>

SAPARD Funds

Country	**Annual allocation (M□) at 2001 prices**
Bulgaria	54.128
Czech Republic	22.911
Estonia	12.603
Hungary	39.517
Latvia	22.688
Lithuania	30.976
Poland	175.170
Romania	156.429
Slovakia	18.992
Slovenia	6.580
Total	**540.000**

Source : *The Enlargement Process and the three pre-accession instruments : Phare, ISPA, Sapard*
European Commission, February 2002

Appendix 5

QUESTIONNAIRE

1. What is your opinion of the results that have been achieved with the assistance of the European pre-accession aid programmes, Phare, ISPA and SAPARD?

2. Have you/your organisation been involved in framing, implementing, evaluating or monitoring these aid programmes?

3. How easy is it to obtain the necessary information on the regulations governing these programmes?

4. Is there a balance between regional and national involvement in the process?

5. What do you think should be the priorities for these programmes in the future?

    - Reductions in economic disparities (infrastructure, environment, entrepreneurship….) between your country and the Member States of the EU.
    - Reduction of economic disparities within your country.
    - Reduction in social disparities and combating exclusion.
    - Access to new information technologies.
    - Better administration and capacity building in government and amongst the economic and social players.
    - Education and training.
    - Softening the impact of economic disciplines required by the EU.
    - The question of minorities.
    - Meeting the *acquis communautaire*.
    - Promoting the social dialogue.
    - Others?

6. What aid mechanisms do you feel are most appropriate (grants, loans, public/private co-financing, other)?

7. On a scale of one to ten, how well do you feel that the aid programmes have performed in relation to your country?

8. What are the defects in the present system of aid programmes at European level, at national level and at regional level?

9. What could and should be done to improve the operation of the programmes?

10. What methods do you propose for ensuring that the general public and organised civil society receive information and become involved?

11. How would you assess the cost-benefit equation relating to Community pre-accession funding?

12. To what extent are the pre-accession funds geared to the requirements of your country?