

**Opinion of the Committee of the Regions on the ‘Proposal for a Council Regulation (EC) establishing an Instrument for Structural Policies for Pre-Accession (ISPA)’**

(1999/C 51/02)

THE COMMITTEE OF THE REGIONS,

having regard to the Proposal for a Council Regulation (EC) establishing an Instrument for Structural Policies for Pre-Accession [COM(98) 138 final — 98/0091 (CNS)]<sup>(1)</sup>;

having regard to the decision taken by the Council on 4 June 1998, under the first paragraph of Article 198c of the Treaty establishing the European Community, to consult the Committee of the Regions on the matter;

having regard to the decision taken by the Bureau of the Committee of the Regions on 12 March 1998 to instruct Commission 1 — Regional Policy, Structural Funds, Economic and Social Cohesion, Cross-border and Inter-regional Cooperation — to draw up the relevant opinion;

having regard to the draft opinion adopted by Commission 1 on 30 September 1988 (CdR 241/98 rev.) (rapporteurs: Mr Bracalente and Mr Meyer);

having regard to its opinion on the Proposal for a Council Regulation (EC) laying down general provisions on the Structural Funds (CdR 167/98 fin)<sup>(2)</sup>,

adopted the following opinion at its 26th plenary session on 18 and 19 November 1998 (meeting of 18 November).

**1. Introduction and presentation of the Commission’s position**

1.1. As part of Agenda 2000<sup>(3)</sup>, the Commission submitted a series of proposals intended to reinforce pre-accession for the ten applicant countries of Central and Eastern Europe (CEEC) and Cyprus. The accession process was officially initiated on 30 March 1998 with the ten candidates from central and eastern Europe (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) and Cyprus. The bilateral intergovernmental conferences held on 31 March 1998 marked the opening of accession negotiations with Poland, the Czech Republic, Estonia, Slovenia, Hungary and Cyprus (5+1).

All the candidate countries have entered into individual accession partnerships decided upon on the basis of the Regulation on assistance to the applicant States in the framework of the pre-accession strategy<sup>(4)</sup>. These accession partnerships are agreements between the Community and the countries seeking accession setting out clear targets for the candidate countries and promising financial and technical support from the Community.

1.2. In December 1997 the Luxembourg European Council agreed on a substantial increase in assistance

to prepare for accession and expanded the Phare programme to include pre-accession programmes. The Commission submitted the necessary draft regulations in early March 1998.

1.3. In addition to Phare programme support (provisional 1999 budget ECU 1,3 billion, from 2000 onwards ECU 1,5 billion, even if the number of beneficiary countries is smaller once certain accessions have taken place), the candidate countries are also to receive assistance to restructure agriculture and to prepare for Community structural policy (procedures, technical operations etc.).

Over the period 2000-2006, an annual sum of ECU 500 million (at 1997 prices) is to be made available from the EAGGF Guarantee Section for the reform of the agriculture sector (including the development of an efficient agricultural administration and reliable animal and plant health monitoring systems) in the ten Central and Eastern European countries. Resources are to be distributed according to the land area used for agriculture and the number of people employed in agriculture, among other factors.

1.4. The new Instrument for Structural Policies for Pre-Accession (ISPA) is to be endowed with ECU 1,04 billion annually, which is to be distributed among the ten CEEC. The Commission proposal provides for:

— the allocation of each year’s available resources to the ten CEEC based on the criteria of population, area and GDP measured in purchasing power parities;

<sup>(1)</sup> OJ C 164, 29.5.1998, p. 4.

<sup>(2)</sup> OJ C 373, 2.12.1998, p. 1.

<sup>(3)</sup> Agenda 2000 ‘For a stronger and wider Union’ COM(97) 2000 final.

<sup>(4)</sup> Council Regulation (EC) 622/98 — OJ L 85, 20.3.1998, p. 1.

- the drawing-up of a financing memorandum laying down the arrangements for evaluation, management and control;
- decisions on budgetary commitments on the basis of multiannual projects;
- the option to decommit funding if no work has been started within the periods scheduled in the financial protocol.

1.5. The intention is to support measures classified as priorities within the National Programmes for the Adoption of the Acquis (NPAA). It is not a matter of cofinancing ad-hoc investments, but rather of supporting projects which can have a lasting and strategic catalytic impact.

1.6. To ensure close coordination between the various forms of additional pre-accession assistance (Phare, ISPA and pre-accession assistance for agriculture), the Commission provides for a horizontal coordinating regulation, as well as the establishment of a committee charged with preventing duplications in support and ensuring the compatibility of the projects receiving funding.

1.7. According to the draft regulation, the ISPA — like the Cohesion Fund — is to be applied in two areas:

- the environment, where it will support implementation of the Community acquis (especially with regard to improving water and air quality and waste management), and
- transport, where it will facilitate links with trans-European networks and the extension of these to the East.

1.8. In principle, funding is to be made available for measures with a minimum total cost of ECU 5 million. The proportion of ISPA funding may be up to 85 % of public expenditure. Except in cases where there is a substantial Community interest, this rate is reduced according to the availability of cofinancing and the measures' capacity to generate revenues, and appropriate application of the polluter-pays principle. Cofinancing should come chiefly from the private sector.

1.9. As an exception, the draft regulation provides for up to 100 % financing of the total cost in the case of preliminary studies and technical support measures. No more than 2 % of the total ISPA allocation is available for preliminary and feasibility studies.

1.10. In implementing the ISPA Regulation, the Commission is to be assisted by an advisory committee.

1.11. The draft regulation is to be adopted in conjunction with the coordinating regulation and the pre-accession regulation on agriculture.

## 2. Assessment of the Commission proposals

2.1. The COR welcomes the start of accession negotiations with Hungary, Poland, the Czech Republic, Slovenia, Estonia and Cyprus, seeing the joint opening of the accession process as confirmation that enlargement remains a process which extends to all candidate countries. The COR regards enlargement as a process of historical importance to the whole of Europe and emphasizes the need to continue intensive dialogue with the countries of the Mediterranean area and to press ahead with the deepening of European integration as a whole.

2.2. The candidates for accession in Central and Eastern Europe are engaged in an ongoing process of sweeping economic and political change and, with the support of the EU and its Member States including local and regional authorities, are preparing to take on the obligations of full membership. The COR would stress that the Community and the candidate countries can only overcome the tasks ahead by adopting a joint approach.

2.3. The COR welcomes the various structural assistance instruments intended to help the applicant countries in adopting the acquis.

2.4. The COR also endorses the fact that the accession candidates' own efforts to adopt and implement the Community acquis are being supported through the Phare programme.

2.5. The COR is pleased to note that the Commission's draft regulation has given priority to the urgent need for development and improvement in the areas of transport and the environment. However, it does feel that other infrastructure networks (energy, telecommunications) should also be taken into consideration in this context, bringing the content of Article 2 of the regulation into line with that of Article 1(1).

2.6. The benefits of targeting Community structural resources experienced in the regions of the present cohesion countries demonstrate that assistance of this kind is a useful instrument for enhancing economic potential. The COR therefore welcomes the establishment of additional pre-accession instruments. This extra assistance, particularly from the Instrument for Structural Policies for Pre-Accession (ISPA), will make it easier for the candidate countries to reduce structural deficits, especially as regards the environment and transport, and to prepare themselves for competitive

pressure from the EU. It is particularly important to ensure the requisite coordination between ISPA and those Phare Institution Building measures which aim to boost the applicant countries' administrative capacity for Structural Fund management, etc.

2.7. The Committee of the Regions believes that the local and regional levels should be involved as partners in their own right in preliminary studies, programming and implementing the structural policy measures (ISPA)

2.8. The COR endorses the principle whereby the Central and Eastern European countries take a share in the financing of projects, emphasizing that the involvement of private enterprise is a useful tool as it also unleashes the dynamic forces of internal competition which characterizes the internal market. The Committee also points out that, in publicizing and providing information about the support instrument, substantial efforts must be made to foster private participation so that the available resources can be channelled into projects which are expected to yield returns. In order to achieve the objectives of reinforced cohesion, the Committee feels it is essential to ensure close coordination between the various forms of Community pre-accession assistance and the complete range of available resources.

2.9. The COR is assuming that the threshold value of ECU 5 million per project mentioned in the draft regulation will be applied with a certain degree of flexibility, especially in the case of environmental projects. In this connection, the COR would point out that raising the threshold value per project could make it harder for decentralized authorities to participate in starting up or implementing projects. This is particularly true in the applicant countries, where the local and regional authorities still have limited financial capacity and scope for action.

2.10. The COR feels that the following points should be added to the content of applications listed in Annex I:

- observance of workplace health and safety regulations;
- planned information and publicity actions (in pursuance of Article 13 of the regulation).

2.11. The COR feels that, among the criteria listed in point 9.3 of the financial statement, greater emphasis should be given to the intermodality of infrastructure systems. The list in point 9.3 could also be extended to include a criterion on improving safety standards.

### 3. Conclusions and recommendations

3.1. The COR endorses the basic thrust of this structural policy instrument. Nevertheless, based on the experience of cross-border cooperation with the CEEC,

it feels it is essential to give greater consideration to aspects of environmentally sound cross-border transport links and to include the creation of new border crossings within the purview of support measures. These countries should also be informed about environmental projects being conducted in particularly important areas at local and regional level so as to pass on to them experience with waste disposal and water quality maintenance which is both forward-looking and geared towards adoption of the acquis.

3.2. The Committee feels that the technical assistance provided by the Commission should help to establish specific projects tailored to national requirements. In addition, national requirements should be the deciding factor in the allocation of resources to different infrastructure projects.

3.3. The COR endorses the Commission's proposal to reserve 2 % of total resources for the financing of preliminary studies and technical support costs provided that such resources are used to build up institutional and administrative capacity in the applicant countries, and in particular to prepare local and regional authorities for project management.

3.4. The COR considers it particularly important that, in cases where technical innovations are to be introduced or high environmental protection standards ensured, the project-related technical support is accompanied by measures to train staff.

Cross-border and interregional cooperation, as well as experience gained at local level, makes a particularly important contribution to European integration and cooperation, in the COR's view. The COR would emphasize the need to give all interested undertakings the opportunity to take part in the evaluation procedures, pointing out that regional and local authorities in both the applicant countries and the Member States can make a valuable contribution to the enlargement process. They should therefore also be guaranteed a role in implementing ISPA measures, especially in tandem with reforms in administration and allocation of responsibility which give them increased powers, e.g. in the environment sphere.

Here too the lessons to be learned from the current structural policy should be put to good use. The partnership principle, which is also enshrined in the measures for rural development in the applicant countries, should also be a focus of ISPA intervention. Local and regional authorities must ultimately exercise joint influence at all stages (planning, project selection,

monitoring and evaluation) of such measures. The first step should be representation on the committees which are to monitor and assess ISPA measures, regardless of whether they — as provided in the draft regulation — are competent for the execution of a project or are directly concerned by a project.

3.5. The projects to link applicant countries to the trans-European networks are intended to strengthen economic and social cohesion between the future accession areas and the EU as a whole. Planning measures to link the accession candidates to the TENs should be geared both to the needs of border regions in the present

Member States and to those of all the areas affected by the development of these networks. In this context, the COR once again emphasizes the need to continue to give appropriate support to cross-border cooperation under Interreg and Phare/CBC<sup>(1)</sup>, ensuring full compatibility between projects funded under the two programmes. The Commission is asked in future to place support for this kind of cooperation on a joint financial and organizational footing so as to remove administrative obstacles to the implementation of cross-border projects, making it the sole form of support for cross-border cooperation.

<sup>(1)</sup> Cross-border cooperation.

Brussels, 18 November 1998.

*The President  
of the Committee of the Regions*  
Manfred DAMMEYER

**Opinion of the Committee of the Regions on:**

- the ‘Proposal for a Council Regulation (EC) amending Regulation (EC) No 1164/94 establishing a Cohesion Fund’, and
- the ‘Proposal for a Council Regulation (EC) amending Annex II to Regulation (EC) No 1164/94 establishing a Cohesion Fund’

(1999/C 51/03)

THE COMMITTEE OF THE REGIONS,

having regard to the Proposal for a Council Regulation (EC) amending Regulation (EC) No 1164/94 establishing a Cohesion Fund and the Proposal for a Council Regulation (EC) amending Annex II to Regulation (EC) No 1164/94 establishing a Cohesion Fund (COM(98) 130 final) – 98/0104 (AVC) — 98/0118 (CNS)<sup>(1)</sup>;

having regard to the Council Decision of 19 May 1998 to consult it on this subject, in accordance with Article 130d and the first paragraph of Article 198c of the Treaty establishing the European Community;

having regard to the Bureau decision of 13 May 1998 asking Commission 1 (Regional policy, structural funds, economic and social cohesion, cross-border and inter-regional cooperation) to prepare the opinion;

having regard to the draft opinion adopted by Commission 1 on 30 September 1998 (CdR 235/98 rev.) (rapporteurs: Mr Apostolákos and Mr O’Neachtain);

<sup>(1)</sup> OJ C 159, 26.5.1998, p. 7.