



**PRE-ACCESSION FUNDS**  
**POLISH EXPERIENCES**



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OFFICE OF THE COMMITTEE  
FOR EUROPEAN INTEGRATION  
Al. Ujazdowskie 9, 00-918 Warszawa  
<http://www.ukie.gov.pl>  
e-mail: [info@mail.ukie.gov.pl](mailto:info@mail.ukie.gov.pl)

**Typesetting and printing**

POLCEN Sp. z o.o.  
00-503 Warszawa, ul. Żurawia 32/34  
tel. (22) 622 29 62, tel./fax: 622 16 61  
e-mail: [polcen@pro.onet.pl](mailto:polcen@pro.onet.pl)  
[wydawnictwo@polcen.com.pl](mailto:wydawnictwo@polcen.com.pl)  
<http://www.polcen.com.pl>

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Poland will become a member of the European Union (EU) on 1 May 2004, but it has been receiving EU funding since 1990.

Coordination and monitoring of the EU pre-accession assistance are the tasks of the Office of the Committee for European Integration (OCEI), established in 1996. The activities and efforts of the OCEI and close co-operation with the European Commission, especially at the stage of programming and monitoring of the PHARE projects have resulted in a high level of disbursement of the Community assistance.

It is estimated that the overall support for Poland under the three pre-accession instruments, PHARE, ISPA and SAPARD, amounted to ca 5.7 billion Euro in the period of 1990–2003.

## Types of Assistance and Principles of Implementation

### PHARE

Phare (Poland and Hungary Assistance for Reconstructing of their Economies) is the major programme of the EU assistance for Central and Eastern European countries (CEECs). It was launched in 1989 to support the economic and political changes in Poland and in Hungary and was later extended to encompass other countries of Central and Eastern Europe. In 1998 Phare was transformed in the instrument of pre-accession assistance targeted at 10 Candidate Countries. Other countries like Albania, Bosnia-Herzegovina and the Former Yugoslav Republic of Macedonia benefited from the Phare until 2000. As of 2001, they have become beneficiaries of the Community Assistance for Reconstruction, Development and Stabilisation (CARDS).

In the period 1990–2003 the overall Phare budget for Poland amounted to over 3.9 billion Euro. Poland has so far received the major share of Phare resources allocated to Central and Eastern Europe.

2003 was the last year of Phare programming in the Candidate Countries. In accordance with the schedule defined in the Financing Memoranda signed by Poland and the European Commission in 2003, projects to which resources have been allocated under Phare 2003 will be implemented until 2006.

## The New Orientation for PHARE Programme in Poland

Initially, PHARE funds were to be committed to support the process of political and economic changes in countries of the former Eastern Block. Gradually, the nature of the programme changed and an ever greater share of the EU money was earmarked for projects targeted at Poland's integration with the EU.

In 1997 the European Commission presented perspectives for the future development of the PHARE Programme in the document "New Orientations for PHARE Programme" which was accepted by the Candidate Countries. These changes have been applying since 1998.

The necessity for introducing changes in the programme arose from the fact that PHARE had turned into an instrument of Poland's integration with the European Union, as well as from the need for an even more effective system of assistance absorption.

The European Commission (EC) prepared a summary of its expectations related to the process of joining the EU for each applicant country. The summary is known as Accession Partnership. All the Candidate Countries prepared also their own documents addressing the EC priorities and providing a detailed definition of the objectives financed with the EU assistance.

In the case of Poland, the objectives to be achieved in the pre-accession period were set out in a government document entitled "National Programme of Preparation for Membership in the European Union" which was updated on an annual basis.

The implementation of the New Orientation for PHARE resulted in a higher responsibility of the Candidate Countries in the area of programming, implementing and monitoring of the EU-financed projects.

Under strengthened pre-accession strategy, PHARE has become a useful tool in the preparations for the membership, facilitating the adoption of *acquis communautaire* and supporting investments directed at the priorities of the future accession (e.g. in such fields as border control and veterinary control, justice and home affairs, health and safety at work).

In accordance with the principles of the New Orientation for PHARE, the first objective, institution building, has received annually ca. 30% of funds allocated to Poland, while investments have received ca. 70% of the programme budget.

## Institution Building

Projects supporting public administration in order to bring it in line with the requirements of the EU membership are carried out under the Institution Building Programme. The most widely used instrument of this programme is twinning, which involves support of the EU Member States for beneficiaries from Candidate Countries.

A twinning partner is selected prior to the execution of an institution building project. It is usually an institution from a EU Member State with a similar scope of responsibilities to its Polish counterpart and which wishes to share its experience with a Polish partner. This type of assistance focuses mainly on public administration responsible for aligning Polish legislation with the EU requirements and controlling its enforcement (among others a small part of assistance is addressed to the Non-governmental Organisations – NGOs).

Twinning is now operational with specialists from the EU Member States, called experts and Pre-accession Advisors (PAAs), providing counselling and training assistance to Polish institutions.

Each twinning project involves a Pre-accession Advisor (occasionally supported by a long-term expert as well as medium- and short-term experts). The PAA is selected by the partner from a Candidate Country based on offers collected and delivered by the European Commission. The PAA remains in a country applying for the EU membership for a period of 12 - 36 months. The PAA cooperates closely with the Project Leader supervising the project, who resides in his country of residence.

Counselling under a twinning covenant was first introduced in 1998. 70 out of all projects financed with Phare funds (ca. 19%) in Poland in the period 1998–2000 were carried out with the assistance of PAAs, which is the highest number among all Candidate Countries.

In 2003 the European Commission offered a new three-year post-accession financial programme to promote activities aimed at strengthening the administration and the judiciary as well as implementing the legislation of the European Union the "Transition Facility". The new financial instrument will be carried out primarily by means of twinning partners from the current EU Member States and of technical assistance.

The programme is intended as a follow-up of the PHARE Institution Building within the organisational structures present in PHARE programme.

## Economic and Social Cohesion

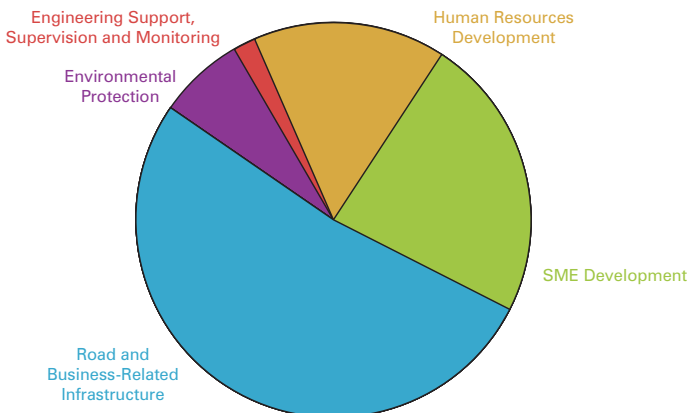
Starting in 2000, one of the areas of PHARE support has become regional development by means of investments in social and economic cohesion. The PHARE programme for Economic and Social Cohesion supports activities similar to those financed in the EU Member States by the European Regional Development Fund and the European Social Fund. Based on the Preliminary National Development Plan this type of support covered all regions of Poland in the years 2000–2003.

PHARE resources are committed to the following:

- increasing the activity of the productive sector (activities directed at assistance for diversification of the economy, development of the private sector, restructuring and modernization of industry and the services sector),
- human resources development (support for increase in the employment level, development of entrepreneurship, improvement of adaptation capacity of companies and their employees and promoting equal opportunities for women in the labour market),
- improving business-related infrastructure: support for infrastructural projects targeted directly at increase in the activity of the productive sector and improving the conditions for conducting business activities on a local level.

In the years 2000–2003 ca. 641 million Euro were committed to the Social and Economic Cohesion.

Support within the Framework of Social and Economic Cohesion Programme, PHARE 2000–2003



In the years 2000–2003 regional aid was committed to major projects in environmental protection, development of important transport lines and infrastructure necessary for the development of regional businesses. The projects are usually carried out by the local governments. As a rule, the regional projects were prepared by local authorities, who prepared them independently or in cooperation with their social partners.

## Other Pre-accession Instruments

The Polish government as well as the European Commission realized that before joining the EU Poland needs substantial funds to implement changes in agriculture, to modernise the road infrastructure and to invest in environmental protection.

Beginning in 2000, the EU introduced two new pre-accession programmes, which were designed to help accomplish these tasks: SAPARD and ISPA. The new instruments for the pre-accession assistance were modelled on the EU funds available to the EU Member States, such as the European Agriculture Guidance and Guarantee Fund and the Cohesion Fund.

### ISPA

ISPA (Instrument for Structural Policies for Pre-Accession) has been a pre-accession assistance programme of the European Union for 10 Candidate Countries. ISPA funds could be used to provide partial funding to major investment projects related to environmental protection and transport.

The expression "major projects" indicates that activities financed with ISPA funds needed to have a significant influence on the related sectors (in practical terms the total cost of an investment project should not be lower than 5 million Euro. This condition may be waived in exceptional and duly justified cases).

The ISPA annual budget amounted to 1.04 billion Euro for all the Candidate Countries in the period 2000–2006, with 30–37 % allocated to Poland (348 million Euro on average). The division of resources was based on the following criteria: population, GDP per capita calculated on the basis of purchasing power parity and country area.

As mentioned above the level of the EU support for Poland under ISPA was defined within the brackets of 30–37% (312–384.8 million Euro per annum), to be equally divided between the environment

and transport sectors. The actual annual amount allocated by the European Commission under ISPA in Poland in the last two years exceeded 350 million Euro.

In the years 2000 to 2003 partial funding for ISPA projects 2000–2003 amounted in total to 1 085.849 thousand Euro, including 548.004 thousand Euro in the environment sector and 536.213 Euro in the transport sector (column 4, table 1). The maximum level of ISPA funding for these projects until their completion (in most cases until 2006) is 2 068.584 thousand Euro (column 3, table 1).

Table 1. Implementation of ISPA Projects in the Period 2000–2003  
As at 30 September 2003 (in thousands of Euro)

Year	Qualified Cost of Project	Max. Level of ISPA Funding	ISPA Funding 2000–2003
<b>Transport: investment projects and technical assistance</b>			
1	2	3	4
ISPA 2000	439.270	329.452	262.294
ISPA 2001	708.007	531.005	223.819
ISPA 2002	356.461	267.495	50.100
<b>ISPA 2000–2002</b>	<b>1 503.738</b>	<b>1 127.952</b>	<b>536.213</b>
<b>Environment: investment projects and technical assistance</b>			
ISPA 2000	668.330	419.714	195.219
ISPA 2001	536.561	314.717	192.322
ISPA 2002	299.533	194.273	150.923
ISPA 2003	15.900	11.925	9.540
<b>ISPA 2000–2003</b>	<b>1 520.324</b>	<b>940.629</b>	<b>548.004</b>
<b>Technical Assistance: horizontal</b>			
2000	1.630	1.630	1.630
<b>Total</b>	<b>3 025.692</b>	<b>2 070.211</b>	<b>1 085.847</b>

### ISPA 2000–2003

In the years 2000–2002, 20 projects are carried out under ISPA in the transport sector (including two related to the Technical Assistance), 33 projects in the environment sector (including one related to the Technical Assistance) and one horizontal Technical Assistance.

Total qualified costs of projects approved by ISPA Management Committee in this period amounts to 3.025.692 thousand Euro. The maximum level of ISPA funding included in this sum is 2.070.211 thousand Euro.

Under ISPA 2003, ISPA Management Committee approved 15 projects in the environment sector (including one Technical Assistance project) and 4 projects in the transport sector (2 projects in the road sub-sector and 2 Technical Assistance projects).

Starting from 2004 ISPA will be replaced by the Cohesion Fund. The Ministry of Environment and the Ministry of Infrastructure are currently preparing project proposals to be funded from the Cohesion Fund.

## SAPARD

SAPARD (Special Accession Programme for Agriculture and Rural Development) is the key instrument of supporting the modernisation of Polish agriculture and changes in rural areas. The two most important objectives financed by SAPARD in Poland are the improvement of the efficiency of the agriculture and foodstuffs sectors as well as the improvement of conditions for business activities, including creation employment opportunities. The average amount of funds available through SAPARD was defined in 2001 at an annual level of 171.6 million Euro. In total, taking into account the indexing of amounts defined in Agenda 2000, Poland will receive 708.2 million Euro under the SAPARD 2000–2003 Financial Agreements. SAPARD projects will be carried out until 2006.

Activities connected with SAPARD are carried out by the Agency for Restructuring and Modernisation of Agriculture (ARMA).

In the first years of activity of SAPARD, the Agency provided support mainly in the following three areas:

**Measure 1** – "Improvement in Processing and Marketing of Food and Fishery Products", which was planned to provide the support for the processing of animal products, fruit and vegetables, including support to groups of producers (funding for producers and groups of agricultural producers)

**Measure 2** – "Investments in agriculture holdings", which provides the support of modernisation of farms specialising in the production of milk and slaughter animals as well as investment preventing environment pollution resulting from farming (resources for farmers)

**Measure 3** – "Development of Rural infrastructure, which provides the support for investments in the rural areas (resources for local government).

December 2003 saw the launching of Measure 4: "Diversification of Economic Activities in Rural Areas" (resources for farmers and their family farm members).

The remaining two components were Measure 6 "Vocational Training" (training projects for farmers) and Measure 7 "Technical Assistance"(seminars and conferences for potential beneficiaries of Measures 1, 2, 3 and 4).

## Community Programmes

Poland also participates in the internal EU programmes. Community programmes are the elements of the common policy of the EU Member States in the economic, social and cultural areas. The programmes are usually launched by appropriate agreements of all the countries of the European Economic Area and the European Free Trade Association. Poland could take part in their activities based on the provisions of the Additional Protocol to the Europe Agreement signed in Warsaw on 23 December 1994. The most well known programmes in Poland are related to education and vocational training, culture, science, SME, environment and energy: Leonardo da Vinci, Socrates, Youth, and the Culture 2000 programme (activities to preserve the national heritage), the Sixth Framework Programme (research and technological development), the Third Multiannual Programme for SMEs (aimed at improving the conditions under which small and medium-sized enterprises operate, including crafts and very small firms), SAVE (programme for the conservation of energy), Altener (programme for the promotion of renewable sources of energy in the Community) as well as Media Plus (activities supporting the European audiovisual sector), Customs (programme for the cohesion of customs activities), Dafne (programme for the prevention of violence against children, young people and women), Health Promotion (promotion of health, information, education and training within the framework of public health service).

## Other Assistance Programmes

Poland benefits also from other EU programmes. The funds are provided for example within the framework of the Counterpart Funds (CPF) of the European Commission. They can be committed to support the adaptation of the Polish institutions and laws to the acquis communautaire and, where appropriate, to facilitate the EU Member States national institutions, regulations, facilitation of

Poland's integration into the European Union through increased cohesion between regions and support activities relating to the Third Philar objectives (Justice and Home Affairs). Counterpart Funds can be used to finance seminars, training, information campaigns, studies, research, technical assistance, publications, study visits as well as creation of databases. In 1997 the Counterpart Funds were used to support the process of reconstruction and removing the destructive effects of flood. The Counterpart Funds were also assigned to finance Agrolinia 2000, which provided loans to the small and medium-sized enterprises in the agri-foodstuffs sector, training to rural leaders and bankers in co-operative banks. As of year 2004 similar activities will be continued within the framework of "Agrolinia".

Another form of the support for Poland is the bilateral assistance. The most frequently financed initiatives were related to environmental protection, supporting economic reforms, strengthening the institutions and health protection. Examples of bilateral assistance implemented in Poland are provided below:

- Council of the Swiss-Polish Counterpart Fund operated on the basis of international agreements signed by the Office of the Committee for European Integration (on the Polish side) and by the Federal Office for Foreign Economy (on the Swiss side). Financial assistance was provided in the form of subsidies or loans available to institutions, local authorities, companies, associations, etc. Funds were also available for environmental protection, health protection and social assistance, renewable sources of energy and clean coal technologies, culture and innovative measures.
- Bilateral Italian assistance is provided under the Italian Act on Cooperation with Countries from Central and Eastern Europe of 1992. Italian Assistance can be allocated to supporting structural reforms and transformation to market economy in Central and Eastern Europe countries. Resources are provided for the promotion of cooperation of Italian and Polish companies and regions, technical assistance for enterprises, environment protection, hygiene and health protection, as well as for maintenance of historical heritage.
- Assistance of the Government of Denmark for Poland in the period 1990–2003 was mainly committed to projects of the environmental protection sector.

- Assistance of the British Government for Poland started in 1989, and was later implemented through the British Know How Fund (KHF), which was a framework for the financing of projects supporting the transition to a democratic market economy as well as Poland's integration with the EU. KHF projects were mainly connected with support in such fields as privatization, agriculture, public administration, education and training in the area of management.
- Netherlands Programmes of Bilateral Cooperation (Pre-Accession Programmes: PSO and Matra) are aimed to help Poland fulfil membership criteria. The funds are used for instance to support activities related to the legislation, education, environmental protection, public administration, social policy.

## 2. Major OCEI's Publications and Documents Containing Information on Pre-Accession Assistance

All major documents related to the activities of the OCEI and Poland's integration with the EU are collected, prepared and archived in the Deposit Library of the European Communities in the OCEI. The most significant documents can be found at the OCEI's website: [www.ukie.gov.pl](http://www.ukie.gov.pl). Information on foreign assistance is also available at government websites of the European Information Centre: [www.cie.gov.pl](http://www.cie.gov.pl), and information on funds can be accessed at: [www.fundusze.ukie.gov.pl](http://www.fundusze.ukie.gov.pl). Additionally, detailed information on Poland's integration with the EU is available in the OCEI publications, which include:

- Monitor of European Integration,
- OCEI Bulletin of Analysis,
- Reports and Analyses series,
- European Library series.



## Address:

### **Office of the Committee for European Integration**

Aleje Ujazdowskie 9

00-918 Warszawa

Phone: 0 (prefix) 22 455 55 00

E-mail: [info@mail.ukie.gov.pl](mailto:info@mail.ukie.gov.pl)

<http://www.ukie.gov.pl>

### **Department for Coordination and Monitoring of Foreign Assistance in the Office of the Committee for European Integration**

ul. Bagatela 14

00-583 Warszawa

Phone: 0 (prefix) 22 455 52 15

E-mail: [info@mail.ukie.gov.pl](mailto:info@mail.ukie.gov.pl)

<http://www.fundusze.ukie.gov.pl>

