



BILLIONS FOR SUSTAINABILITY?

**The use of EU pre-accession funds and their
environmental and social implications – First Briefing**

Brussels, October 2000

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INTRODUCTION

The Copenhagen European Council in June 1993 agreed that: *“the associated countries of Central and Eastern Europe that so desire, shall become members of the European Union”*. Since then steps were taken to enable that process. One of the steps was establishing new financial mechanisms for pre-accession aid. In the period 2000-2006 the European Union is expected to provide financial support for Accession countries in annual amounts of approximately 3 billion Euro via such mechanisms as ISPA (Instrument for Structural Policies for Pre-Accession Aid), SAPARD (Special Action for Pre-Accession measures for Agriculture and Rural Development) and PHARE 2000. At the same time co-financing from International Financial Institutions (IFIs), mainly the European Investment Bank (EIB) is expected.

With this amount of financial aid profound changes in the economies of CEE countries are expected, which will at the same time have a significant impact on the environment, as the resources will be used for infrastructure projects, energy, nature conservation, environment and agriculture. Therefore the above-mentioned financial instruments should be in line with the principles of sustainable development and cross-sectoral integration of environmental principles in all policy areas. The need to integrate environmental concerns into other EU policies has been acknowledged since the Single European Act, and then officially stated in the Amsterdam Treaty. Proper use of pre-accession funds, according to the principle of sustainable development is crucial for the future state of the environment in the CEE countries.

The accession process will also have an irreversible impact on the societies of CEE countries. Civil transformation is still an ongoing process in the CEE region. With the accession and planned financial pre-accession aid mechanisms, new challenges for building up civil society arise. It is necessary that citizens of the accession countries understand and support changes and investments related to accession. To achieve that, a better understanding of pre-accession aid mechanisms, as well as transparency and public participation in the investments financed by EU related sources is necessary.

“Billions for Sustainability? – Financial aspects of Accession” Project

This project aims at increasing the ability of environmental NGOs in the region to deal with pre-accession aid, monitor projects financed by these sources, as well as

aiming at the promotion of a more participatory approach from both citizens' and authorities' sides, resulting in full civil society involvement in the decision-making process.

The project is being implemented by Friends of the Earth and the CEE Bankwatch Network groups from Poland, Hungary, Czech Republic, Estonia, Lithuania, Latvia, Bulgaria and Slovakia. These groups have a long experience on issues of environment and financial institutions. Being groups from the region, they have an obvious interest in the issues.

This report is a first briefing paper conducted under the project. It aims at providing information on the stage of the pre-accession aid mechanisms in the Accession countries. Our main focus remains public participation and access to information, as well as the environmental consequences of implementing of the pre-accession aid. The briefing was prepared and put together by project partners.

The Project is financially supported by the Ministry of Foreign Affairs of the Netherlands and the Heinrich Böll Foundation.

GENERAL REMARKS

This report is a first briefing paper conducted under the joint project of Friends of the Earth and the CEE Bankwatch Network on monitoring the pre-accession funds. Below you will find information on the current development of the pre-accession aid mechanisms in 8 Accession countries. Although the situation differs in particular countries we may already observe similar trends, problems and obstacles in the process.

1. Delays in the process:

There are number of examples in most of the countries of delays in the process of setting up the pre-accession funds mechanism. Countries are currently in a different stage of creating bodies responsible for implementing funds from the EU. As the institutional framework is also in the process of being established, the division of responsibilities is still vague in many countries. Many newly created bodies still lack a legal framework. The same goes for the strategies and plans required by the Commission, such as National Development Plans and Regional Development Strategies as well as strategies for particular sectors. Plans prepared by the countries are commented and agreed upon by the Commission. Due to delays from both sides some of the countries are still lacking final versions of their strategies or just got them ready last months. It is worth to note that this underlines that lists of projects for financing were submitted by countries prior to the final development plans.

On the other hand, the EC has not provided timely and sufficient information about project procedures and requirements to the candidate countries. Therefore candidate countries are not prepared for utilizing an ISPA or SAPARD Programs effectively. Such an approach gives the impression that EU institutions are bureaucratic and inefficient and that adjustment to European standards may not be a positive contribution towards an increase of quality management of public institutions in the Accession countries.

The delays are most visible in the case of SAPARD. In most of the countries the start up of the fund was postponed till the next year.

2. Lack of Public participation and difficult access to information:

Also in this area we can already observe common trends in most of the countries. Generally speaking, the process is characterized by little reference to opportunities for public participation. Where opportunities are given by law, the wording „where appropriate” is often used, making enforcement difficult. In many cases, public participation is denied on the basis that „these are too large, all-encompassing projects/programs”, thus it is inappropriate or impossible to ask the opinion of civil society. Where public participation takes place, it is in most cases very formal, with varying effectiveness. The advice of NGOs is not actively sought and in most cases groups are not involved in project preparation or selection. Only some countries reported having NGO representatives in different bodies set up for pre-accession funds purpose and getting these representatives there was often after a strong battle from the NGOs side. As there are no clear rules on public involvement, all depends on the good will of coordinating bodies.

Access to information varies in different countries. However in many of the reports which you will find below unadequate access to information is underlined. Lack of and/or contradictory information is often the case. Estonia reports that English and Estonian versions of particular documents vary in a slight way. In Bulgaria most of the documents, including national strategies required by the Commission are only in English, which limit broader access to information for Bulgarian citizens. Even if consulted on draft documents NGOs have limited access to final versions of the strategies/plans. Many coordinators faced unwillingness or even astonishment, when they asked for specific documents on development of pre-accession funds. As reported by some countries, information on transport projects is often more centralized and more difficult to obtain. In many cases difficult procedures related to the funds are not properly explained or announced, even to potential clients of the funds.

3. Environmental consequences – do the funds support environmentally sustainable development?

The pre-accession funds may not constitute the biggest source of money for the Accession countries but they will definitely shape future development of some key sectors in the CEE region. This is because ISPA, SAPARD and PHARE money will be accompanied by state money, as well as attracting financing from other sources. Therefore it is crucial to question whether the prepared strategies and selected projects support environmentally sustainable development. It is also important to find out in what way the Amsterdam Treaty requirement of integration of environmental protection and principals into different policies and practices has been addressed.

From the information which we could currently obtain it is clear that there is insufficient integration of sustainable development principle in the prepared national strategies. One has to note as well that the incentive for such integration is not really coming from the EU itself. The way in which the transport ISPA mechanism is set up promotes development of transport sector into a car dependent one. A properly working and comprehensive railway networks of high density or sophisticated public urban transport system are not at all priorities in the planned development of transport sectors in the CEE region. Planned new highways in many cases endanger environmentally fragile spots of rare fauna and flora.

Very often the most environmentally friendly solutions are put as the least preferable ones, if at all mentioned. It is often the case that sustainable development is mentioned in documents but remains an empty wording. For example, the Czech Republic is the only country which conducts a Strategic Environmental Assessment (SEA) for prepared strategies and plans. The final SEA conclusion on the National Development Plan (January 2000) stresses insufficient integration of the principles of sustainable development and the necessity for better public involvement in future updates of these documents.

However, this "ex post" evaluation only resulted in the fact that sustainability principles were mentioned in introductory part of the NDP, but have not been incorporated into the whole concept. That is also true for other countries receiving pre-accession aid. What is more they do not conduct such SEA at all so the plans are not verified against overall impact on the environment.

Environmental projects must be designed to fulfil conditions outlined in the investment guidelines, which are set an upper limit for minimal contribution to 5 million EURO. Due to this requirement, large, centralized projects will be financed. This limit creates a disadvantage for alternative projects, which are mostly less costly, decentralized and have a lower environmental impact. While this may not be a problem for Poland, which still needs bigger investments in water and waste water treatment for example, for smaller countries like Estonia or Slovakia it will pose a great obstacle to obtain funds for environmental projects. A five million EURO minimum limit on investment also presents an obligation to co-invest from the state or town budget. This mean that ISPA Projects would block financial resources that could be utilized more effectively when used for dozens of smaller projects.

BULGARIA:

Za Zemiata, CEE Bankwatch Bulgaria

ISPA and SAPARD are not simply funds constituting the financial aid from the European Union. By the requirement of the National Plan of Development for the next 6 years they set up the rules for a more complex and long time strategy concerning the choosing of projects. This long-term aspect could be an opportunity to incorporate strategies for sustainable development and to implement it by series of project. It could provide the chance to involve all institutions, organizations and people working on development and sustainable development in the process. However, this is not necessarily the reality of how it is being done.

ISPA

The Central Coordinating Group (CCG), was set up to create a National Economical Plan for Development of Bulgaria. The group includes specialists from all ministries. The National Plan was approved by the European Commission in November 1999. There were some comments from EC about the way the Plan was prepared, concerning an absence of working groups on a regional level and the lack of public participation. In June 2000, the CCG met with EC representatives to discuss changes in the new Plan. The Plan is supposed to be finalized in November, publicly discussed and presented to EC for approval in December 2000.

The old Plan was drawn up exclusively by specialists in the Ministries working on national level. For example no regional office of Ministry of Environment was asked for proposals or comments. No NGOs were involved or consulted during the preparation of the old Plan.

To implement the EC suggestion for the new Plan for development, the country was divided into regions and a group was established for every region which would have to submit regional policies and priorities. Their reports will be used for preparation of the National Plan for development of the regions. Before approval, the new Plan will have to involve an element of public consultation. As we were informed; the Secretariat of the CCG will send the new Plan by e-mail to a selected list of NGOs.

The old Plan and draft of the new Plan are in English which naturally reduces the possibility for comments from specialists and the public. The Plan was not publicly announced.

The quality of the Plan is also questionable. The major problems are:

- lack of clearly defined policy that should be followed up;
- lack of relation between the strategy and the idea of sustainable development.

Projects:

There are 23 projects in the list including those for transport, infrastructure and environment. On the first session of the EC, July 26th, two transport infrastructure projects were approved. The first one is "Reconstruction, development and extension of Sofia Airport" for 50 mil Euro. The European Investment Bank is another co-financing institution with 50 mil Euro loan (signed 1998). Parts of project which will be financed by ISPA, but this is pending a final Environmental Impact Assessment. The absence of the final EIA result is compounded by a statement of the Vice-Minister of Environment that the expansion of the airport will not endanger sensitive areas. The final EIA is planned to be finished in mid October. According to Bulgarian legislation after preparation the EIA will need at least 2 months to be approved by the Ministry of Environment. At the moment, however, the project was approved for ISPA financing without the final EIA.

The project has several controversial points:

- The planned construction of new runway will cause serious damages upon the River Iskar. The river will be put in a tunnel, ignoring that fact that the Iskar is an important route for birds.
- The airport is so close to Sofia that increasing of its capacity, especially the new cargo terminal, will raise the level of air pollution, noise pollution and risk of accidents for citizens of Sofia.
- There were lots of efforts to limit public participation on the preliminary EIA.
- By approving funds for a project which might not go ahead otherwise there is a strong pressure for quick, non-transparent EIA procedure.

The second project is: "Transit road rehabilitation project of the third class route part of the European transport network - 4 sections" for 30 mil Euro. Phare and the EIB are financing a big part of the project.

Two projects in the field of environmental infrastructure will be presented for approval on the next session of the EC this year. The first is Water Waste Treatment Plant (WWTP) in three main cities of Bulgaria, amounting at 30 mil Euro. The project is highly needed.

The second project under environmental ISPA is Landfill for solid communal waste for 6 towns.

SAPARD

A special Department for the preparation of a National Plan for Development of Agriculture and Rural Regions as a part of the Ministry of Agriculture and Forests was set up. This Department is a steering unit, consulting a range of specialists from different sectors to create the National Plan.

The National Plan for Development of Agriculture and Rural Regions was approved by the EC on September 13th 2000.

NGOs were not involved in the preparation of the Plan. There were some seldom examples of NGOs taking part in seminars (2 or 3) organized by the Ministry of Agriculture. Participants of the seminars were only informed about what is SAPARD and what is the relation between environment and SAPARD.

The National Plan for Development of Agricultural and Rural Regions is also only in English. The reaction of the authorities when we asked for a copy of the Plan was astonishment and non-willingness to provide us with one. The Plan was not publicly announced.

There was a public announcement of the SAPARD program and the application rules. Information about the program is available on the web site of the Ministry of Agriculture. From October 10th 2000, an information campaign on SAPARD fund in Bulgaria has started.

The possibility to apply for financing will start in December, after approving the SAPARD Agency, part of National Agriculture Fund, as an implementing unit.

Czech Republic:

Hnutí DUHA, Friends of the Earth and CEE Bankwatch Network member

Preparations for the Use of the EU Preaccession Funds in Czech Republic

Introduction

The use of the EU pre-accession funds (Phare 2000, ISPA, SAPARD) in the Czech Republic is supposed to be outlined in the so-called National Development Plan (NDP). This briefing sheet describes how the NDP is being processed from the point of view of public involvement in the decision making as well as monitoring of the pre-accession process. Second part of this paper is devoted to a brief description of the current state of Phare 2000, ISPA and SAPARD funding in the Czech Republic.

1. Preparation of National Development Plan

The NDP for the period 2000-2006 was prepared for the whole country. The preparation is coordinated by the Ministry of Local Development (MLD) via National Preparatory Committee for the Economic and Social Cohesion (NPC-ESC). The preparatory process involves several steps:

- 1** preparation of Regional Development Strategies (RDSs) for individual regions (NUTS III);
- 2** integrated Strategy of Regional Development (SRD) for the whole country;
- 3** elaboration of Regional and Sectoral Consultation Documents, which represent a base for the regional and sectoral parts of NDP (by Regional Guiding and Monitoring Committees – RGMCs and sectoral Working Committees);
- 4** implementation of the NDP
- 5** integration of NDP into Regional and Sectoral Operational Plans -ROPs and SOPs (by RGMCs and Sectoral GMCs – SGMCs).

1.1 Regional part of NDP

At the beginning of 1999 there were 14 RDSs prepared for the NUTS III level and consequently the SRD for the whole country.

Responsibility for the preparation of RDSs was given to newly established Regional Coordination Groups (RCGs), to which only exceptionally were NGOs allowed to provide its representatives. This was due to the fact that rules for preparation of RDSs (prepared by MLD) neither obliged RCGs' management to include public, nor specified the process of assessing plans with the public. Preparation of RDSs was therefore not transparent and done in a rush.

Apart from the RCGs, working groups were set up to prepare ideas for RCGs. Working group members were appointed by the RCGs. In several regions NGOs managed to get representatives in the working groups, however, their success was limited by the unwillingness of the rest of the RCGs members to cooperate with them and respect their comments. The possibility to influence final shape of the conception was severely limited with the public attendants functioning in fact as pure observers.

Preparation of the SRD took place in a more transparent manner – individual documents were put on the internet and NGO representatives were invited into some groups of the National Coordination Group (NCG) for SRD. Nonetheless – similarly as with the previous conceptions – no clear rules for public involvement exist – everything is dependent on the good will of the coordinating bodies.

SRD was submitted to pass EIA, however RDSs were not. The public comments in the EIA process underlined especially:

- significant generalization (even non-assessibility under EIA!);
- missing regional dimension and specifics of individual regions;
- insufficient incorporation of sustainable development principles and sometimes contradiction with them (specifically due to a strong preference for the transport infrastructure construction);
- mono-variant conceptions;
- lack of transparency during the RDSs preparation and non-existence of development strategies of local settlements and micro-regions.

The above mentioned SRD is now used as the crucial document for the use of the EU pre-accession and structural funds, but primarily as the core of the national regional policy.

Due to the fact that the new regional division of the Czech Rep. into 14 regions (valid from 1.1.2000) does not comply with EU parameters, some of the regions had to be „unified“ to create 8 NUTS II regions. In April 1999 RGMCs were set up for NUTS II and appointed to prepare Regional Consultation Documents (RCDs), which became a basis for the preparation of national part of the National Development Plan. RCDs were based on compilation of RDSs (NUTS III level)

Members of RGMCs were selected from the former RCGs, which perpetuated the problems of insufficient public participation.

1.2 Sectoral part

In February 1999 preparatory committees were created by individual ministries to prepare sectoral parts of the NDP. These prepared 6 Sectoral Consultation Documents (SCDs). They were around 20 pages in length, very vague, not properly elaborated and did not include sufficient public comments. Regional and Sectoral Consultation Documents were then used for the first version of the NDP, which was refused and returned for further work by the government in October 1999.

Coordination of the preparation of the NDP is done by NPC-ESC, Monitoring Committee MC-ESC and the National Coordination Group. In all of these bodies there is at least one NGO representative. Their meetings are not public, minutes are not published and information is only accessible via the above-mentioned NGO representatives.

1.3 Strategic Environmental Assessment for NDP

In July 1999, the Strategic Environmental Assessment for the NDP was conducted, where both summarizing documents as well as original SCDs and RCDs were assessed. The final SEA conclusion (January 2000) stresses insufficient integration of the principles of sustainable development and the necessity for better public involvement in future updates of these documents. However, this "ex post" evaluation only resulted in the fact, that sustainability principles were mentioned in introductory part of the NDP, but have not been incorporated into the whole concept. The Ministry of Environment agreed with the SEA positive conclusion, while at the same time demanded, that in the future updates these comments should be taken into account.

The NDP was submitted to the EC (January 2000) and the official opinion should be known at the edge of October/November. The updated NDP (which should also incorporate SEA conditions) will be submitted by the MLD till the end of this year.

1.4 Operational programs:

Preparation of Sectoral and Regional Operational Programmes (SOPs and ROPs) started at the beginning of 1999 without sufficient preparatory work done on consultation documents. Due to the lack of time, the possibility for public involvement was very limited. Preparation of some SOPs (e.g. on countryside and agriculture) is still going on, with expected agreement from the EC on January 2001.

Public involvement was also limited by the fact, that meetings of RGMCs and SGMCs are not public, are non-transparent and with insufficient information output. The NGO coalition OKAMRK managed to enforce a mechanism for the incorporation of one NGO representative in every RGMC, which should be elected at the regional NGO conference. However, in some regions these representatives did not receive official agreement from RGMC and are allowed to take part in the meetings only as observers.

At the same time, the MLD did not support public involvement in working groups (infrastructure and environment, economy, human resources, agriculture and countryside) and so everything depended only on openness of the RGMCs' representatives. Therefore NGO participation varied very much regionally, with some working groups „covered“ by the NGOs and some regions without any public involvement. Successful public involvement can be documented only in three regions (out of 8) where ROP include measures for public involvement. In the remaining five regions these priorities are not mentioned at all.

Currently in the Czech Rep. preparation of Programs of Regional Development (PRDs) is also going on for the NUTS III level. This is not directly connected with the EU pre-accession funding, but the public is facing similar problems as mentioned above in regard with preparation of ROP.

RGMCs were set up because of lack of other bodies to prepare required strategies on NUTS II and NUTS III level. From 1.1.2001 they will be replaced by newly established Regional Councils – RCs (guiding part) and Regional Development Committees – RDCs (monitoring). RCs' members will be elected by regional parliaments from their members, which means that NGO representatives are almost systematically excluded from the process.

1.5 Strategic Environmental Assessment for ROP

According to current legislation Regional Operational Programmes do not have to be assessed in EIA procedure. Only one ROP was assessed as a result of NGO efforts. The process was done in parallel with the preparation of ROP, which resulted in the fact that the ROP included the majority of proposed changes and comments. The fact that an SEA was conducted in itself also increased NGO interest in the preparatory process in comparison to the case documented in other regions.

2. PREACCESSION FUNDS

2.1 PHARE 2000

Coordination of PHARE is done by NPC-ESC, MC-ESC, NCG, RGMCS and SGMCS. In all of them, except SGMCS where there is a total lack of information, at least one NGO person is represented.

For the 2000-2006 period, five pilot operation programs, three regional and two sectoral programs (competivity and human resources) were chosen for PHARE funding. In the pre-accession period this will be available only in pilot regions, which are at the same time supported from the MLD's Regional Development Support Program. For next year it is considered that one new NUTS II region will be included into the program.

Mentioning PHARE, we can not avoid LSIF – Large Scale Infrastructure Facility, which from 1998 functioned to help with preparations of large-scale projects. As a condition to receive funds from LSIF, European Investment Bank, European Bank for Reconstruction and Development (EBRD) or the World Bank involvement was required, but the Czech Republic did not manage to secure this. Therefore, only 14,2 mil. Euro were provided for the reconstruction of Brno city sewage system (EBRD co-financing) and 6 transport projects were chosen, where LSIF will provide technical assistance which will be implemented under ISPA.

2.2 ISPA

The ISPA programme is coordinated and monitored by MLD via NPC-ESC and MC-ESC. Environmental projects are then under the jurisdiction of the Ministry of Environment, transport projects under the Ministry of Transport. The guiding body for ISPA is the ISPA Coordinating Committee. In addition, two working groups were

created, which deal with sector strategies, propose priority projects and set up criteria for their assessment.

The Ministry of Transport prepared National Strategic document for ISPA – Transport Sector, which contains main projects suggested for ISPA co-financing. Until the end of 1999 eight requests for ISPA funding were submitted (5 railway and 3 road projects).

2.3 SAPARD

Two ministries are responsible for SAPARD: the Ministry for Agriculture for agricultural projects, and the Ministry for Local Development in projects for the development of the countryside. Coordination is currently provided by the Joint Commission for Preparation and Implementation of the SAPARD Program, later this role will be put on the National Monitoring Committee for SAPARD. At the same time 8 regional monitoring committees will be set up, where civil servants and NGO representatives should be members. The National Selecting Commission is being set up and, at the same time, 8 regional selection commissions (with only civil servants represented).

So far, SAPARD has not started in the Czech Republic, because of procedural problems with preparation of the Plan for Agriculture and Countryside Development, caused by the lack of coordination between the two ministries.

A final draft was delivered to the EC in January 2000, and agreed by the STAR Committee in September. Now comments are being incorporated. So far the Plan was not submitted for a Strategic Environmental Assessment, which contradicts Czech legislation. (MLD in the document for MC-ESC claims that an EIA was conducted for the Plan and that no comments were delivered during the 60-day period, while the Ministry of Environment confirms that an EIA for the Plan has not even started!).

Public involvement in the preparation of Plan and SAPARD program was far from sufficient, mainly due to unwillingness of the Ministry of Agriculture and limited communication to the public about the preparatory phase of the concept.

While SAPARD will start only from 2001, a number of new projects were proposed during this year. So far these can be implemented via Programme of Countryside Reconstruction (coordinated by MLD). New regional selection committees were set up, with 3-6 members (appointed by RGMCS), where at least one member should be from an NGO and one even from an environmental NGO.

SAPARD should be used mainly for "integrated micro-regional projects", which involve the creation of micro-regions by several local communities and the creation of micro-regional development plans. These plans should follow the development plans, which are in many cases yet to materialize, of separate localities.

In the 2000-2006 some 20-40 micro-regional development projects are expected to materialize. Besides them also individual (local community, entrepreneurs) projects should be supported, but micro-regions should be in most favourite position.

Estonia:

Friends of the Earth-Estonia, CEE Bankwatch Network

EU pre-accession funds in Estonia

(a) Process of setting up the pre-accession funds structure in Estonia

Summary

So far the preparations for EU pre-accession funds have gone rather slowly and without public involvement in Estonia. Poor institutional capacity remains one of the major problems of Estonia, raised by the European Commission in the accession process. Public involvement in preparation process of both regulations/institutions and projects for pre-accession funds has been extremely poor.

Process

Estonia submitted its application for the EU membership in 1995 and signed the Association Contract (European Contract) also in 1995. In December 1997 Estonia was chosen as a first wave accession country and accession negotiations started in March 1998.

The basic document for pre-accession funds, the National Development Plan (NDP) was finalised in September 1999. For SAPARD a Regional Development Plan was done in 1999, ISPA projects were prepared and presented to the Commission by Ministries of Environment and Transport. Phare SPP (Special Preparatory Program for Structural Funds) is carried out to prepare Estonia for upcoming Structural Funds. Nevertheless the formation of an entire institutional set-up (especially auditing and monitoring mechanisms, fiscal schemes) for the pre-accession funds is still not entirely completed and there are already big delays in the process. For example, it is clear by now that because of poor preparations by both Estonia and the EU no SAPARD projects will be financed in the year 2000.

It is estimated that Estonia will receive around 56 million Euro per year from EU pre-accession facilities: around 30 million Euro from ISPA, around 12 million Euro from SAPARD and 24 million Euro from Phare 2000+.

Involvement of public and interested NGOs to the process selection, preparation and monitoring of projects to be financed from pre-accession funds was not done by the Government. There is no pro-active dissemination of information on pre-accession funds although some information could be found on the web sites of various state institutions. There are cases when information requests by NGOs about the pre-accession funds have received no reply at all. There are cases (like the one with the NDP) where the same document is differs in Estonian and English languages.

Problems with ISPA projects

Environmental Projects:

Projects that were proposed for ISPA funding from the Ministry of Environment are well prepared and quite well justified as they are among priorities set by the environmental policy (National Environmental Strategy, NES and National Environmental Action Plan, NEAP). Estonian NGOs have been actively involved in both NES and NEAP processes. Nevertheless NGOs were not consulted in the selection process of projects for ISPA. It is very strange and worrying signal that according to the Ministry of Environment two projects that were presented for ISPA funding were actually not initiated from Estonia but were proposed by the European Commission itself.

The Ministry of Environment has stated that because of the high minimum level of ISPA projects (5 million Euro) it failed to present two high priority projects for Estonia. Estonia is a small country and environmental project of 5 million Euro would be a mega-project. Even when the Ministry tried to group several municipal water and sewage projects together under one title (for planned investments in water supply and sewage systems in 17 and 24 towns) it could not meet current ISPA requirements because it was packet of small projects and not one big project. Regrettably, the regional waste management projects were left out of the list because of the same reason. This situation poses a big problem for Estonia. There have been several sizeable investments (also from bilateral grants and loans) for water, sewage and waste management projects in larger cities. However, it had been very difficult to finance similar projects in small towns, where these facilities are either in a very poor condition or do not exist at all. As it is clear by now here there is also no hope that such projects could be financed by ISPA.

Transport projects:

While the Ministry of Environment has long experience in preparing projects for foreign assistance the Ministry of Transport lacks such knowledge and the entire

process was slower and more uncertain in its case. There is also less information on accession process available for transport sector. Although there are many rail projects proposed to the Commission for ISPA funding the entire packet of projects does not support sustainable transport ideas. For example the Tapa railway yard reconstruction project includes building of car viaduct to the centre of town which could be hardly justified. The proposed Tallinn railway bypass construction will be made just for serving freight (oil in the future?) transport from Russia to the Port of Paldiski. According to ISPA regulations there is also one project which should not be considered for ISPA financing at all as it is for building a street within town (access road to the Port of Tallinn). Unlike the ISPA environmental projects, there is no information available about transport projects that are to be presented for ISPA funding for 2003-2006.

(b) Case study: Tallinn landfill (ISPA, 10 million Euro)

This case-study is about Tallinn landfill, an environmental project presented for ISPA financing. Although NGOs generally welcome the project there have been problems related to it (especially little transparency and consultations).

At the moment there are more than 500 small landfills in Estonia. All of them are rather old and do not fit current environmental and health standards. Thus there is a plan to start closing of all these landfills and to construct instead 7-12 new big regional landfills for municipal waste that would meet EU requirements. The first such new landfill will be opened already in the year 2000. For the capital city Tallinn the same process was chosen. The current landfill in Pääsküla (in South-Western part of Tallinn) was opened in early 1970s and is in a very bad condition. Planned full closure of Pääsküla landfill will take at least 5 years and after that it will be safely covered by a recreational area with sports centre for horse raiding, mountain biking and skiing opened in the 30-hectare area currently covered by waste mountains.

To replace the current landfill a new location in Jõelähtme, in former phosphorite mining area some 20 kilometres East of Tallinn, was chosen. First plans to create new landfill in Jõelähtme are dated already back to 1970s, however the plans did not materialise then. Public discussions and preparations started again in 1989. In 1996 the Tallinn city government officially chose Jõelähtme as location for new municipal landfill for the city and the hinterland. Municipal waste company Tallinna Prügila AS launched international tender in January 1999. After tough negotiations that lasted for more than a year an agreement was signed on May 16, 2000 with the German company SKP Recycling AG & Co (a subsidiary of Cleanaway Ltd from

UK). The company will start building and operating the new landfill on 67 hectare area and with total capacity of 4.5 million tons.

Although the location is probably best for new Tallinn region landfill for municipal waste there have been several problems connected to entire process of selection and preparation of the project. First of all there is quite big local resistance against the project. It is understandable that owners of land and property close to the planned landfill do not feel happy about the plans. Such actions a petition against the project and protest articles in media had been carried out. It seems that the task of informing the public about the project and its impacts had not been sufficient. Continuous flow of information and proper public meetings for 5,000 inhabitants of the Jõelähtme municipality/parish would have made the difference as both the need for new regional landfill and its location are generally welcomed by NGOs.

Also the process of negotiations with the landfill operator company SKP Recycling had been secretive and both public and media kept expressing their concerns that the city of Tallinn (the land does not belong to local municipality, it belongs to the state and city of Tallinn holds rights for building on it) is behaving too weak in negotiations. Tallinn promised certain level of profit for SKP although in lower level than SKP had originally strongly demanded. Still profit for SKP is guaranteed even if the landfill is not actually producing profit.

Fortunately no volume of waste was guaranteed to the SKP (although it wanted to have rights for handling all the municipal waste of Tallinn). As the Jõelähtme landfill is quite far from Tallinn (some 20 km East from the city) there is danger that people will increasingly just carry their waste to forests closer to the city. As charge for disposal of municipal waste will be high in new landfill (32 Euro/tonne, a three-fold increase from the price in current Pääsküla landfill) the market should be open for competition. A recycling company RagnSells has already announced an idea to build another landfill closer to Tallinn where the charge would also be cheaper.

The Estonian Ministry of Environment is seeking ISPA funding for two phases of the project: constructing of new Jõelähtme landfill (ISPA would be financing an access road and water scheme there) and for closure of the existing Pääsküla landfill. 10 million ISPA grant is requested for 2000 and 2001. Total cost of the project is 31 million Euro.

(c) Lists of projects to be financed in Estonia from pre-accession funds (million Euro)

ISPA - environment

	2000	2001	2002	2003	2004	2005	2006	Total
(1) Tallinn landfill (phases I and II)	X	x						9.6
(2) Tartu sewage collector	X	x						5
(3) Viljandi sewage system rehabilitation	X	x						5.5
(4) Narva sewage system rehabilitation	X	x	x					5
(5) Kohtla-Järve sewage system rehabilitation		x	x					5
(6) Tartu waste management		x	x					5
(7) Pärnu waste management		x	x					5
(8) Tallinn wastewater (phase I)			x	x				5
(9) Muuga harbour oily wastes management			x	x				5
(10) Air pollution reduction (phase I)				x	x	x		15
(11) Vaivara hazardous waste management				x	x			10
(12) Paldiski radioactive wastes storage					x	x		10
(13) Tallinn wastewater (phase II)						x	x	10
(14) Air pollution reduction (phase II)							x	15
TOTAL								110.1

ISPA - transport

	2000	2001	2002	2003	2004	2005	2006	Total
(1) Via Baltica road and East-West road corridor	X	x						37.7
(2) Tapa railway yard reconstruction and viaduct		x	x					8
(3) Tapa-Tartu railway line rehabilitation		x	x					7.4
(4) Koidula railway border station construction		x	x					10.5

(5) Tallinn railway bypass construction		x	x					2.6
(6) Access road to the Port of Tallinn								5
TOTAL								71.2

SAPARD

	2000	2001	2002	2003	2004	2005	2006	Total
(1) Investments in agricultural holdings	5.45	5.45	5.09	5.09	5.09	5.09	5.09	36.35
(2) Investments in improving the processing and marketing of agricultural and fishery products	2.42	2.42	2.3	2.3	2.3	2.3	2.3	16.36
(3) Diversification of rural activities and promotion of small business	2.42	2.42	2.3	2.3	2.3	2.3	2.3	16.36
(4) Development and improving of rural infrastructure	1.58	1.58	1.58	1.58	1.58	1.58	1.58	11.03
(5) Development of living environment in rural areas	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	11.8 7	11.8 7	11.2 7	11.2 7	11.2 7	11.2 7	11.2 7	80.1

Phare 2000+

Program for social integration and teaching of Estonian language for national minorities	3.1
Establishing of system for financial control	1
Project for monitoring of markets	1.7
Appliance of customs tariffs IT system	2.1
Assistance for development of balanced employment services	1.8
Assistance for drug prevention program	0.7
Developing of educational police system	0.4
Project for criminal prevention	0.7
Development of agricultural support system	2
Reconstruction of water and sewage systems in	3.4

small towns	
Development of economic and human resources in South Estonia	4.4
Development of economic and human resources in East Estonia	2.3
TOTAL	23.7

Hungary:

ETK, CEE Bankwatch Network, Hungary

Short overview of the EU-Hungary relationship

Hungary officially first contacted the European Community on 26th September 1988. It was in April 1990 that all countries of Central and Eastern Europe were offered the opportunity to join the EU, and an interim agreement on trade entered into force in 1992, following which, the Europe Agreement, signed in 1991, came into force. Hungary submitted an application for membership with the European Union in 1994, negotiations started in March 1998. The priorities of the pre-accession period were identified in the Accession Partnership Document issued in April 1998. PHARE (Poland-Hungary Assistance for the Restructuring of the Economies) was launched in July 1989 already to assist reforms. From the year 2000 on, new financial facilities (ISPA and SAPARD) are available.

PHARE 2000+

From 2000 on, EUR 1.5 billion will be allocated as PHARE grants annually. Out of this, Hungary is to receive EUR 107.6 million each year. To be eligible for the fund, Hungary had to prepare two basic documents by October 31, 1999 – the plan for the National Program for PHARE 2000 and the Preliminary National Development Plan. In the preparation of these papers, the Minister responsible for the coordination of PHARE, as well as experts of the Ministries for Economics and Agriculture took part. The new orientation of PHARE focuses on institution development (30%) and investments supporting regional development (70%).

Within the frame of the National Program, Hungary received under Phare the following amounts:

Year	Million EUR	Year	Million EUR
1990	90	1995	92
1991	119.5	1996	101
1992	97.5	1997	104
1993	99	1998	87
1994	84.5		
	Altogether 874.5 million EUR		

Source: Penzforras 15/1999

The preparation, implementation and financial management have been responsibilities of the beneficiary ministry or one of its institutions.

From 2000 on, PHARE funds are available for Cross-Border Cooperation, TEMPUS, multi-country and horizontal programs.

The priorities for PHARE 2000 are set in the government decree 1109/99 (X.22.), those for 2001 in the decree 1063/2000 (VII.11.). All development plans and programs have to be in line with these priorities.

A law enacted in 1996 established the Regional Development Councils involving local and county government officials as well as interest groups from the business sector. These councils are to determine the criteria and select projects for PHARE in their regions, in cooperation with civil society. However, the requirement for partnership between these councils and civil society is not strictly fulfilled. FoE Hungary is about to conduct a survey on to what extent the Regional Development Councils cooperate with civil society. Presently, it seems that the scale of openness and cooperation differs widely in the regions.

A large majority of the programs is decided on by the central government. For a minor number of programs, an open tender is announced. Only in this case can civil society be involved in the decision-making procedure, according to the financial memorandum between the country and the EU on particular projects.

It was up to the respective country to decide which regions should be favored by PHARE. In Hungary, seven regions were defined. For the selection process, each Regional Development Council prepared a Regional Development Plan, which was later evaluated by the Ministry of Agriculture and the Ministry of Economics. These plans contributed to the General Development Plan. Three regions were selected for PHARE funds between 2000 and 2002, all of them in Eastern Hungary. In order to keep a balance between the regions receiving and those not receiving PHARE support, the government decided to launch a program complying with the 1st aim of Structural Funds in each region. In the regions without PHARE money, the program will be implemented from Hungarian budgetary sources.

It should be mentioned that 6 counties of Eastern Hungary were offered grants in 1997 from Brussels, but no preparations were made, no tenders were launched, no negotiation between the counties took place until after the elections in 1998.

Currently, the regional program for PHARE 2000 is being elaborated in the regions.

Monitoring:

In 1997 a governmental decree was issued requiring monitoring. At each ministry, monitoring sub-committees are set up.

So far, PHARE programs have been monitored by independent experts on an ad hoc basis. There is no evidence that a partnership principle was implemented during the process. In October 2000, a committee was set up to monitor each program regularly. Members of the committee are Ministry officials, coordinators of the PHARE programs and European Commission officials.

The national monitoring committee, the head of which is the Minister responsible for PHARE issues, is to coordinate between monitoring sub-committees of the Ministries.

ISPA

In the period between 2000 and 2006, Hungary is going to receive between 72.8 million and EUR 104 million annually, which should be divided between transport and environmental projects equally. The government decree 1061/2000 (VII.11.) regulates responsibilities of the Ministries in connection with ISPA funds. The Minister responsible for PHARE is the national coordinator for ISPA, the Minister for Economics is given the role of a development coordinator checking the projects and preparing a plan for financing in cooperation with the Ministers from the beneficiary ministries. Ministers of Transport and of Environmental Protection represent the beneficiaries. The latter ones are given the task to prepare project lists, take care of quality control and implementation. The decree does not mention civil society in any context, no requirement for cooperation is envisaged.

Experts from the Ministries elaborated sectoral ISPA strategies within a twinning program. According to the government decree 2134/1999 (VI.11.) on the EU-conform adjustment of the Hungarian funding system, social partners' opinions should be taken into account when determining project eligibility criteria.

Environmental projects are proposed by local governments, while transport projects are identified by the Ministry of Transport and Water Management. Hungary has already submitted plans for five transport and four environment protection projects under ISPA. Proposals for rail projects were elaborated in cooperation with the Hungarian Railway Company. Later on, the Hungarian government decided not to apply for foreign resources for road projects.

Project	ISPA aid	Status
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	(million EUR)	
Transport		
Construction of motorway M3 between Füzesabony and Polgár 83.5	83,5	CANCELLED
Modernisation of motorway M7 between Budapest and Zamárdi	57,7	CANCELLED
Rehabilitation of railway track between Zalaötvő and Boba	1,8	
Rehabilitation of railway track between Budapest and Lökösháza	14,0	
Rehabilitation of railway track between Budapest and Hegyeshalom	18,0	
Environment		
Sewage cleaning in Győr	13.5*	APPROVED
Sewage cleaning in Szeged (town)	10,8	
Waste management in Szeged (region)	8,8	
Waste management in Hajdú-Bihar	14,3*	APPROVED
Project documents under preparation		
Waste management in Miskolc (region)	8,5	
Waste management in Szolnok-Törökszentmiklós (region)	7,5	
Complex environment protection system around Tisza lake	9,3	

Source: Ministry for Transport, Ministry for Environment Protection

Two environmental projects were approved in July 2000, but they do not utilize the total of available funds for this year (EUR 44 million).

*The Győr plant has received EUR 7.25 million for the 14.5 million investment, the project in Hajdú-Bihar of a total value of EUR 18.74 million received EUR 14.05 million.

The other proposed projects will most probably be decided in October and November this year. The above list is taken from internet resources, however, information distributed by different sources is often not coherent.

If not in the preparation of project proposals, public could be involved in the project if it is subject to an environmental impact assessment, as an EIA requires public hearing.

Monitoring

The Council Regulation (EC) No 1267/1999 only requires setting up ad hoc monitoring committees with participation of authorities of the beneficiary country

concerned, the Commission and „where appropriate”, the EIB. Regional and local authorities and private enterprises will only be represented when „they are directly concerned by a project”. There is no clear provision of involving NGOs in the monitoring process.

Currently, the monitoring committees are being established in the Ministries.

SAPARD

SAPARD is the facility that is in the earliest phase of preparation in Hungary. The coordinating Ministry is the Ministry of Agriculture and Rural Development. SAPARD provides Hungary with grants for agriculture and rural development amounting to EUR 38 million a year. The Council Regulation (EC) No 1268/1999 establishing SAPARD was officially announced in Hungary in June 1999, three months later than planned, thus endangering the access to funds in 2000. Funds not utilized in one year are not accessible in the next year.

There is a difference between the management of rural development and agricultural programs. For the preliminary evaluation of rural development programs, the recently established regional offices are responsible, whilst agricultural development is planned centrally, by the Agricultural Bureau of the Ministry. The financial authority is the Ministry.

The basic criterion for eligibility was to compile a 7-year development plan and present it to the Commission. The plan was drafted in the Ministry in 1999 and - to ensure public participation - presented to the Parliament of the Countryside, an umbrella-organization involving about 440 member organizations from all around the country, for comments. *The Ministry gave them three days including a weekend to make comments on the draft,* and despite the tight time frame, 89 organizations gave their opinion and proposals for the document. When the EU made comments on the „revised” draft in February 2000, the Parliament of the Countryside discovered that 8 points were identical with their proposal, which was an evidence that the views of civil society were not properly taken into account by the Ministry. Meanwhile, the plan provided a detailed description of civil society involvement in the process.

An important question to be raised is the decision of the EU to take out support for the issue of community development from the list of goals for the plan, although this is one of the most crucial issues in Hungary.

Later on, the Parliament of the Countryside applied for participation in the preparation of the national program, but the Minister made the document secret, thus excluding civil society. The Plan was approved by the EU last September.

The only area where public participation was taken seriously was the planning for small regions. In those small regions, the population has been consulted, and the Parliament of the Countryside was allowed to evaluate the category A and B proposals. These proposals were also sent to the University of Gödöllő and the regions for evaluation. However comments of the Parliament of the Countryside were sent to the small regions, which prepared the proposals, too late, and it was only in the case of category A proposals that some adjustments could be made in accordance with the comments.

The Foundation for European Dialogue also organized a conference, to which NGOs were invited only a day before, and no discussion draft was sent to the participants. Moreover, representatives of the civil society were given few time to make their comments.

Monitoring:

A Monitoring Committee has to be set up within three months after the program is running. The head of the committee is to be appointed by the Ministry of Agriculture and Rural Development, members of the committee will be representatives of the Ministries, government and state authorities, representatives of social and economic partners. Private sector and civil society are also planned to be represented.

Generally speaking, the process is characterized by little reference to opportunities for public participation. Where opportunities are given by law, the wording „where appropriate” is often used, making enforcement difficult. In many cases, public participation is denied on the basis that „these are too large, all-encompassing projects/programs”, thus it is inappropriate or impossible to ask the opinion of civil society. Where public participation takes place, it is in most cases very formal, with varying effectiveness. As the institutional framework is also in the process of being established, the division of responsibilities is still vague, and binding guidelines for public participation are few.

Latvia:

VAK, *Friends of the Earth Latvia*

In Latvia pre-accession funds are seen as a key source for providing additional amounts of financing for projects.

PHARE 2000+

Co-ordination work on the national level in Latvia is done by the Board of Co-ordination of the International Assistance Programs Co-ordination Directorate (Directorate). The Directorate communicates with the EC and finalises projects prepared by different sector Ministries. Officially the Minister for Special Assignment for co-operation with international financial agencies carries out the highest co-ordination.

On the national level the **PHARE working group** has been established which consists of representatives from the European Integration Bureau, Ministry of Finance, Ministry of Foreign Affairs and the Directorate.

PHARE 2000+ is less centralised than PHARE was previously, because part of the financing will be devoted to regional investment projects (30% in the year 2000). Under *old* PHARE there were no clear priorities defined, but now the situation on the national level is much clearer. Under PHARE 2000+ there are two less-developed regions in Latvia selected (*according to regional development principles the whole of Latvia is divided into 5 regions) to receive assistance or so-called investments in social and economic cohesion.

PHARE 2000+ has not been implemented yet and it is supposed that a financial memorandum between Latvia and the EC will be signed in December this year, at least the Directorate expressed such a hope. The whole pack of projects has been sent to Brussels about month ago. The delay was due to different kinds of instructions from the EC about necessary changes in project proposals.

NGOs are not involved in the preparing of the list of projects. However NGO involvement would be highly necessary in the regional projects of economic and social cohesion.

The structure of Phare 2000 looks as follows:

- institution building – 35.3%
- investments into *Acquis* – 19.8%

- participation in EU Programmes – 10,8%
- investments into Economic and Social Cohesion – 30% (in two selected regions)
- cross border co-operation programme – 6,6%

For the year 2000 there were several projects that have been prepared, but remained on the “reserve” list. One of such projects is “Implementation of water quality control systems in Latvia according to EU requirements on water protection”. From the environmental point of view that issue for Latvia is crucial, because the country has major problems with fulfilling EU requirements on water protection.

The project list for the year 2001 has been prepared. Overall 11 project proposals are in the pipeline for the total amount 27.808 million EUR from Phare 2000+. There are two projects (out of these 11) that are under a big question mark and probably will not be approved – “Rising Public Awareness on Latvia’s Accession to the EU” and “Strengthening of the Court System”.

ISPA

The co-ordination on national level is being carried out by two institutions – the Ministry of Transport and the Ministry of Environmental Protection and Regional Development. Both ministries prepare project proposals and send them to the Directorate (explained above) which after receiving and adding all comments from the Ministry of Finance sends them to Brussels.

Most of the ISPA project proposals were prepared and sent to Brussels already in January 2000, but the comments from the EC were received after more than four months. That is why national ISPA projects were finalised only in the second part of this year. The package of project proposals was now sent to Brussels on September 6th 2000. The ISPA Management Committee meeting will be held in October 26-27 and Latvia hopes to get these projects approved.

Transport sector:

National ISPA Strategy for transport sector was approved in October of 1999. Key goal of the Programme is to ensure development and maintenance of transport system that is efficient, sustainable, integrated and environment-friendly. There are two main priorities defined in Strategy – East-West railroad development and South-North road (ViaBaltica) development.

Ministry of Transport is responsible for selecting and developing ISPA project proposals. Other institutions are not involved.

Transport infrastructure is larger than required for domestic needs, and mainly serves east-west transit traffic. Almost 80% of rail traffic and 60% of truck traffic is servicing the transit flows. Further development of transport infrastructure will contribute to the further increase of these transit flows.

Projects are mainly based on one of the strategic tasks outlined in the Program – **further integration into Trans-European Transport Network**. At the same time there is no sign of facilitation of environmentally friendly modes of transport, although this is mentioned as one of the strategic tasks as well.

The main emphasis in the ISPA financed projects is put on further improvements of the most important TINA network elements. The basic priorities will be associated with the modernisation and development of selected roads and railway lines of international importance.

There are two essential network elements:

- ✓ road corridor I (Via Baltica) and its connection with the sea ports and Corridors II and IX;
- ✓ East-West Railway Corridor connecting the seaports with Corridors I, II and IX.

Loans from other International Financial Institutions will constitute major part in these projects.

The Ministry of Transport has been previously very unwilling to integrate environmental and social aspects into transportation projects. After the case with one part of ViaBaltica when the local community, environmental NGOs and the Ministry of Environmental Protection and Regional Development successfully opposed the project, the Ministry of Transport is now integrating, after consultations, the environmental and social concerns into projects.

So far **only one project has been approved** by the EC – **Improvements of VIA BALTICA** (TINA road corridor #1) from km 13.0 to km 21.2 on the Latvian State Main Road A1 (Riga – Ainazi). Total project cost is 6,25 million EUR from which ISPA grant is 4,69 million EUR. Road A1 is that linking Riga and Tallin; several parts of this road including bridges have been rehabilitated during previous years with PHARE money.

NGOs were not involved in the preparation of the projects. Additional consultants can be involved in order to provide purely technical assistance.

Environmental sector:

National ISPA Strategy for Environmental sector was approved on 30th May this year. The Strategy was worked out on the basis of existing programs – water management and waste management.

The Ministry of Environmental Protection and Regional Development (EU Funds unit in the Investment Department) co-ordinates ISPA projects on the national level. Although projects relate directly to municipalities, the main initiator of ISPA projects is the Ministry. Project proposals and feasibility studies are often elaborated by consultant companies.

For the year 2000 technical assistance was received from PHARE under the *Large Scale Infrastructure Facility* (LSIF) to prepare for ISPA projects.

Average amount from ISPA in the environmental sectors is supposed to be 23.4 million per annum.

The priorities that are identified for investments in the environmental sector:

- ✓ water supply and waste water treatment;
- ✓ waste management (including hazardous waste);
- ✓ nature protection;
- ✓ air protection (energy and transport)

The Ministry has the function of monitoring the implementation and financing of ISPA environmental projects. The Inter-ministerial working group comprises representatives from sector Ministries that are linked (directly or indirectly) to the above-mentioned priorities. Linking the basic project idea with other sectors, they contribute to working out the project proposals.

There is an Environmental Impact Assessment (EIA) Office that assesses whether EIA is required. If EU directives do not require EIA, national legislation is checked. Finally, for most of the projects the EIA is being prepared and NGOs and society can be involved in that process.

SAPARD

In order to start a SAPARD program in Latvia there are basically two prerequisites – working out of ***Rural Development Plan for European Community Support for pre-accession measures in agriculture and rural development in Latvia*** (accepted by the European Commission) and accreditation of Rural Development Service.

The draft version of the Plan was submitted to the EC in the first part of this year, but Commission responded to the Latvian government saying that the document does not give enough clear picture of how the restructuring of the agriculture sector will proceed. The link with the support given to producers and processing industry is also unclear. The process of finding out the criteria that will be applied to beneficiaries of this financial assistance was rather slow and took too long.

On 13th September 2000 the EC accepted The Rural Development Plan for Latvia (for years 2000-2006). Now the pre-accreditation process of nine Rural Support Services (the payment agencies) has started – these institutions are going to take up responsibility for administering the use of SAPARD funds on local level. The location is chosen according to regional planning principles. It is supposed that pre-accreditation will be finished at the end of this year and the financial agreement on SAPARD finances assignment will be signed. Therefore the beginning of next year is seen as a start for farmers to submit their project proposals to the Rural Support Service.

Latvia can receive 21.8 million Euro annually. There are no prioritised regions in Latvia for receiving financial assistance in the frame of SAPARD.

According to the Minister of Agriculture, Latvia has met all requirements needed to sign agreements already in this year.

In general the Ministry of Agriculture co-ordinates the SAPARD and its preparation measures. This institution was leading the preparation of Rural Development Plan for pre-accession measures in agriculture and rural development. The inter-ministerial working group on SAPARD was established comprising representatives from Ministries of Finance, Economics, Environmental Protection and Regional Development, Welfare, Education and Science as well as the European Integration Bureau, International Assistance Program Co-ordination Directorate and the Union of local self-governments of Latvia.

The institution building programs both on national and regional levels are just partly completed, but the strengthening of these institutions is necessary. The management and supervision of SAPARD is carried out by several institutions:

- ✓ **SAPARD Monitoring Committee** (EC, sector Ministries and NGOs). All partners involved in this Committee have the rights to initiate changes in the national SAPARD programme, but the decision is taken by a qualified majority.
- ✓ **Ministry of Agriculture** (strategic management and supervision of the SAPARD program)
- ✓ **Agency of Structural Programmes in Rural areas** (the co-ordination of implementation and technical supervision of the SAPARD projects) – this is subordinated to the Ministry of Agriculture. This Agency will assess and take the

final decisions on agriculture and food processing projects as well as take final decisions on rural development projects.

- ✓ **Partnership Councils** – councils in the regions of Latvia (formed on the basis of regional agriculture departments) that are involved in the assessment of rural development projects. Councils are supposed to involve concerns of local community in the project assessment and secure co-ordination between local and national institutions and interested groups.
- ✓ **Rural Support Services** (regional agriculture departments) – directly subordinated to the Ministry of Agriculture and involved in project assessment, they serve as a secretariat and carry out all technical functions for the above-mentioned Partnership Councils. Services were set up by the end of March 2000. Services will cover both – the functions of implementation of SAPARD on the local level and those of paying body. Rural Support Services will serve as a first “filter” – potential receivers of assistance will submit their project proposals to the Services that make the first project assessment in accordance with criteria and process data.

Depending on projects the project amount could range from 1500 Euro (training projects) up to 500 000 Euro (the improvement of agricultural and fisheries product processing and marketing).

Self-governments, Rural Support Services and NGOs are involved in the Partnership Councils. Experts from state institutions and NGOs can be involved if the project is related to specific issues. The Councils basically operate as consultants.

The responsibility to inform potential receivers of assistance from SAPARD is up to the Rural Support Services. Besides this, there are 26 Agriculture Consultations Bureau that are located in all districts of Latvia.

In the frame of the **EU Special Preparatory Programme for Structural Funds in Latvia a pilot project** for facilitation of agriculture and rural development will be implemented in several districts (pilot region). The programme funded from PHARE has started in March 2000 and is supposed to last until April 2001. Project's main aim is to develop administrative capacity, acquire experience and prepare for implementation of SAPARD both on local and national levels. The Ministry of Agriculture together with other responsible institutions and Rural Support Service will implement small-scale operational program in pilot-region (resources allocated amount at 455 000 EUR from EU plus 25% public funding). This money is supposed to be spent on direct investments in order to facilitate rural development in these territories.

However the system is legally not yet prepared to absorb SAPARD. The Rural Support Services have to proceed accreditation, which includes preparing all necessary legal documentation and financial audit. Only afterwards may the financial agreement between Latvia and the EU can be signed. It will take several months to “make this system work”.

NGOs dealing with rural issues were involved in preparing the Rural Development Plan. NGOs will be also involved in the work of Supervisory Committee. These NGOs are Agriculture Co-operation Board, Latvian Farmers Federation, Dairy-farmers union and associations that represent the interests of different groups in agriculture and the food processing industry.

There are five main priorities (measures) identified in Rural Development Plan:

- ✓ investments in agricultural holdings;
- ✓ development and diversification of economic activities providing alternative income;
- ✓ improvement of general rural infrastructure;
- ✓ improvement of agriculture and fisheries product processing and marketing;
- ✓ environmentally friendly agriculture methods.

For the year 2000 there is no expenditures projected for environmentally-friendly agriculture methods including measures such as: organic farming, preservation of biodiversity and rural landscape and reduction of agriculture run-offs.

In general farmers are very interested in SAPARD as they see this assistance as a tool to survive in the market economy under given situation. In order to receive this assistance they have to go through very complicated procedures and it can be very hard for them to comply with all these requirements.

Lithuania:

Friends of the Earth Lithuania, CEE Bankwatch Network

Lithuania will receive support during the pre-accession period under EU SAPARD, PHARE and ISPA programs. Most of the projects for the year 2000 are still in the preparation stage, except for two transport projects already approved. Most of the projects and allocated financial support will be transferred in the year 2001.

SAPARD

In the period 1991-2000 Lithuania received support from EC for the agriculture development from EC-PHARE. Since 2000, together with the 10 other accession countries Lithuania is switching to the SAPARD program for support from the EU for the modernization of the national agriculture sector.

Lithuania is planning to receive 29,829 million EURO every year from the EC as contribution of SAPARD program during 2000-2006.

Planned investments into agricultural sector within SAPARD programme:

I. Total support from the state for the investments: 276,316 mln. EUR

- Contribution from state budget of Lithuania:	67,513 mln. EUR
-SAPARD:	208,803 mln. EUR
II. Private means:	272,890 mln. EUR
Total amount during 2000-2006 years:	549,206 mln. EUR

Scheme of project financing from different sources:

Total project amount – 100%		
Private means 50 %	State support 50%	
	SAPARD 75%	National budget 25%

Source: Ministry of Agriculture of Lithuania, 2000

In fact, the Lithuanian Government will allocate only 25% of so-called state support, because SAPARD is a contribution of the EU.

Financing from SAPARD will be available only on the condition that the EC will confirm Lithuanian Agriculture and Rural Development Plan 2000-2006.

This plan is approved by the Lithuanian Government and has been sent for the approval to the Commission.

The analysis of the agriculture sector and rural areas in Lithuania suggest that the following areas should be selected as priority areas under the SAPARD program.

1. Agricultural production;
2. Processing and marketing of agricultural products;
3. Diversification of economic activities in rural areas;
4. Rural Infrastructure and Environment;
5. Forestry
6. Environmentally friendly agricultural methods
7. Vocational training;
8. Technical assistance, information and publicity campaigns.

According to the plan, all projects should meet environmental criteria among other criteria for the financing. There are three areas in which direct investments into environmental projects are foreseen: afforestation of non-arable land, environmental infrastructure in rural areas and environmentally sound agricultural methods. Promotion of agricultural tourism and alternative traditional business also could be considered as environmentally sound projects.

Organic farming was not separated as a priority area, but nevertheless it has a priority among the regular projects.

Public participation:

Preparation of the Agriculture and Rural Development Plan 2000-2006 was not determined by clear public participation procedures. But according to the sources in the Ministry of Agriculture, many interest groups, mostly farmer organizations and various associations of agriculture production and reprocessing were taking part in the preparation of the Plan and contributed with remarks and suggestions. Environmental NGO's were not involved in the preparation of the plan due to a lack of information and interest.

Draft documents concerning SAPARD and Plan are available on Internet page of the MoA.

Due to the lack of clear procedures and strict regulations/requirements from the EC to meet general EU provisions for the agricultural development of pre-accession

countries, there was very limited scope for the NGO's and general public to intervene in the process of setting up of priorities for the SAPARD program. Interested NGO's have some opportunity to influence selection of the projects available for the financing from SAPARD through the project administration bodies in the counties.

II. ISPA

Transport and environment infrastructure projects will be financed through ISPA. Lithuania will receive 50 million EURO annually for ISPA projects during 2000-2006. ISPA funding should be shared 50% for transport and 50% for environment sectors.

ISPA financing for the transport sector:

EU support for the transport infrastructure development could be characterised as the most clearly defined. Financing will be available only for the TEN projects, determined under TINA program. Only road and railway projects are eligible for the financing, because sea ports and airports are considered commercial projects and will not be supported by ISPA. Development of the public transport system is not a subject of the ISPA financing at all. There are no clear definitions of under what proportions financing should be allocated for road and railway schemes. All the above-mentioned factors lead to the conclusion that financing of the transport sector under ISPA is one of the most controversial issues for the environment and general public benefit in pre-accession countries amongst the EC Pre-Accession funding elements.

There are two projects already approved for the financing from ISPA in Lithuania. One road reconstruction and one railway reconstruction project in the year 2000. Due to the delay with projects approval and financing these projects will be implemented in 2001. There is one more road reconstruction project waiting for the approval by the EC for the financing under the year 2000 budget.

All selected projects will get from 75% to 85% support from ISPA. Other funding will be provided by the Lithuanian National budget or IFI's.

Proposals for the 2001 year financing:

Few road reconstruction and railway reconstruction projects are in the pipeline for the financing under ISPA in 2001.

All Lithuanian transport infrastructure projects considered for financing under ISPA could be characterized by two criteria:

- 1) no new roads so far, only reconstruction of existing roads and railways.
- 2) All transport projects are part of TEN as so-called Crete corridors.

EIA was not required for the selected projects, because reconstruction of existing links is not considered as A category with full EIA process, including public participation.

There will be some environmental benefits from railway projects. At the moment most of the cargo, especially in the East-West direction are transported by the railways. Reconstruction and upgrade of the railway system will strengthen national railway company in the competition with growing road transport and will lead to the slower growth of emissions from the transport sector, as road transport accounts for the most of emissions in the transport sector. Also some environmental measures are planned to be implemented during the reconstruction of selected transport links.

Public participation:

The Ministry of Communication (MoC) has the most poor record of available information for the transport development plans/projects and usage of Pre-Accession aid. No information is publicly available on internet. Priorities for the financing were not considered and not consulted with citizen groups and interested NGOs. Basically, NGOs and the general public do not have any access to the information and decision-making process for the selection and prioritising of transport projects to be financed under ISPA. This is due to the existing rules and working culture both of the MoC and relevant EC institutions.

ISPA financing for environment sector:

Environmental projects for ISPA financing during year 2000 are not approved yet. A number of projects (waste water treatment and regional landfills of municipal waste) were selected and presented for the EC approval. So far only two projects are finally prepared and waiting for the EC approval (modernization of Vilnius and Druskininkai waste water treatment plants). Approval and financing of other projects will moved from the year 2000 to 2001. A number of other waste water and regional municipal waste landfill projects are waiting for the approval for the financing from the year 2001 ISPA budget: Kaunas biological waste water treatment, Jonava waste water treatment and drinking water network development; Klaipeda, Alytus and Taurage regional landfills of municipal waste.

The Ministry of Environment (MoE) has established a special ISPA National Board for the identification and selection of the projects to be financed from ISPA. In the first stage, projects are proposed by the municipalities and reviewed by the Project

preparation unit of the MoE. Then projects are approved by the ISPA National Board and sent for the revision and confirmation to the EC. When projects are finally approved, a special EU integration Unit in the MoE is responsible for the project administration and supervision of its implementation.

Public participation:

In the current stage of the project identification and selection process public participation was not secured neither on local nor on the national level due to the lack of clear procedures, lack of identified interest groups, lack of available information about the process and missing working culture in such processes.

Apparently there are chances for the interested NGOs to participate in the project identification and selection process. But these opportunities have not been explored yet. NGOs can potentially communicate and cooperate with local municipalities in the project identification stage.

According to the new law on regional development, NGOs could be involved in the Board of the Regional Development, where projects are finally identified and selected in the first stage. They could also apply to be involved in the ISPA National Board and participate in the final project selection process. Nevertheless, this would be a very challenging task requiring lots of financial and human resources and high skilled persons which is still difficult for civil organisations in Lithuania.

Poland:

Institute for Green Tax Reform, CEE Bankwatch Network

Identification of barriers in use of pre-accession funds in Poland for ISPA and SAPARD.

Environmental ISPA:

The Ministry of Environment and the National Environmental Fund are the bodies responsible for coordination of environmental ISPA in Poland. Among their responsibilities are:

- Preparation of the “strategy” for ISPA. The strategy shows prioritization of different kinds of investments in environmental protection.
- Information campaign directed to potential grantees and helping them with preparation of the grant proposals.
- Preliminary selection of the proposals. First selection is at National Environmental Protection Fund (NEPF) level, second is done by the Ministry of Environment.
- Controlling and monitoring of the projects

After one year of operation of environmental ISPA in Poland it appears that there are significant barriers that lower efficiency of this fund. These are:

- Transparency problem: Since the Ministry of Environment prepared the document: “Strategy for ISPA”, it has not make this document generally available. Therefore, many potential grantees were not informed about the basic ISPA priorities set by the ME. There was also no public participation in the process of preparing the Strategy.
- Almost no information campaign: Over 300 proposals for financing from ISPA were originally submitted to NEPF in the year 2000. Many of these proposals were not correctly prepared to be financed by ISPA. The reason was to some extent lack of proper information. An information campaign would greatly increase the number of good quality projects submitted to ISPA program.
- Identification of investments: it seems that in the case of large scale environmental problems ME and NEPF should play an active role in

identification of the “hot-spots” and helping local authorities to develop the projects. Unfortunately this is often not the case.

If the annual budget for the Polish part of environmental ISPA amounts EURO 150 million it is important to use this budget in a manner that would guarantee financing as many investments as possible.

Of course, it is important that this money be spent in a way that avoids wasteful practices and has the best possible environmental effect.

To date (mid October) there has been only one project accepted by the Commission to be financed under environmental ISPA. This is the project of modernization and building the sewage treatment system in the city of Bydgoszcz. The amount of sources from ISPA for this project is 33,02 million EURO. It is expected that the project will eliminate all sewage disposal to Wis³a and Brda rivers in Bydgoszcz.

Transportation ISPA:

The Ministry of Transportation is responsible for coordination of the ISPA transportation fund in Poland. The Commission has already accepted two projects and financial memoranda for these projects were signed on 22nd of September. These are:

- 1) Construction of a 19 km long section of A4 highway between Kleszczów and Sæenica. Total costs of the project are EURO 120.7 million of which EURO 84.2 million comes from ISPA.
- 2) Modernization of 52 km long section of E20 railroad between Mińsk Mazowiecki and Siedlce. Total cost of the project is EURO 132.5 million of which EURO 93.4 million comes from ISPA.

The Polish side has submitted to the Commission other projects, which will be discussed during the sessions of the Steering Committee on 27th of October and 24th of November.

Critics:

- Currently, there is no involvement of environmental NGOs in the transportation-ISPA steering committee and other decision-making bodies. Such involvement would promote environmentally sound and efficient use of this money,
- Information and basic documents on the process of redistribution of ISPA are not generally available.

SAPARD:

Compared to the other pre-accession funds (ISPA or PHARE), the SAPARD program in Poland has been introduced at a much slower speed. The process of selecting the projects to be financed from SAPARD has not yet started. The Regional Steering Committees – RSC (advisory bodies involved in the decision-making process) have not been appointed.

It is important to ensure that the RSC will include representatives of environmental NGOs (as provided for in the Operational Program). RSC will be appointed in all 16 regions.

As stated in the document “Operational Program for Poland” prepared by the Ministry of Agriculture and Rural Development (proposal as of 12 September 2000) SAPARD in Poland should support investments in 7 main fields:

- 1) Improvement in Processing and Marketing of Food and Fishery Products,
- 2) Investments in Agricultural Holdings,
- 3) Development of Rural Infrastructure,
- 4) Diversification of Economic Activities in Rural Areas Providing for Multiple Activities and Alternative income,
- 5) Agri-environmental measures and afforestation (pilot projects),
- 6) Vocational training,
- 7) Technical assistance.

The SAPARD operational program puts the main emphasizes on creating jobs out of the agricultural sector and little emphasizes on promotion of ecological farming and agri-environmental measures. Because ecological farming is an emerging market in many European countries, it could be an attractive opportunity for Polish agriculture, especially that potential for such farming in Poland already exists. Unfortunately with the current set-up this opportunity is completely neglected.

2) Statistical study of eligible potential grantees of environmental ISPA.

Within the Polish part of the “Billions for Sustainability? – financial aspects of accession” project the Institute plans to conduct statistical study on eligible potential grantees for environmental ISPA. The main objective of this statistical study is to identify and assess main grantee-side problems and obstacles with environmental ISPA. Potential problems might include, for example: inadequate information flows between Ministry of Environment (information campaign) or National Environmental

Fund and the potential grantees; lack of transparency of the procedures and insufficient understanding of ISPA rules and requirements by potential grantees.

The sample group will consist of the Eligible Potential Grantees (EPG) of environmental ISPA i.e. authorities of large cities with heavy environmental burdens that require substantial financial investments in, e.g., sewage treatment, waste management and air quality improvements. This group will be classified according to the region and the population size (100 – 200 thousand, 200 – 300 thousand and above 300 thousand) etc. The division of the sample group into the classes and careful construction of the sample group will allow estimating precisely the error of the statistical study and obtaining high-quality results. The results of the study will allow indicate and allow for the prevention of the main problems and obstacles in efficient use of environmental ISPA funds.

Slovakia:

CEPA, Friends of the Earth Slovakia, CEE Bankwatch Network

Pre-accession Funds in Slovakia

Since the political changes in Slovakia in 1998, the country has been able to consider EU accession. This agenda was temporarily stalled by the administration of Vladimir Meciar (Slovak premier, 1994-1998), but with the current government it can proceed at a faster pace.

Slovak Republic representatives have set the year 2004 as the date when Slovakia will be prepared to be member of the Union. The entire EU accession process is adapted to reach this date, despite the apparent fact that much more time is needed to discuss how the process should proceed. In particular reference to the EU financial assistance, there is definitely a need to evaluate the development and implementation of PHARE, ISPA and SAPARD instruments and learn from past failures to improve processes in the future.

ISPA in Slovakia

ISPA (Instrument for Structural Policies for Pre-Accession) Fund will operate in Slovakia from 2000 to 2006 with the year 2000 total allocated funds at 47 million EURO. This total is divided evenly between environmental and transportation sectors.

In order to receive ISPA resources, a country needs to draft two documents: the National Strategy for ISPA, Environmental Section and the National Strategy for ISPA, Transportation Section. The Ministry of Environment and the Ministry of Transportation, Post and Telecommunication; of the SR are the two departments responsible for development of these strategies. Slovakia is the only candidate country which was not able to prepare an acceptable environmental strategy for ISPA till September 2000. The Transportation Section has been prepared in cohesion with the EU transportation policy and ignores the specific regional needs of Slovakia. Both sections of the National Strategy for ISPA have been prepared with no public participation and no participation of socio-economical partners from different regions of Slovakia.

Programming Under a Time Pressure

The first draft version of the ISPA Strategy, Environmental Section, was submitted in November 1999. In the following months DG Regio and DG Environment have been citing several insufficiencies of the investment strategy. In May 2000, several meetings between DG Regio staff members and responsible ministers and members of the Slovak government were held. The conclusion from all these meetings was more than clear: Slovakia is the only candidate country with an unacceptable Strategy for ISPA, Environmental Section. Finally, after a significant delay, a version of the Strategy was approved by the ISPA Management Committee.

Yet, the Ministry of Environment failed in an environmental investment planning. The Environmental Section of the Investment Strategy for ISPA lacks clear strategic priorities for the period 2000-2006. There are no standard procedures for project development and project assessment, therefore there is an inefficient management of public financial resources and conditions conducive to corruption.

Ignoring the Principle of Partnership

The Environmental Section of the Strategy for ISPA is a program document with a significant environmental impact. Nevertheless, there was no public hearing for this important document. The Transportation Section of the Strategy for ISPA is based on two documents TEN (Transport-European Networks) and TINA (Transport Infrastructure Need Assessment). Locating TEN corridors on the Slovak territory, a project prepared in the years 1994-1996, was not subjected to any real public hearing process, strategic environmental impact assessment, nor any independent cost-benefit analyses. Considering these facts, the National Strategy for ISPA was prepared, ignoring principle of partnership, which is required by the EU in regional planning processes.

Projects: Support of Centralized Solutions Environmental

In the beginning of August 2000, before the EC enacted the ISPA Strategy for the Environment, three ISPA projects were sent to the EC from Slovakia. These projects were the proposal for water treatment facilities in the cities of Nitra, Banska Bystrica and Trencin as well as a project of sewage water treatment facility in Komarno. Total requested funds were 49.18 million EURO. Based on information available from October 2000 meeting, two of the proposed water treatment facilities

have been approved. The rest of the proposed projects are to be assessed in November this year.

Environmental projects must be designed to fulfil conditions outlined in the investment guidelines, which are set an upper limit for minimal contribution to 5 million EURO. Due to this requirement, large, centralized projects will be financed. This limit creates a disadvantage for alternative projects, which are mostly less costly, decentralized and have a lower environmental impact.

A five mil. EUR minimum limit investment, also presents an obligation to co-invest a min. of 50 mil. SK from the state or town budget. This means that ISPA Projects would block financial resources that could be utilized more effectively when used for dozens of smaller projects.

An example of the preference for centralized, high-cost projects is a project for the establishment of a water treatment facility in the city of Banská Bystrica. The high minimum limit does not allow for a lower cost alternative, which is a smaller facility just for one of the city parts rather than a long distance connection to an old water treatment facility. The financial limit requirement may result in centralizing city parts or even independent villages in order to develop large projects.

Transportation projects

The project priorities as defined in National Strategy for ISPA, Transportation Section, focusing on railway transportation development, are environmentally friendly. However, 81.7% of total resources will be invested into projects located in Western Slovakia within the multi-modal transportation corridor No Va and VI. (in compliance with TINA). Priorities, if implemented, will lead to an increase of disparities between regions in Slovakia which violates one of the main goals of EU regional policy. Moreover, projected transportation corridors do not respect an optimal variant of transportation infrastructure developed for Slovakia.

The Slovak government was entirely too "tolerant" in the decision-making and division of competencies and responsibilities when implementing ISPA Fund. This has resulted in a lack of cooperation among institutions involved, insufficient program management and consequently delay in preparation of strategic documents and projects. A special program financed from the PHARE Fund, whose mission has been to prepare Slovak institutions for ISPA Program, has failed. On the other hand, the EC section responsible for ISPA Program management has not provided timely and sufficient information about project procedures and requirements to the candidate countries. Therefore candidate countries are not

prepared for utilizing an ISPA Program effectively. Such an approach gives the impression that EU institutions are bureaucratic and inefficient and adjustment to European standards may not be a positive contribution towards increase of quality management of Slovak public institutions.

PHARE Program in Slovakia/ PHARE Regional Development

The PHARE Program is currently the main channel for the European Union's financial and technical cooperation with the candidate countries. Set up in 1989 to support economic and political transition, the PHARE funding supported Slovakia with 415 mil EUR during the 1990-1999 period. Additionally, the funding allocated for the year 2000 is 49 mil EUR. The PHARE assistance program has several branches. The most discussed of these is a part called PHARE Regional Development which promotes social and economical cohesion of the regions. The establishment of needed institutional support for the programming and assessment of the PHARE projects was postponed. Consequently, these steps were done by bodies without implementing of the principle of partnership and without objectively verifiable criteria. Transparency was not included in the process. There is a suspicion that conditions conducive for corruption were established in this way.

To receive sources from the National Program Phare 2000+ and Phare 2001 (official name of PHARE Regional Development) countries are required to create a National Plan of Regional Development (NPRD). The preparation process of this document has for several reasons been delayed two years. Therefore the Integrated Plan for Regional and Social Development of the Slovak Republic was adopted in November 1999, to ensure the implementation and use of assistance until NPRD would be approved. The elaborated draft of the NPRD will be submitted to the Government for approval in December 2000.

According to NGO representatives, the information symmetry procedures in the creating of regional planning and project documents for the year 2000 was not sufficiently managed. The apparent methodological inability of public servants led to postponing preparations of the NPRD. The creation of institutional support determined for the programming of projects - regional management and monitoring committees and National Management and Monitoring Committee – was postponed. Work of these committees was done by other governmental bodies, however without possibility of public participation.

In spite of the above mentioned situation, the European Commission approved "additional sources" for the PHARE Programme in May 2000. The responsible government institutions had not properly informed possible beneficiaries nor civil society representatives about the possibility to request for additional funds from PHARE. Additionally, there is no public knowledge about the use of these sources. These facts may indicate that these sources were misused.

The critics of the PHARE Program process have argued that it is not transparent and does not comply with the principle of partnership. Although recently there are signs of, at least, declared efforts to improve the situation. The Ministry of Construction and Regional Development and Preparatory Committee for Structural Funds attempted to communicate and cooperate with representatives of the academic community, non-profit governmental organisations and regional partners. However, these partners are usually allowed a weak role in influencing the observed inefficiencies.

SAPARD Program in Slovakia

SAPARD (Special Assistance Program for Agriculture) provides funding mainly to private and public investments in agriculture, forest management and rural development. The total financial assistance available to the Slovak Republic for the 2000-2002 period amounts to an annual sum EUR 18.3 million from SAPARD. To use these funds, each candidate country needs draft up a development program for rural areas to cover the period 2000-2006. The programs should establish a strategy for rural development with clear, quantified objectives and indicate the expected impact of the program in economic, social, environmental and employment terms.

According to NGO criticism, the Rural Development Plan in Slovakia does not satisfy criteria mentioned above. Basically, it does not take fully into account social and environmental aspects of regional development. Moreover, it was not released for official public comments and consequently the recommendations, arguments and urgent comments of NGO experts were only partially considered.

Imperfections in Programming

To refer to concrete problems, the analytical section of the Rural Development Plan contains only basic information about biological and environmental parameters, protected areas and interference of existing agricultural practices on biodiversity. Rather this section mainly focuses on socio-economic measures of agriculture and

the food-processing industry. Environmental priorities are missing, consequently these priorities are not included in the strategic part of the document.

Furthermore, the Rural Development Plan does not stress enough the development of rural areas. Criteria in the Plan place small farmers at a disadvantage and encourages mainly big companies working in the agricultural business, in spite of the fact that they usually have a more damaging impact on the environment. The SAPARD program contributes more than 70% of its total budget to the agricultural and food processing production of big companies in intensified areas, which creates worse conditions in Less Favorite Areas.

The section of the Rural Development Plan focused on forest management is an example of a strategy based merely on economic benefit, ignoring environmental impacts. The declared aim of this section is "development of economic and environmental functions of forestry management". A large part of investment is aimed at the establishment of nurseries, purchase of machinery, support of logging, primary processing and the transport of wood. To further understand the situation in Slovakia, it is important to know that the export of logs was restricted by licences prior to 1996. From 1997, due to agreements between the EU and Slovakia, timber volume quotas were relaxed and, subsequently, export of wood substantially increased. In 1998, Slovakia managed to decrease the export of raw wood by introducing export quotas. However, these quotas were, due to the pressure from the EU, cancelled by the end of the same year. In 1999, Slovakia exported the largest amount of timber of the previous ten years. The SAPARD program could eventually support a tendency towards this kind development. Notably, concrete steps to improve the health of forests and to maintain the ecological functions of forests are not defined anywhere in the document.

Failure of the Partnership Principle

Certain versions of the Rural Development Plan were passed to Slovak environmental NGOs for comment. Environmental experts from Slovak NGO observed SAPARD's work through participation in advisory boards and discussion groups. However, they had little chance to directly influence decision-making. Considering that there is no doubt the document is one of crucial importance, transparency and public participation should have been ensured in a much larger scale and an EIA (Environmental Impact Assessment) should be a mandatory part of the program execution. In this manner, the principle of partnership, as defined in the EU regional policy, was not fulfilled to satisfaction.

Six of the ten associated countries' rural development programs to be co-financed by the EU's pre-accession instrument SAPARD were approved in September 2000. Three other programs, including Slovakia's, were endorsed in the STAR Committee (Committee on agricultural structures and development), in October 2000.

Generally, the SAPARD program reflects some basic needs and demands of agriculture and rural development in the Slovak Republic. Yet, there are still weak points which could lead to damage of the environment, biodiversity and rural areas. Considering this fact, NGO experts should be strongly involved in monitoring the use of funds channeled to the Slovak republic through the SAPARD program.

List of projects approved in principle by the management Committee 26-27 October 2000

	Est.Total project cost	Est. total Ispa grant	Ispa grant in 2000
LITHUANIA			
<u>Sector project: environment</u>			
Vilnius rehabilitation and extension of water supply	40,00	20,00	16,00
Druskinninkai: wastewater treatment, upgrading	5,50	2,75	2,20
<u>Sector project: transport</u>			
Modernisation of telecommunications, signalling	31,70	11,41	9,13
POLAND			
<u>Sector project: environment</u>			
Torun: modernisation and development of water	79,11	47,47	9,49
Krakow waste water treatment plant	79,98	55,98	44,79
Krakow waste water treatment plant	46,40	30,62	24,50
Szczecin sewage disposal	65,25	36,54	29,23
Wroclaw collectors/water supply	20,85	15,01	12,01
Gdynia: waste treatment plant for community Union	22,73	14,09	11,27
Krakow: municipal waste management in municipality	20,40	13,47	10,77
Wroclaw solid waste			
<u>Sector project: transport</u>			
Rzepin-Kunowice (E20): rail upgrading	23,63	17,72	4,43
Sochaczew-Grojec: reinforcement of surface pavement	32,76	24,57	7,37
ESTONIA			
<u>Sector project: environment</u>			
Tartu tunnel collector project K2	7,70	5,47	4,37
Narva city sewerage treatment plant rehabilitation	8,94	5,00	4,00
<u>Sector project: transport</u>			
Ikla-Tallinn-Narva section: via Baltica road rehabilitation	18,89	14,16	11,33

BULGARIA

Sector project: environment

Regional landfills (group) – waste management	60,58	45,43	36,35
Stara Zagora – Dimitrovgrad: construction	43,40	32,55	15,70

HUNGARY

Sector project: environment

Szeged: waste water collection and treatment plant	66,65	33,33	14,57
Szeged: regional waste management programme	12,80	8,32	6,66
Szolnok: solid waste management system	10,28	7,20	5,76

Sector project transport

Budapest-Szolnok-Romania: rail upgrading	126,00	63,00	14,90
Hegyeshalom-Győr-Budapest rail rehabilitation	85,99	42,99	16,59
Boba-Zalaegerszeg-Zalalövő rail upgrading	167,39	83,69	12,33

Est.Total project cost	Est. total Ispa grant	Ispa grant in 2000
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LATVIA

sector project: environment

Riga water & environment project phase II	24,30	17,08	11,06
Jelgava development of water services	14,99	11,24	8,43
Venspills improvement of water supply, waste water	20,08	9,44	7,08

sector project: transport

Access road to Riga airport (P133)	5,79	4,34	3,47
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ROMANIA

sector project: environment

Craiova: rehabilitation of sewerage network	70,38	52,78	38,34
Lasi: upgrading of water & waste water system	51,38	38,53	23,84
Valea Jiului: Dunutuni waste water treatment plant	9,68	7,26	5,81

CZECH REPUBLIC

sector project: environment

Ostrava city – sewage system upgrading	24,89	16,64	13,34
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sector project: transport

Road I/48 Frydek-Mistek-Dobra	33,99	20,39	10,05
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Modernisation of the line section Zabori-Prelouc	61,81	30,91	20,41
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SLOVENIA

sector project: environment

Celje: waste water treatment plant	14,74	8,84	7,08
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Lendava: sewerage system and central waste water	11,65	5,12	4,10
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SLOVAKIA

sector project: environment

Trencin: sewerage and waste water & water treatment plant	7,94	3,97	3,17
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Nitra: waste water treatment plant – sewerage system	10,35	5,18	4,14
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Total number of projects : 37	1438,84	862,46	484,06
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Address list of Project partners:

Bulgaria:

Anelia Stefanowa
Za Zemiata (CEE Bankwatch Network)
P.O. Box 975, Sofia 1000, Bulgaria
Tel/fax: +359 2 963 31 25
Email: zemiata@iterra.net

Czech Republic:

Pavel Pribyl
Hnutí Duha (FoE Czech Rep./CEE BN)
Lublanska 18, 120 00 Praha 2, Czech
Rep.
Tel: 420 2 225 13 859, fax: +420 2 225 18
319
Email: pavel.pribyl@ecn.cz

Estonia:

Peep Mardiste
Friends of the Earth Estonia/CEE BN
P.O. Box 318, 50002 Tartu, Estonia
Tel: +372 50 78 111, fax: +372 7 409140
Email: pepe@ut.ee

Hungary:

Teodora Donsz
ETK (CEE Bankwatch Network)
P.O. Box 123 1450 Budapest, Hungary
Tel: +36 1 217 08 03, fax: +36 1 216 72
95
Email: ddori@zpok.hu

Latvia

Alda Ozola
VAK (FoE Latvia)
Audeju 719 Riga, LV 1966, Latvia
Email: alda@lanet.lv

Lithuania:

Linus Vainius
Atgaja Community (FoE Lithuania/CEE
Bankwatch Network)
P.O. Box 156, LT-3000 Kaunas, Lithuania
Tel: +370 7 20 72 50, fax: +370 7 20 92
74
Email: linas@atgaja.lt

Poland:

Andrzej Gula
IGTR, (CEE Bankwatch Network)
Krowoderska 5/3, 31-141 Krakow, Poland
Tel/fax: +48 12 429 11 01, tel: +48 12 430
03 20
Email: andrzejg@bankwatch.org

Slovakia:

Lenka Zentkova
CEPA (FoE Slovakia/CEE Bankwatch
Network)
Ponicka Huta 65, 976 33 Poniky, Slovakia
Tel/fax: +421 88 4193324
Email: zentkova@changenet.sk

Brussels office:

Magda Stoczkiewicz
Friends of the Earth Europe/CEE
Bankwatch Network
29, rue Blanche, 1060 Brussels, Belgium
tel: +32 2 542 01 88/80, fax: +32 2 537 55
96
Email: magdas@foeeurope.org

Friends of the Earth Europe (FoEE)

Friends of the Earth Europe is the largest environmental network in Europe working at grassroots level, consisting of 30 independent national groups in 29 countries with over 3000 local chapters. FoEE co-ordinates and supports the campaigns and projects of its member groups, which deal with a large variety of subjects such as transport, waste, EU-enlargement, EU structural funds, trade, climate change and bio-technology. Through these activities, FoEE aims to raise public awareness, enhance the participation of people and environmental citizens' organisations in political process, and influence political decision-makers.

CEE Bankwatch Network

The CEE Bankwatch network is an international non-governmental organisation with member organisations currently from 11 countries of CEE and CIS region. The basic aim of the network is to monitor activities of International Financial Institutions (IFIs) in the region, and to propose constructive alternatives to their policies and projects in line with the principle of sustainable development. The CEE Bankwatch Network was formally set up in 1995 and has become one of the strongest networks of environmental NGOs in Central and Eastern Europe. Members of the Bankwatch Network are environmental NGOs from: Bulgaria, Byelorussia, Czech Republic, Estonia, Georgia, Hungary, Lithuania, Poland, Romania, Slovak Republic and Ukraine, many of them FoE groups.