



FROM
PRE-ACCESSION
TO ACCESSION

Thematic Evaluation

Support to the
Agriculture Sector

of European Union
Phare Programme



European Commission
Directorate-General Enlargement

Support to the Agriculture sector

*Thematic Evaluation Report of the European Union
Phare Programme*

Thematic Evaluation Report

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This report has been prepared as a result of an independent review by the ECOTEC Research and Consulting being contracted under the Phare programme. The views expressed are those of the ECOTEC Research and Consulting and do not necessarily reflect those of the European Commission.

European Commission Directorate-General Enlargement
Directorate E – Evaluation Unit

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GLOSSARY OF ACRONYMS

ANCA	National Agency for Agricultural Consulting (Romania)
AP	Accession Partnership
CAP	Common Agricultural Policy
CC	Candidate Country
CMO	Common Market Organisation
CMR	Comprehensive Monitoring Report
CS	Commission Services
CSD	Commission Services at the Delegation
DIS	Decentralised Implementation System
EAGGF	European Agricultural Guidance and Guarantee Fund
EDIS	Extended Decentralised Implementation System
EU	European Union
FADN	Farm Accountancy Data Network
FIFG	Financial Instrument for Fisheries Guidance
GIS	Geographical Information System
IACS	Integrated Administrative and Control System
LPIS	Land Parcel Identification System
IB	Institution Building
IE	Interim Evaluation
ISPA	Instrument for Structural Policies for Pre-Accession
IT	Information Technology
MAP	Multi-Annual Programme
MFA	Ministry of Foreign Affairs
MS	Member State(s)
NAC	National Aid Coordinator / Coordination
NAFA	National Agency for Fisheries and Aquaculture (Bulgaria)
NGO	Non-Governmental Organisation
NMS	New Member State(s)
NPAA	National Programme for the Adoption of the <i>Acquis</i>
PA	Paying Agency
PAA	Pre-Accession Adviser
PAJC	Public Administrative and Judicial Capacity
PARDF	Paying Agency for Rural Development and Fisheries (Romania)
PCM	Project Cycle Management
PF	Project Fiche
PIAA	Paying and Intervention Agency for Agriculture (Romania)
RR	Regular Report
SAPS	Single Area Payment System
SPS	Single Payment System
TA	Technical Assistance
TW	Twinning

PREFACE

This Thematic Report¹ was prepared at the request of the Commission Services (DG Enlargement). The Kick-off meeting was held on 23 June 2005.

This evaluation was conducted by two specialist agricultural experts from the ECOTEC Consortium, principally through interviews with national authorities and Commission Services' officials in Bulgaria, Romania and Brussels, and also in five new member states. Account was also taken of relevant national and Commission documents, including Financing Memoranda and Project Fiches, and of contracted and nationally produced Phare interim evaluations.

In addition, interviews were conducted in Brussels with the Commission Services and with the authorities in 7 Phare countries: in the Candidate Countries, Bulgaria and Romania, and in five of the New Member States, Estonia, Hungary, Poland, Slovenia and the Slovak Republic.

The evaluation has taken account of developments up to and including the beginning of November 2005.

¹ The author of this Thematic Report is Dietmar Aigner. Expert advice and inputs to the report were provided by short term technical expert Richard McIvor. The report has been reviewed by Richard Thomas at ECOTEC-Phare Central Office.

EXECUTIVE SUMMARY

Objective of the report

This report's key objective is to deduce from the experiences of recent and present Phare-supported candidates, with particular reference to Bulgaria and Romania, recommendations for the way in which a candidate country should best be supported (i) to enable its public administration to adopt, implement and enforce the agricultural *acquis* and (ii) to enable its farmers and other rural stakeholders to benefit from the EU funds available to them on accession.

Key Evaluation Findings

Finding 1: Although absorbing the agricultural and rural development acquis was a complex task, Phare support to it was not extensive or sharply focused until after 2003.

The scale of CAP finance and the large proportion of the EU budget which this represents mean that agriculture and rural development together is the largest policy area of the EU. It is also one of the two areas (the other being the Structural Funds) from which the candidates, with their relatively large and economically significant agricultural sectors, would be expected to derive substantial net financial benefit on accession. Furthermore, these policies are quite demanding in terms of the public administrative capacity and resources required centrally and regionally. It should therefore have been a priority for the candidates to master the legal alignment, implementation and enforcement requirements of the relevant *acquis*, and a priority for Phare to support them.

In fact, until 2003, agriculture received a relatively small part of the national Phare funds both in Bulgaria and Romania. However, given the incomplete nature of preparatory works, the 2004-2006 Phare Multi-Annual Programmes offer both countries a substantial increase in Phare funds, particularly for Romania. Nevertheless, it is clear that institution building will have to continue after accession and Phare funds are available to help complete preparations until 2009. Additional support can be expected following accession with the commencement of a Transition Facility.

Finding 2: Despite the efforts which the Commission has made to promote a strategic approach, national CAP preparation is now in a state of crisis management in relation to the accession timetable.

Until very recently, there was little high-level awareness of the magnitude of the task or the rigour with which the regulations governing the CAP needed to be applied by Bulgaria and Romania, despite the efforts of the Commission's Directorates General for Agriculture and Enlargement to explain the full extent of the requirement, and despite the experience of the countries which acceded on 1 May 2004. In consequence, a pre-agreed strategic national approach to agriculture, on which the optimum success of Phare support depends, has not yet been fully secured in either of the two currently acceding countries and, as a result, structural reform of agricultural administration and specifically accession-related preparation activities now run in parallel on a very short timescale. Some crucial options within the CAP have yet to be exercised, relating to such issues as which payment scheme to apply and the minimum size of eligible farms, which makes the effective focus and delivery of Phare support difficult.

In 2003, work on Multi-Annual Programming offered a learning opportunity in strategic planning but, in both countries, the efforts to link the Phare Multi-Annual Programme directly to national sector strategies had very limited success. The Commission therefore asked Bulgaria and Romania in 2004 to draw up and present master plans for their intended paying agencies/Integrated Administrative and Control Systems. These plans, including the basic institutional framework in each country, were submitted only in summer 2005 and they are not yet implemented. Major legislative documents still need to be drafted or have to pass national parliaments, and secondary legislation still needs to be prepared, including for the necessary internal procedures and operations' manuals. The Romanian decision to have two paying agencies seriously complicates their task, and risks lengthening the time before the agencies are effective. Overall, public administration for the agriculture sector in Bulgaria and Romania remains far from ready: the situation at regional and local levels is particularly fragile. Administrative capacity in both acceding countries to operate the various Common Market Organisations (wine, beef etc.) is, for most commodities, not established yet and the profile and performance of professional farmer representative organisations is still too low.

Partnership and co-ordination, underlying principles for effective Phare support, remain difficult particularly among the various national authorities involved in institution building. There are, however clear and encouraging indications in some areas that, over the years, partnership and co-ordination has been strengthened, particularly in rural development activities, where Phare support explicitly requires strengthened effective partnership, including with non-governmental organisations, which is now often being achieved.

Finding 3: Phare's performance has been mixed: sufficient impact has yet to be achieved and EU agriculture and rural development policies are not expected to be generally operational before Bulgaria's and Romania's accession (in line with most new member state experience). Nevertheless, Phare's active presence has been crucial, and has catalysed national efforts.

Over the years, the performance of Phare agricultural projects in Bulgaria and Romania has slightly improved but this positive development is jeopardized by the continued frequent changes of staff both at decision-making and technical levels. Moreover, while the scope of earlier projects was generally unambitious, the crucial 2004 projects now beginning in Bulgaria and Romania are complicated institution building interventions which make much greater demands on national capacity.

The procedures for obtaining assistance under Phare, for setting up and for amending contracts and covenants, are time-consuming and this significantly affects Phare's effectiveness. However, hardly any of the beneficiary countries, despite their experiences of Phare over many years, have been pro-active in drawing adequate lessons from the restricted flexibility of Phare and making more timely preparations. Post-accession experience shows that, with the introduction of the Extended Decentralised Implementation System, the tendering procedure under national legislation is also lengthy and the time limit for a Phare project to be contracted or implemented can be reached before a tender had been contracted or delivered. Both acceding countries will most likely face similar risks.

The permanent presence of Phare, combined with the national commitment to use funds in an agreed manner, has probably helped to accelerate high-level decision making, which otherwise might have been even more delayed. In both acceding countries the Phare Implementation Units in ministries of agriculture have demonstrated extraordinary commitment towards the effective use of Phare and to the achievement of the agreed institution building objectives. The

performance of Phare contractors/twinning partners has been mostly good or even excellent, given the difficult environment.

Much of the Phare assistance being provided for meeting the requirements of the CAP has the potential ultimately to have impact and be sustainable, but only if the beneficiaries make the necessary resources available. At present, immediate CAP impact from Phare support in Bulgaria and Romania is disappointing: intermediate impact will only materialise under membership conditions and the likely sustainability of support provided is currently low.

Overall, the use made of Phare did not result in CAP being prepared in time in the new Member States and this experience will, in all likelihood, be repeated in Bulgaria and Romania.

Conclusions

Conclusion 1 summarises the CAP preparatory experiences of the new member states. Conclusion 2 addresses the transfer of experience from those new member states to Bulgaria and Romania, and the remaining four conclusions are derived from the experiences of Bulgaria and Romania.

Conclusion 1: The new member states were only able to deliver EU assistance to their farmers and rural stakeholders a year after accession. The new member states did not generally succeed in delivering all the EU assistance available in the first year. They delivered those types of assistance of greatest immediate relevance to their farmers and other rural stakeholders. Additional assistance, especially in the rural development sector, will only be introduced in the next year or so. However, the increased volume of assistance available to farmers and other rural stakeholders meant that most interests were content with the level of assistance available in the first year.

Conclusion 2: Lessons from new member states' experience about the scale of preparation and resources needed for CAP were not learned in time in Bulgaria and Romania. Throughout the ten beneficiary countries, Phare was unable to achieve more mainly because the governments underestimated the scope and size of the task, and the time needed to bring their agriculture sectors and public administrations in line with the CAP. There remains a lot of work to do before the date of accession if Bulgaria and Romania are eventually to apply the main requirements of the CAP successfully. The reason for uncertainty about the extent to which this will be achieved lies, not in the quality of the Phare support on offer but it lies in the capacity of the countries to absorb and implement the greatly increased assistance in the short time available before accession. Together with a level of political commitment which has sometimes been variable, the result has been a current crisis situation for the CAP institution building activities in both acceding countries.

Similar developments were observed from the preparation process of the new member states. However, these 'lessons learned' were not taken on board by the two acceding countries. In reaction to the inadequate progress, the Commission Services have substantially increased the financial support from 2004 onwards. Taking into account the time such support takes to mobilise, and the current accession calendar, this substantial Phare support is not likely to be fully effective by the time of accession. Consequently, essential agricultural and rural development institution building will be continuing after the accession date.

Conclusion 3: It is not clear what national resources are actually being made available to key central and regional institutions. Whilst there is a general commitment that the governments will ensure the necessary financial and human resources for completion and maintenance of public administrative structures and systems, the exact position is often unclear or subject to continuing discussion within the national authorities. Until recently, the human and financial resources which have been deployed by Bulgaria and Romania with Phare support to enable farmers and other rural stakeholders to benefit from commodity and other EU support arrangements have clearly been insufficient. Whilst, without doubt, national resourcing will be ensured following accession, the adequacy of it for effective and sustainable CAP operation must be questionable in the absence of more detailed information.

Conclusion 4: Phare support to institutional and public administrative arrangements is crucial for effective CAP preparation, but the project backlog and current workload impose an incredible burden. In the earlier years of the accession process, the use of Phare for supporting the establishment of the administrative and financial requirements needed to benefit from the EU's agricultural commodity and rural support arrangements, has been only moderate. Specific assistance for setting up CAP structures has been designed only under the 2002 programme (Bulgaria) or even Phare 2003 (Romania). Taking into account the delays before such assistance can commence and subsequently be effective, the backlog of Phare work is tremendous, particularly for the 2004 interventions, which are the ones showing the highest relevance. The understanding that Phare contributes to a varying degree only to the necessary and much larger national efforts is increasing but is coming very late.

Conclusion 5: This huge workload makes fully considered design and supervision of projects practically impossible. Whilst earlier projects had a tendency to be less ambitious and were consequently more manageable, too much needs to be done now, at the last minute, via voluminous and complex multi-component interventions. One year before the assumed accession date, the preparations in both acceding countries are taking place under enormous pressure, making fully considered design and supervision of such detailed projects practically impossible for all the stakeholders concerned

Conclusion 6: Phare support has been targeted at the appropriate central institutions and administrative and legislative procedures, and the balance of support appears to be appropriate. However, insufficient attention has been paid to regional administration and final beneficiaries. This positive assessment is particularly valid for the central level of administrations and for the programmes being planned under the Multi-Annual Programmes. Earlier interventions often achieved their objectives but these were not generally very ambitious. The Phare interventions currently on-going or being launched predominantly address the central levels but also try to cover some of the accession related needs at regional/local/final beneficiaries level. There is concern that public administration at the regional and local levels, which has been left mostly to the national administrations and their very restricted budgets to reform and develop, has been neglected over the years, including by Phare, with systemic deficiencies now becoming very apparent, with worrying implications for CAP 'delivery'.

Recommendations

Recommendations are grouped into three Actions. Recommendations under Action 1 are addressed to the Romanian and Bulgarian authorities and to the Commission Services in the context of the forthcoming accession of those countries. Recommendations under Actions 2 and 3 concern improvements in strategic approaches and in capacity building which should be made in managing CAP and rural development preparations in future enlargements.

Action 1: Prioritise the public administration to deliver CAP benefits to Bulgarian and Romanian farmers and other rural stakeholders sustainably on accession.

Recommendation 1: Concentrate on CAP delivery mechanisms. Romania and Bulgaria should concentrate on investing in the institutions that are required to operate the CAP and rural development schemes. Taking into account the very restricted timing available, both acceding countries should concentrate on the delivery of those parts of the CAP assistance available that will give the greatest immediate help to farmers and other rural stakeholders.

Recommendation 2: Ensure sustainability of CAP mechanisms in the longer term. The institutions that are needed to run the CAP are radically different from any that have existed in these countries before, and require more resource than any new member state or accession country expected. Romania and Bulgaria need to take account of new member state experience and make realistic assessments of the long term needs for finance and human resources to handle sustainably the EU requirements. The Commission Services should offer Phare or other assistance to help both countries make such assessments.

Recommendation 3: Examine further the administrative implications of having two paying agencies in Romania. The decision to have two paying agencies in Romania seriously complicates the task of meeting the institutional requirements, as resource is used up duplicating some of the common functions, and possibilities for gaps and overlaps multiply. Also sophisticated co-ordination and accreditation procedures are needed to make the system work efficiently. New member state experience suggests that contingency planning should be made for possible later amalgamation, for which the Commission Services should offer Phare or other assistance.

Recommendation 4: Improve policy analysis capacity. Both acceding countries need to have in place a policy analysis unit to work out the administrative, financial and human resource implications of ongoing changes in the EU and domestic agricultural and rural development policies and to propose costed options for dealing with them.

Action 2: Improve the strategic approach to CAP institution building for future enlargements.

Recommendation 5: Give candidates a Commission roadmap. The Commission Services should contract an evaluation of the agricultural administration of each future candidate country, at an early stage in the pre-accession process, which should list its strengths and weaknesses in relation to the requirements of the agricultural and rural development *acquis*. From this, the Commission Services should establish a roadmap setting out the central and regional institutional capacities and procedures needed, including those involving other public administrative and civil society stakeholders, and signposting the decisions needed for the candidate to move from its existing situation to one capable of operating the relevant *acquis*.

Recommendation 6: Require a strategy for CAP at an earlier stage in the pre-accession process. For any future candidate country, financial support for establishing the institutions and mechanisms for CAP should be conditional on the preparation, on the basis *inter alia* of the roadmap referred to above, of a national agricultural and rural development strategy, which should include objectives, sequencing and organisational, financial and human and other resources required. Support should, however, be given to the candidate country for the preparation of such a strategic document at a sufficiently early stage. Once the strategy is in place, the candidate country should regularly demonstrate how Phare projects are being complemented by the use of national funds and/or other donors' funds, to ensure that the overall objective of full readiness for CAP and rural development schemes can be met.

Action 3: Strengthen planning, implementation and absorption capacity in future candidate countries.

Recommendation 7: Encourage the establishment of agricultural accession teams. Before launching CAP institution building, any future candidate countries should be advised to invest more resources and time in the initial preparation phase, establishing for the purpose a stable core team, and training the core team to oversee and drive forward the preparation of the strategy referred to above and then the subsequent institution building work.

Recommendation 8: Promote a collaborative, partnership approach. More attention than in the past needs to be given to introducing and stimulating real partnership principles and co-operation among stakeholders both at central levels and between central authorities and regional authorities/final beneficiaries early in the pre-accession process. In particular, developing a good understanding among farming interests on the rules and procedures being brought into effect is a very important factor in effective CAP preparation. Non-governmental organisations and farmer representative bodies play a significant role in EU agricultural and rural development policies, so their professionalism needs to be brought up to adequate standards.

Recommendation 9: Provide high-level CAP and rural development awareness training. At the start of the pre-accession process, the Commission Services/the Directorate General for Agriculture, in close co-operation with the existing member states, should develop regular specialised training courses for senior decision makers in agricultural departments in acceding countries that would explain how the agricultural institutions of the EU work and what role is played by member states. Inclusion of new member states' experts would be particularly important since their starting points were very similar to those of present and likely future candidates. Special attention should be paid to training the Ministry of Agriculture's core team.

Recommendation 10: Provide training courses. The Commission Services should contract the provision of training courses for acceding country officials in the agricultural and rural development public administration. These courses should include: strategy development, Phare procedures including drawing up professional technical specifications, and all aspects of project cycle management.

Recommendation 11: Promote networking. The Commission Services should, from the start of the pre-accession process, encourage and fund the establishment and maintenance of informal networking arrangements between old and new member states' administrations and candidate country administrations, thus helping to stimulate information exchange and communication on the agricultural and rural development *acquis* requirements and how best to meet them in different circumstances. Ideally, such developments would precede the arrival in a candidate country of twinning or other pre-accession advisers.

In this context, the Commission Services should consider encouraging the establishment of a regular forum in which the paying agencies of the Member States could meet and exchange ideas and experience. This would be very valuable for new member states, allowing them to benchmark their performance or to discuss the views of other agencies about how they handled specific problems. Acceding countries should be invited to participate as observers, thus increasing their awareness and understanding.

MAIN REPORT

1. INTRODUCTION

1.1 Background

1. ECOTEC² is contractually required to deliver thematic evaluation reports (which overview Phare support to a sector or a topic across a range of countries) as well as interim evaluation (IE) reports³ (which examine Phare support to a cluster of programmes/projects within a sector in a single country). DG Enlargement's Evaluation Unit's Plan for 2005 includes production of a thematic report for agriculture.

1.2 Objective of the Thematic Report

2. The objective of this thematic report⁴ is to deduce from the experiences of recent and present Phare-supported candidates, recommendations for the way in which a candidate country should best be supported to enable its farmers and other rural stakeholders to benefit from the EU funds available to them on accession.

1.3 Methodology

3. The thematic report on agriculture is focusing predominantly on developments in Bulgaria and Romania, but should also examine the experience of the recently acceded countries for comparative purposes and to see what 'lessons learned' may be applicable to Bulgaria and Romania in the latter stages of their pre-accession periods and during any transitional period (such as the new member states are currently experiencing).

4. The key evaluation question is:

To what extent has Phare been successful in helping Bulgaria and Romania in particular, and NMS⁵ more generally, to install the legislation, organisational structures, human and physical resources, competences and skills needed to enable their farmers and other rural stakeholders to benefit from the EU funds available under commodity support, and under agricultural and rural development schemes, from the time of accession?

5. Derived evaluation questions in relation to Bulgaria and Romania are:

- What have been the Commission's, Bulgaria's and Romania's strategies for the use of Phare to assist them to prepare to benefit from the EU's commodity and rural support arrangements, and what Phare programmes and finance have been deployed?
- What support has Phare given to the institutional arrangements⁶ which the Bulgarian and Romanian authorities have put in place to adopt and implement the relevant *acquis*, and

² ECOTEC is the contractor for the Centralised Interim Evaluation Facility for the EU Pre-Accession Programmes in Bulgaria and Romania, the main overall objective of which is to help enhance the relevance, efficiency, effectiveness, impact and accountability of Phare pre-accession funds as a support for achieving the overall EU policy objective of accession of Bulgaria and Romania, and, via a Central Office, ensure coordination between the evaluation activities of the pre-accession instruments in the different acceding countries and second wave countries.

³ The Interim Evaluation ratings given for Phare programmes and projects evaluated are at Annex 3.

⁴ Terms of Reference for this thematic evaluation are at Annex 1.

⁵ The rationale for studying the situation in the NMS is that ECOTEC's contract requires the Company to 'ensure co-ordination between the evaluation activities of the pre-accession instruments in the different acceding and 2nd wave countries, the introduction of common reporting principles and common evaluation criteria, the provision of training and coaching in the context of necessary knowledge transfer'.

⁶ Including establishment of bodies; allocation of responsibilities at national and sub-national levels; procedures involving all stakeholders, and beneficiaries and beneficiaries' representative bodies.

- what are the systemic strengths and weaknesses of the supported arrangements? Are these institutional arrangements finalised and permanent?
- What resources (human and financial) have been deployed by Bulgaria and Romania with Phare support to enable farmers and other rural stakeholders to benefit from commodity and other EU support arrangements? Are these adequate and is future national resourcing assured?
 - What has been the trend of Phare programme and project performance over time?
 - What has been the impact and sustainability of supported activities?
 - What lessons for other present, and future, candidates can be learned from Phare-funded support to these activities in Bulgaria and Romania?
6. The derived evaluation questions in relation to NMS concern lessons learned and are:
- What is the immediately post-accession experience (both problematic and non-problematic) of NMS in relation to access to agricultural commodity support, and agricultural and rural development schemes?
 - What lessons can be drawn from NMS's pre- and post-accession experience in relation to the way Phare-supported preparations were conceived and implemented, and what recommendations can be made, to optimize support to absorption of the relevant *acquis* in future enlargements?
7. ECOTEC's contract is primarily concerned with Bulgaria and Romania, but also requires the Company to 'ensure co-ordination between the evaluation activities of the pre-accession instruments in the different acceding and 2nd wave countries, the introduction of common reporting principles and common evaluation criteria, the provision of training and coaching in the context of necessary knowledge transfer'.
8. Therefore, this thematic report on agriculture focuses predominantly on developments in Bulgaria and Romania, but should also examine the experience of the recently acceded countries for comparative purposes and to see what 'lessons learned' may be applicable to Bulgaria and Romania in the latter stages of their pre-accession periods and during any transitional support period (such as the new member states are currently experiencing).
9. ECOTEC has therefore undertaken missions to Bulgaria, Estonia, Hungary, Poland and Romania⁷. Moreover, the STTEs were already in possession of recent information on the situation in Slovakia and Slovenia, through their other professional activities. A database of relevant Phare programmes and projects over the period 1998 – 2004 is at Annex 2.
10. In Bulgaria and Romania, missions were made in order to conduct an in-depth study of the relevant parts of the agriculture Programme, and interviews were conducted with main stakeholders including farmer representatives and rural associations. Visits were also made to regional and other offices of central administrative bodies.
11. STTE missions to NMS were conducted with a programme review more selective than in Bulgaria and Romania. Nevertheless, wherever practicable, visits were made outside the capital.

⁷ Details of those interviewed are at Annex 7. A summary of responses from those interviews is at Annex 8. A list of documents reviewed in the course of the evaluation is at Annex 9.

1.4 Previous Studies

12. The previous IE contractor, EMS, prepared a thematic report⁸ which was issued in April 2004. This report made an overview of the implementation of Phare Agriculture Programmes in the ten Phare Candidate Countries, highlighting key successes, effectiveness and impact of the instrument in supporting the accession process in the sector.

13. The EMS report considered that the major problem for Phare in the Agriculture Sector was that the size and complexity of the task of meeting the accession requirement had not been fully appreciated by most of the senior politicians and officials in the candidate countries. Insufficient beneficiary resource had been invested in most of the Phare projects in the sector at a sufficiently early date, and therefore the creation and introduction of the institutions such as a fully functioning Paying Agency and the Integrated Administrative and Control System were running late and, in some cases, were unlikely to be fully in place by the time of accession. Where a technical service had to adapt to EU agricultural practice, this change had generally been achieved but, where a new institution had to be created, the beneficiaries concerned had been less capable of making use of Phare and meeting the requirement.

14. The report concluded that lack of sufficient impact by the time of accession was not due to any particular failure in the system of Phare assistance, but rather to a lack of capacity and/or early political commitment on the part of the administrations of most of the candidate countries. However, the report considered that a more pro-active and co-ordinated effort by the Commission Services at an earlier stage of Phare, to explain the implications of the *acquis* and to construct 'roadmaps', might also have been beneficial for the success and impact of Phare interventions.

1.5 Follow-up of Recommendations from the previous Thematic Report

15. The EMS report provided a number of recommendations and lessons learned (see Annex 4). The findings and recommendations of the previous report were presented during a debriefing exercise on 18 February 2004 at the Commission Services Headquarters. Among the participants there was a general agreement expressed with the report findings and the recommendations were considered to be helpful for future programming activities.

16. During the preparation of the current review the evaluators have followed up in which sense the stakeholders in the previous evaluation have utilised the recommendations and lessons learned from the previous thematic report on Agriculture. The follow up was conducted at the Commission Services Headquarters (DG Enlargement, DG Agriculture), at the Delegations in the two acceding countries and at some agricultural administrations in the two candidate countries as well as in the New Member States. The main finding was that the previous report had been distributed and circulated particularly among the services of the EU Commission. However, no evidence could be gathered that any immediate consequences were drawn from the previous report's findings for the programming of future assistance.

⁸ R/ZZ/AGR/03077 Phare Agriculture Sector Review "Interim Evaluation of Phare Support Allocated in 1999-2002 and Implemented until November 2003" (see also webpage http://europa.eu.int/comm/enlargement/phare_evaluation_reports_interim.htm).

2. STRATEGY, IMPLEMENTATION AND RESULTS

2.1 CAP preparation was a complex and moving target.

17. The Common Agriculture Policy (CAP) developed mainly in the 1960s and was based on certain key objectives, notably the desire to guarantee self-sufficiency in basic foodstuffs within the then European Community. This policy, while achieving its key objectives, progressively created unfortunate side-effects notably in term of increased over-production, and generated various concerns about the policy's environmental, trade and health impacts. Following the major 'Agenda 2000' reforms, the CAP was adjusted in 2003 towards a policy that aims to support not only farm production, but the long-term welfare and livelihood of the EUs rural areas as a whole⁹. Further policy changes took effect from January 2005. Major change has therefore been taking place at the same time as the candidates have been trying to grasp what the CAP is and what it involves in terms of national competencies and resources.

18. The Union's agricultural and rural policies continue to develop, and the opportunities which they provide to farmers, and the obligations which they imposes on them, continue to be adapted to changing circumstances. As to opportunities, the scale of CAP finance (some € 56 billion of commitments for 2006) and the proportion of the EU budget which this represents (some 46%) mean that agriculture and rural development is the largest policy area of the EU. It is also one of the two areas (the other being the Structural Funds) from which the candidates, with their relatively large agricultural sectors, would be expected to derive substantial net financial benefit on accession. It should therefore have been a priority for them to master the legal alignment, implementation and enforcement requirements of the relevant *acquis*.

19. As to obligations, it is also the case that the CAP is quite demanding in terms of the public administrative capacity and resources required centrally and regionally in order to meet the requirements of the *acquis*.

20. Against these evolving challenges the then ten Phare candidate countries had to bring their agricultural systems and structures up-to-date and to improve the standards of their agricultural industries, in order to carry out the responsibilities and fully benefit from the opportunities arising from the EU agriculture development in general and the CAP in particular.

2.2 Phare support to CAP preparation increased greatly after 2003.

21. ***Full CAP participation is a key accession objective, strategically supported by Phare.*** The underlying rationale for Phare support can be found in the Commission's principle documents (see also Box 1). As set

Box 1: Key strategies and action plans relevant to CAP preparation in the accession context

1995 – Europe Agreement
 1998- First Round of 'National Programme for the Adoption of the Acquis' (regularly revised)
 1999 - Berlin Summit: Adoption of Agenda 2000 Reform
 1999 - SAPARD Regulation
 2000 - National Agriculture and Rural Development Plans 2000-2006
 2001 - Multi-annual and annual SAPARD financing agreements signed with 10 candidate countries
 2002 - Strategy Paper 'Towards the Enlarged Union'
 2002 – Roadmap for Bulgaria and Romania
 2003 - Phare Multi-annual programme 2004-2006
 2005 - Masterplans for IACS in Romania and for Paying Agency/IACS in Bulgaria

⁹ Key aspects of the 2003 CAP reform: (i) single payment schemes; (ii) cross compliance; (iii) strengthened rural development; (iv) financial discipline until 2013.

out in the Strategy Paper 'Towards the Enlarged Union' of October 2002¹⁰ the EU has been committed strongly to support Bulgaria and Romania in achieving their accession target of 2007. In the 2002 Strategy Paper the Commission considered that financial assistance to Bulgaria and Romania should be increased considerably from the date of the first round of accessions (1 May 2004), linked to progress made in implementing the Roadmap and Bulgaria's and Romania's absorption capacity. The full impact of the Roadmap and of the revised Accession Partnerships (APs) on Phare can be seen for the period 2004 to 2006, where considerably increased financial resources have been mobilised.

22. On the basis of the analysis in the Commission's 2002 Regular Reports on progress towards meeting the Copenhagen accession criteria, a detailed Roadmap for Bulgaria and Romania was set up to cover the period up to accession. This Roadmap has been based on commitments made in the negotiations and on the requirements to fulfill all the Copenhagen Criteria. The Roadmap indicates the steps necessary for Bulgaria and Romania to be ready for membership, with particular emphasis on administrative and judicial capacity and on economic reform. It provides defined benchmarks against which commitments made in the negotiations as well as progress made in economic reform can be monitored.

23. More specifically, the strategies for the use of Phare to assist Bulgaria and Romania to prepare to benefit from the EU's agricultural commodity and rural support arrangements are based on the provisions of the APs and the National Programmes for Adoption of the Acquis (NPAA). Further important input for the strategic planning of Phare support stems from the Commission's Regular Reports (RR), and from the November 2005 Comprehensive Monitoring Reports (CMR¹¹). The findings of the RR/CMR also provide feedback on the past use of Phare, thus giving also indications for adjustments. Further feedback results from peer reviews and monitoring missions undertaken by the Commission Services and including representatives of Member States.

24. At the national level of the Phare beneficiary country the National Development Plan is an overall primary strategic document and includes also a chapter on agriculture. More specifically, for rural development, National Agriculture and Rural Development Plans (NARDP) were set up, covering the period 2000-2006. These Plans were a pre-condition for benefiting from the Special Accession Programme for Agriculture and Rural Development (SAPARD). In Bulgaria and Romania the preparation of the new NARDP, covering the period 2007-2013, has been launched and is on-going.

25. ***The proportion of national Phare allocations for CAP was rather low until 2003 compared with allocations for other sectors.*** On a country basis, a comparison can be made of the individual national Phare allocations, agreed on a yearly basis. When looking at the trend of allocations for agricultural support (notably for setting up and running CAP market mechanisms and for administration and rural development), it is apparent that agriculture traditionally represents a small part of the national Phare funds both in Bulgaria and Romania. Tables 1 & 2 show that, on average during the period 1998-2004 Bulgaria used 4.8 % of its National Phare Programme for agricultural purposes, while Romania used only 2.7% (see Table 2). Moreover, these figures incorporate the substantially increased resources available for agriculture which were introduced starting with the Phare 2004 Programme, as a part of the Phare Multi-annual Programmes (MAP) 2004-2006.

¹⁰ 'Towards the Enlarged Union', dated 09 October 2002; COM (2002) 700 final.

¹¹ Key extracts from the 2005 CMR for agriculture in Bulgaria and Romania are at Annex 6.

Table 1: Phare AGR support for Bulgaria 1998-2004 for setting up CAP market mechanisms/ administrations and rural development

	1998	1999	2000	2001	2002	2003	2004	total	Total %
BG Phare National	62.6	41	118	110.8	94.9	122.9	144.3	694.5	100%
BG Phare AGR	9.0	1.0	3.0	2.0	2.2	2.4	13.4	33.0	4.8%
BG AGR co-financing	-	0.3	0.6	2.4	3.8	0.5	2.2	9.8	29.7%

Source: Ecotec database, figures in M€

Table 2: Phare AGR support for Romania 1998-2004 for setting up CAP market mechanisms/ administrations and rural development

	1998	1999	2000	2001	2002	2003	2004	total	Total %
RO Phare National	106.6	55.2	215	248.9	265.5	265.5	405.3	1562	100%
RO Phare AGR	5.0	-	12.0	2.0	2.1	1.5	19.4	42.0	2.7%
RO AGR Co-financing	3.4	-	0.5	0.1	0.1	0.9	1.8	6.8	16.2%

Source: Ecotec database, figures in M€

26. **The agriculture sectors of Bulgaria and Romania are important and need to be ready to benefit from the extensive funds available post-accession.** This is particularly the case for Romania, where the sector represents a remarkably high proportion of the national economy. According to the Romanian National Development Plan 2004-2006, agriculture contributed 12.8% to gross domestic product (GDP), and had a 40.8% share of national employment (figures for 2001)¹². This importance is recognised in the amounts Romania obtained under the accession negotiations, which are about 4,721 M€ for the period 2007-2009, of which 3,921 M€ is allocated for the mechanisms of the CAP and rural development, and approximately 800 M€ are estimated for structural funds-type projects in the agricultural sector. Similarly, the financial package proposed by the EU for Bulgaria, comprises a total envelope of 1,436 M€ for the agricultural sector and rural areas for 2007-2009. It would help Bulgaria to restructure its agriculture in order to play a more active and competitive role on the EU single market. For instance, in order to assist Bulgaria in restructuring its agriculture, the Commission proposed for rural development a three-year budget estimated at 617 M€. This share equals 1.2 per cent of Bulgarian GDP, a higher share than has been granted to the 10 countries which acceded in 2004 (for instance, the rural development allocation for Poland represents a share of 0.4 per cent of Polish GDP).

27. **The 2004-2006 MAPs offer a substantial increase in Phare funds, particularly for Romania.** The Commission Services have proposed this increase in funds in order to address the insufficient preparation works identified in monitoring and peer review exercises. The majority of the 2004 twinning and investment support, however, is only just about to start (November 2005) and thus cannot deliver all the guaranteed results before the expected accession date 1 January 2007. It is apparent that institution building will have to continue after accession and Phare funds are available to complete preparations until 2009. Additional support can be expected following accession with the commencement of a Transition Facility.

28. **Romania, like Poland, made relatively little use of Phare for agriculture but put in a far higher rate of co-financing.** Due to the size and complexity of national agriculture, Romania can, to a limited extent, be compared with Poland. A similar comparison can be made for use of Phare funds (see table 3). In the case of Poland it is apparent that Phare provided only a very small financial contribution to CAP reform, both in comparison with the size of the Phare national programmes and with the Polish agriculture industry. There seemed

¹² Source: Government of Romania, National Development Plan 2004-2006; for comparison the 2001 figures given for the EU-15 states: GDP contribution – 1.7%, employment rate – 4.3%.

to be a tendency by the Polish authorities to undertake investment regardless of whether they had Phare funds available. This suggests that the size and sensitivity of the agricultural sector in Poland meant that the Polish agricultural authorities could always secure financing from their Ministry of Finance even if the Phare funding was not available, because the Polish government knew that by accession they had to have sufficient EU assistance schemes working to keep the farmer sector reasonably satisfied.

Table 3: Phare AGR support for Poland 1998-2003 for setting up CAP market mechanisms/ administrations and rural development

	1998	1999	2000	2001	2002	2003	2004	total	Total %
PL Phare National	64.7	213.5	313	396	394.1	396.8	-	1778.1	100%
PL Phare AGR	2.3	2.6	10.1	7.0	4.3	2.0	-	28.3	1.6%
PL AGR Co-financing	0.5	1.4	8.1	5.5	1.1	0.3	-	16.8	59.4%

Source: EMS database, figures in M€

29. *Like Bulgaria, Hungary made little use of Phare for the agriculture sector. It put in somewhat more co-financing but the sector was not ready for accession.* Hungary offers a comparison for Bulgaria, as its agricultural sector shows similar characteristics to the Bulgarian agriculture sector. Table 4, illustrating the Hungarian Phare CAP allocations, shows the gap in Phare support for the years 2000 and 2001 which reflects a slow pace in CAP reforms and a general resistance to institutional change at that time in Hungary. In 2002 it was apparent that not much work was taking place and ministry officials were very concerned that Hungary would not be able to deliver EU assistance to farmers on accession. Following changes in the government, investment restarted, but it could not catch up in time to complete preparations in time for accession.

Table 4: Phare AGR support for Hungary 1998-2004 for setting up CAP market mechanisms/ administrations and rural development

	1998	1999	2000	2001	2002	2003	2004	total	Total %
HU Phare National	67	91	65	89.9	111.7	101.7	-	526.3	100%
HU AGR	3.0	6.2	-	-	2.7	12.1	-	24	4.6%
HU AGR Co-financing	1.6	1.6	-	-	0.9	5.4	-	9.5	39.6%

Source: EMS database, figures in M€

30. The following table provides an overview of the use of Phare support in respect of specific areas aspects of agriculture. Eight NMS have been compared with the two acceding countries. In terms of support to the administrative, financial and control structures for agriculture and rural development, it is apparent that overall the two acceding countries together will receive more financial support (about 98 M€) than was given to the eight Central and Eastern European NMS for bringing their systems in line with CAP (about 90 M€), prior to the respective accession dates. In particular, Romania's CAP preparation is now being heavily supported by the EU, with total funds reaching more than 70% of the total allocation given to all eight of the NMS. A reasonable amount of the assistance for Romania is being earmarked for necessary investments into information technology and computer based systems. Proportionally, both acceding countries have put greater emphasis on support dedicated for ministerial and inter-ministerial organisation and on support to bodies outside the capital than was done in the NMS. Moreover, the Phare support for setting up and implementing SAPARD requirements in both acceding countries has been twice as much as the respective financial assistance delivered to the eight NMS.

Table 5: Overview of the use of Phare AGR support in respect of specific support areas

Country	BG	RO	BG&RO 2 countries	NMS 8 countries	Total BG&RO&NMS 10 countries
Support area					
Ministerial and inter-ministerial organisation and relations with subordinated bodies and agencies	9	9	18	21	39
Financial control arrangements including paying agencies	3	4	7	19	26
IACS	3	5	8	16	24
Arrangements for agri sector schemes/ market mechanisms	2	6	8	2	10
Support to SAPARD	3	5	8	4	12
Procedures and Operating systems / manuals	3	2	5	7	12
IT systems	5	26	31	14	45
Support to bodies outside the capital	6	7	13	7	20
Phare Investment	10	26	36	39	75
Phare Institution building	25	37	62	51	113
Co-Financing	10	12	22	63	85
Total Phare	35	63	98	90	188

Source: Ecotec database, figures in M€, including indicative allocations 2005/06 for Bulgaria/ Romania

2.3 Phare support strategy has been Commission-driven.

31. *Phare success depends on a pre-agreed strategic national approach to agriculture.*

Phare, as a technical instrument to initiate progress and change, can be only effective once the national framework for the area to be supported is clearly defined, agreed and accepted. This national strategy framework has not yet been fully secured in either of the two acceding countries. Various *ad hoc* reforms to support mechanisms, together with insufficient progress in structural adjustments of the agricultural industry, led to the unfavourable situation that structural reform and accession preparation now run in parallel shortly before accession. In Romania, for instance, even at the time of this evaluation, major political decisions such as whether to apply the single area payment scheme (SAPS) or the single payment scheme (SPS) had still not been formally taken and there remained outstanding decisions of principal on the minimum size of eligible farms, the complementary national top-up payments and the appropriate budget decisions.¹³ Such insufficient conditions have made the effective delivery of Phare support difficult.

32. *There are various sector strategies produced at the national levels, varying in focus and quality.*

These are often not directly geared to (pre-) accession issues. For instance, in April 2004, the Government of Romania drew up a 'Strategy for Sustainable Development of Agriculture and Food Industry in Romania for 2004-2025'. Whilst broadly stating the objectives to be achieved, the strategy only marginally touches upon key issues of Romanian agriculture and rural development, such as the fragmentation of farm structures, and does not address technical issues which need policy decisions if the CAP is to function properly in Romania.

33. For example, the substantial changes currently on-going under the new CAP provisions which came into force on 1 January 2005 have important implications for sector strategies and future administrative procedures and structures. These challenges are also faced in the EU-15

¹³ Bulgaria decided in May 2005, by governmental decision, to apply SAPS in the first years of accession and has fixed the minimum holding size at 1 ha and the minimum parcel size at 0.3 ha.

Member States, but they are making Bulgaria's and Romania's preparation for accession even more difficult. For instance a key element of the 2003 CAP reform 'cross compliance'¹⁴ is also a new subject for EU-15 Member States. Like the NMS, Bulgaria and Romania decided to apply the Single Area Payment Scheme (SAPS) following accession, however in the case of Bulgaria the formal legislative decisions are still pending.

34. **MAP offered a learning opportunity in strategic planning.** For the period 2004-2006 the MAP approach has been proposed to Bulgaria and Romania by the Commission Services. MAPs were produced in both acceding countries and implementation is now underway. In the agriculture sector the Bulgarian MAP is largely limited to a comprehensive summary of annual fiches. The Romanian MAP appears to be much more developed, representing a sector support programme. In the context of MAP, agriculture beneficiary institutions were also invited to present strategic sector documents (accession plans) and to co-ordinate and harmonise these with Phare planning. Whilst some plans were prepared for some institutions (e.g. State Fund Agriculture in Bulgaria - SFA) many documents are still not available or completed.

35. **But this opportunity was only partially grasped.** In both countries, the efforts to link the Phare MAP directly with national sector strategies had very limited success. This is evidenced by the Commission's request to Bulgaria and Romania in 2004 to draw up and present master plans for their intended paying agencies/ IACS. These plans were submitted very late. There were many reasons for the delays; technical ones, such as lack of clarity about what the content of a master plan should be or about the institutional requirements, but also an evident lack of commitment. The Bulgarian document was presented to the Commission only in June 2005 and is still subject to adjustment. The Romanian master plan, designed with the help of a 2003 twinning assistance, has been nationally endorsed in August 2005. Approval of the Romanian master plan has been a tremendous step forward in realising IACS and the plan is now being implemented and closely monitored.

36. **Strategic planning is also lacking with regard to bilateral donor support.** Neither Bulgaria nor Romania appears to have a comprehensive, integrated strategy in place for all support. Bulgaria managed to establish a degree of donor co-ordination in the area of rural development, foreseeing Phare's key role as being in institution building whilst other donors should concentrate on regional/local topics such as local training¹⁵. Such clear coordination however, is exceptional and overlaps and gaps are inevitably emerging. An example is the 2002 IACS twinning for Bulgaria. Here the twinning was agreed with a Dutch partner whilst, almost simultaneously, the beneficiary entered into a bilateral agreement with Austria for the provision of the Austrian IACS software. In an attempt to compensate, at least in part, for delay in the development of national IACS software, the Bulgarian Ministry of Agriculture and Forests (MAF) and subsequently the SFA (involving MAF Ministers) and the Austrian Paying Agency agreed on the provision of the latter's software for customisation by the SFA. Not only should this have saved time but it was also assumed to be cheaper if customisation was successful since costs would be limited to the provision of computers for downloading the software plus mission expenses for an Austrian expert to undertake the customisation at the SFA. Experience from other NMS, however (see Box 2) shows that such an attempt can prove an even more complex and costly undertaking than building up a software system from scratch.

¹⁴ Under cross compliance a set of statutory requirements concerning environmental protection, food safety, animal health and welfare has been selected. A farmer who does not respect these requirements will face a reduction in his direct payments.

¹⁵ For instance, in Bulgaria a project 'Sustainable development of rural areas' is being undertaken to test the LEADER methodology and to prepare Bulgaria for implementation of specific LEADER measures in the next programming period. This project is financed and implemented by UNDP, Ministry of Agriculture, Forestry and Rural Development and eleven pilot municipalities.

In the main, the software used for IACS needs to reflect the organisational and administrative circumstances of the particular member state. While countries may make use of the software of another country as an example of what is needed, they need to devise their own software to make the system work in their own country. In any case, the recent changes in the CAP mean that, with the introduction of SAPS, the software needed is not the same as under the former system.

37. ***Originally the Commission explained the task and left the acceding countries to their own devices...*** As already stated in the previous Agriculture Thematic Review, in Bulgaria and Romania (as in other candidate countries) there has been a substantial lack of understanding and under-estimation as to the complications of CAP in general and to the requirements for paying agencies and the IACS in particular. Most politicians and administrators in the agricultural administrations of the candidate countries did not fully appreciate the magnitude of the task or the rigour with which the regulations governing the CAP needed to be applied by the candidate countries, despite the efforts of DG Agriculture to explain the full extent of the requirement. This is particularly evident from the absence of the strategic planning process which needed to underlie any institution building process.

Box 2: Adapting an existing IACS – the Estonian experience

Estonia also had difficulties in completing its IACS in time. Within the framework of a Phare project with France and Finland it was decided to use existing Finnish software for IACS. It was found that the Finnish software was suited to the Finnish administrative system and this was different from the system in Estonia. Also Estonia had decided to install SAPS but the Finnish system was not based at SAPS. Customising the Finnish system was more expensive than creating a new system for Estonia. Each existing IACS system was suited to the national administration and could only be copied if also the national administration was copied. IACS was in place in Estonia so that the first direct payments could be made in December 2004.

38. The original approach adopted by the Commission has been mainly to explain what the *acquis* is and then conduct a series of screenings and monitorings to see how the candidate countries are progressing, taking the attitude that ‘it’s up to the candidates to meet the membership requirements’. The candidates’ difficulties in responding to this approach, given the political systems from which they were emerging, and the still prevailing lack of understanding of the requirement, were considerable. Moreover, the national representatives attending the screening and monitoring exercises did not always have sufficient authority to force their superiors to address the priority issues and their implications for human resources, systems and structures.

39. ***...however, the Commission was eventually obliged to press for sector support strategies and action plans.*** Most NMS appear not to have used a master plan system for the installation of the agricultural *acquis* and its institutions. They were guided by the framework set out by the Commission regarding the requirement for legislation. Indeed, most of them were almost overwhelmed by the volume of legislation required and the resources needed to adopt and apply that legislation.

40. In the case of both acceding countries, the Commission Services took a further step and specifically asked for a planning approach for setting up the CAP instruments. Without doubt, the Commission Services’ request for planning documents initiated and stimulated, to a certain extent, the planning approach in these countries. Whilst the lack of experience and understanding led to initial documents of rather mixed quality, the communication and guidance from the Commission Services has helped to bring developments forward in a more structured manner. The explicit request to prepare master plans together with the introduction

of Phare MAP can be seen as a pragmatic step forward towards the development of a more strategic approach for CAP institution building.

41. ***Phare multi-annual programming potentially strengthens the strategic approach.*** Phare assistance from 2004 to 2006 has been programmed on a multi-annual basis and its individual interventions appear to be well justified. In the agricultural sector, NMS have found that annual programming was too time-consuming; Phare projects take a long time to start, and it takes far too long to modify a project fiche. This maybe reflects a lack of planning, with the recipients failing to recognise what was needed before they started projects; or it may result from the changes in EU policy; or be because the Phare system was too bureaucratic. Most NMS have proved themselves able to adapt Phare projects to their needs regardless of the wording of the project fiche.

42. In the agricultural sector for both acceding countries, the introduction of MAP has led to the creation of large multi-annual projects for which financing is agreed annually by the EC. Whilst this can be seen as a pragmatic step forward to strengthen the strategic and systematic approach, notably for institution building, in practice the inefficiency of local contracting remained a significant drag on efficiency. The initial programming work has been substantially reduced whilst, particularly in the case of Bulgaria, modification of project fiches and/or allocations are still necessary to fine-tune the interventions according to the actual developments and emerging situations. The preparation of adequate technical and contractual documents remains however difficult and, consequently, last-minute commitment is still the norm for the majority of funds. This unfavorable delay in contracting 'knocks on' for later projects which often rely on the successful and timely conclusion of the predecessor. Nevertheless the original intention, expressed in the Phare 2003 planning documents for Bulgaria and Romania, to go towards an integrated medium-term sector planning document was a positive step in the right direction. However, due to restricted time for preparation and insufficient planning capacity in the acceding countries, such a complex undertaking could scarcely be realised, at least in the case of agriculture support.

43. Strategic deficits become more apparent following accession. One of the difficulties that all NMS face is that the CAP is a constantly changing policy, and there is a constant need to analyse the effects of any changes proposed and to brief ministers and officials for the discussions and negotiations in Brussels. Most NMS were not used to handling policies that changed frequently and were unprepared for the need to adapt their administrative machinery to new policy decisions. Some NMS emphasised in interviews the value of a permanent policy evaluation and analysis unit in their agricultural administrations, designed to provide informed advice on the twists and turns of EU arrangements. This is a valuable lesson for those managing current and future agriculture sector enlargement.

2.4 National CAP planning is now crisis management.

44. ***Not enough was done in time to set up CAP structures.*** The Phare support provided to the agricultural sectors in Bulgaria and Romania was at a moderate level between 1998 and 2003 and the focus in general was unambitious, compared to the needs for reforms, and for structural and administrative adjustments in order to comply with the CAP. Apart from highly justified activities in the veterinary and phytosanitary areas, Bulgaria made use of Phare in the years before 2002 predominantly for restructuring the land markets, agricultural statistics and fisheries, and for setting up SAPARD and rural development (see also Box 3). The focus in Romania in the early years was similar, with even more importance given to the set-up and development of their SAPARD Agency. The Phare projects supporting SAPARD are being

successful and will also contribute to the implementation of EU rural development measures, after accession. The more sophisticated issue of CAP institution building was not focused on much in these years or else was considered to be premature, as demonstrated by the fact that the first substantial IACS projects were agreed for Bulgaria within the 2002 envelope (BG-0201.02 Establishment of a Paying Agency and Preparation for IACS), and for Romania only under the 2003 national programme (2003/005-551.04.01 Designing of an IACS in Romania and support for formulation of a policy for consolidation of farms). With the 2004-2006 MAP, however these unfortunate delays have been recognised and led to a tremendous increase in the provision of financial resources, which are evidently essential to accelerate the slow progress in institution building by the planned accession date. Again it was the Commission which took the initiative.

45. Only in 2005 were institutional CAP and rural development arrangements finally planned, but they are not yet operational.

The following paragraphs provide an overview of the key institutions, both at central and regional levels, being set up for the purpose of the CAP requirement. These institutions are also the main recipients/beneficiaries of the sectoral Phare support being provided. Detailed organigramms of the administrative structures can be found in Annex 5.

Box 3: SAPARD Romania

Under the Special Accession Programme for Agriculture and Rural Development (SAPARD), six of the eleven measures (representing around 80% of the funds allocated) in the National Plan for Agriculture and Rural Development (NPARD) have been introduced. To date, the majority of funds allocated are for rural infrastructure and large scale food processing investments. There is little uptake by small scale rural businesses. Significant delays have occurred in preparing the accreditation of the remaining five measures, and the absorption capacity for SAPARD funds remains low, although it has improved. The SAPARD programme relates directly to the overall aim of Phare assistance; supporting the Romanian Government in implementing a rural development policy in line with the economic and social cohesion strategy adopted in the pre-accession process.

Overview of structures – Bulgaria

46. The State Fund Agriculture (SFA) is the paying agency (PA) for SAPARD¹⁶, as well as being responsible for the administration of state funded product support programmes. A second paying agency will be established within this body for the administration of both pillars of the post accession CAP¹⁷. It is expected that the key staff who set up the SAPARD Agency will be utilised for setting up the Integrated Administration and Control System (IACS). The SFA is envisaged to increase from 480 to 930 staff as the paying agency becomes functional. The majority of this staff increase will be in the SFA's regional and district offices. Currently, the SFA has 28 regional offices, dealing with SAPARD and national support schemes, and 6 district offices specialising in SAPARD. The regional/district offices are foreseen to provide data for the IACS and to do field checks.

47. The managing authority (MA) of the CAP rural development measures will be the Rural Development and Investment Directorate (RDID) within the MAF. The RDD has played a vital role in the preparation of the NARDP 2000-2006. This unit currently acts as a Secretariat of the SAPARD Monitoring Committee. It has acquired experience in programming, monitoring, evaluation and reporting to the Commission and will be considerably enlarged to fulfil its responsibilities as the MA. To provide for the future functions of the Directorate as

¹⁶ A paying agency is the institution responsible for defining support schemes, checking the applications for support and for making the payments for which farmers apply.

¹⁷ Pillar 1, European Agricultural Guidance and Guarantee Fund (EAGGF) and Pillar 2, rural development programmes. The staff from the first (SAPARD) paying agency will be absorbed into the new agency as the SAPARD programme is wound down after accession.

Managing Authority, its staff will reach approximately 50 people. The new employees who will be hired will work on the internal evaluation of the NARDP implementation. Job descriptions and responsibilities of the staff, as well as operational manuals for the operation of the Directorate as a Managing Authority will be developed and elaborated on the basis of the results from a 2004-2006 MAP Phare project especially designed for strengthening the administrative capacity of the RDD to act as a MA.

48. The Bulgarian National Agricultural Advisory Services (NAAS) has been set up with the help of earlier Phare programmes. NAAS has been active under SAPARD to help beneficiaries in preparing their proposals. NAAS would like to exercise a similar function for rural development after accession. This, however, has not been decided yet. Whilst there has been a general agreement that the services of NAAS have been helpful and should be utilised in future, for the time being the performance of NAAS is jeopardised by the insufficient budget granted for the institution. NAAS employs currently around 150 staff, mostly working in the 28 regional offices.

49. In realising the requirements of the Common Fisheries Policy (CFP), the National Fund for Fisheries and Aquaculture (NAFA) is envisaged to implement certain measures and to carry out a control function. NAFA has, in the past, received Phare funds, notably under Phare 2001, aiming at the restructuring of the fisheries and aquaculture sector (support to necessary legislative changes, provision of laboratory equipment and vessel monitoring systems). Under the voluminous 2004 agriculture programme, NAFA should be brought up-to-date in order to cope fully with the requirements of the fisheries *acquis*, including administration of the Financial Instrument for Fisheries Guidance (FIFG) and the setting up of fisheries' sectoral Common Market Organisations (CMO).

Overview of structures – Romania

50. In Romania, following long-lasting discussions, the government finally decided in July 2005 to establish two paying agencies, namely the:

- Paying Agency for Rural Development and Fisheries (PARDF), responsible for the administration and control of the rural development schemes and the FIFG, which will succeed the SAPARD Agency, and
- Paying and Intervention Agency for Agriculture (PIAA), a new body responsible for EU-direct payments, complementary national direct payments, IACS and the implementation of CMO.

51. Both institutions are directly subordinated to the Romanian Ministry of Agriculture, Forestry and Rural Development (MAFRD). The MAFRD will ensure co-operation and co-ordination between the two paying agencies. The co-operation will be facilitated by the fact that the headquarters of both PAs will be located in the same building. In addition, it is planned that the PARDF will use the county offices of MAFRD for the administration and control of applications under the EU rural development schemes. At the time of this review, a co-ordination body has been established at the SAPARD Agency (future PARDF) and authority for accreditation has been given to the MAFRD. Apart from political reasons, the decision to set up two PAs stems also from the fact that the current SAPARD Agency still

needs to improve its performance in committing the remaining SAPARD funds for the period 2000-2006.¹⁸

52. EU rural development measures will be realised under the MA being set up in MAFRD's Rural Development Directorate. As in Bulgaria, preparation of the upcoming NARDP 2000-2006 has been on-going at the time of this review. The Romanian Rural Development Directorate currently comprises 54 staff and no substantial increase is planned for the period after accession.

53. A crucial role will be given in Romania to the National Agency for Agricultural Consulting (ANCA). ANCA already supports the implementation of the SAPARD programme and will have a key role in informing farmers and raising awareness about direct payments and EU rural development schemes. In October 2005, ANCA started to work, together with regional and local MAFRD offices, on the registration of farmers for future EU support. ANCA comprises around 1000 staff (40 at central level, 300 located in the 42 county administrations, and 600 working at local/municipal level). ANCA staff have been receiving Phare training under SAPARD Agency development projects and are also being involved in the upcoming 2004 twinning and TA operations.

54. Concerning the FIFG mechanisms, the newly established Romanian National Agency for Fisheries and Aquaculture (NAFA) will assume the role of a delegated body. There are in total 150 staff working at NAFA, 55 located at the head office, the rest delegated to nine regional offices, which comprise also the regional fishery directorates.

55. The basic institutional framework in Bulgaria and Romania has thus been identified only by summer 2005, and major legislative documents still need to be drafted or have to pass national parliaments. Besides the legal acts already published, several secondary legislation documents, stipulating detailed competences and implementation responsibilities, still need to be elaborated, including the necessary internal procedures and operations' manuals.

2.5 Public administration for CAP is far from ready.

56. *CAP institution building runs very late in both acceding countries.* Institution building for the bodies described above has been initiated and/or is on-going at the time of this review. In Bulgaria the single paying agency is under preparation, with the substantial contribution of Phare; details on the state of readiness of the institution are difficult to gain, even for the Commission Services, since the paying agency is not very communicative

57. In Romania the government's decision of July 2005 to establish two paying agencies has finally cleared the way for targeted institution building. At the current Romanian SAPARD Agency (future PARDF) the preparation for rural development measures and fisheries is due to start. However, the Agency is still fully engaged in receiving accreditation for a number of SAPARD measures. It can be expected that contracting of the remaining SAPARD funds, to be ensured until 2007, will occupy a major part of the SAPARD Agency's administrative capacity. In March 2005 the Romania MAFRD appointed 1,100 staff within the Paying Agencies; to be employed at all levels. However, this occurred almost exclusively as a result of redeployment of existing staff, raising questions with respect to their real availability to fulfil their new responsibilities. The new paying agency for direct payments is currently trying

¹⁸ For the SAPARD period 2000-2004 the overall financial status at the end of September 2005 has been the following: commitment rate 69%, disbursement rate 38%. Romania has been the only SAPARD country facing severe risks of loss of funds (source: SAPARD Agency).

to find accommodation for the large numbers of new staff expected by 2006. After a very slow start, IACS, with the help of a pro-active Pre-Accession Adviser, is making progress. A twinning is supporting a pilot farms' registration project in four villages located in three counties of Romania. This pilot will be replicated throughout Romania over the next year as and when digitised land parcel records are created.

58. A further example for the difficult conditions for Phare support concerns the delivery of the FADN¹⁹ requirement. Whilst FADN is an indispensable element of the CAP, understanding of the needs and benefits remains limited, both on the side of the acceding countries' agricultural administrations and on the side of farmers. For example, the Romanian MAFRD has been running FADN as a pilot activity since 2002, with a Unit consisting only of two persons. Whilst the framework legislation for FADN was enacted by November 2004, the administrative capacity remains entirely insufficient, with likely consequences for the effectiveness of the upcoming 2004 Phare support in that area. Only a skeleton implementing structure exists at central and regional levels, and the staff resources and necessary logistic arrangements remain insufficient. The network to collect data from farms is only gradually being expanded. In November 2005 a twinning project was about to commence. However, the necessary staff increase of the FADN Unit has been not ensured yet, with staff recruitment reported as still on-going. The twinning could bring most of the expected benefits at the central level, and will also do some awareness raising and training at the regional level. The poor technical status in the regions, together with a clear lack of interest from the farmers' side will, however, make the timely set up of FADN problematic.

59. ***In both acceding countries major secondary legislation on implementation and responsibilities still remains to be produced.*** The progress in drafting manuals and internal procedures has been modest to date. In both countries the preparation of the registration of SAPS applicants has yet to start. Land-mapping is making slow progress. Whilst Romania has already advanced with the production of ortho-photos, Bulgaria has still to make a start, originally envisaged in autumn this year, but in the absence of a signed contract not likely to start before spring 2006. Digitisation of maps has not been done. Major twinning operations which should boost institution building progress in 2006 are in the pipeline, waiting for mobilisation. The original objective in both acceding countries, to have paying agencies accredited by July 2006, remains a very ambitious target against that background. Moreover, formal aspects of accreditation are not all settled. In the case of Romania, the MARD decided recently to keep the accreditation body within the ministry. This unit however, is not yet sufficiently staffed and trained for such accreditation.

60. ***The use of the SAPARD experience for CAP institution building varies.*** Bulgaria has been using experience with SAPARD by adapting the current SAPARD Agency to the future single Paying Agency. Despite the fact that the SAPARD investment schemes are different in nature to the direct payment schemes plus the fact that they are managed entirely on a paper based system and not on IT, it is apparent that some of the expertise gained in the preparation, accreditation and implementation of the SAPARD Agency will be successfully utilised for the new Paying Agency. Compared to Bulgaria, there is the impression that Romania is still making relatively small use of the SAPARD experience. This is partly due to the situation that SAPARD had a difficult start in Romania. Also the decision to install two paying agencies in

¹⁹ FADN – the Farm Accountancy Data Network is an instrument for evaluating the income of agricultural holdings and the impact of the CAP. It involves annual surveys carried out by MS. Derived from national surveys, FADN is the only source of micro-economic data that is harmonised, i.e. the book-keeping principles are the same in all countries. The primary user of analysis based on FADN data is the Commission Services.

Romania might lead to the situation where the completely new agency will not benefit much from the SAPARD Agency.

61. ***Setting up the MAs for rural development measures should not prove difficult but making the schemes operational will.*** In both countries, this task has been given to the MoA rural development directorates, which have been working as policy makers for years on rural development, including SAPARD. The necessary pre-conditions for effective utilisation of Phare support are better guaranteed in this area, particularly when compared with the difficulties in setting up paying agencies and IACS.

62. However, evidence from NMS demonstrates that operating rural development and especially agri-environment schemes has provided a new challenge for these countries. Most NMS did not have a rural development or agri-environment policy before accession. They have had to learn quickly what such policies involve, and to inform their farmers and other rural stakeholders how such policies can benefit them. Inevitably, these policies are not as well advanced as more purely agricultural policies, and the NMS are still developing their response to EU policies in this area, and some NMS have had delays in securing approval for their rural development plans.

63. ***There are some improvements in partnership and co-operation in institution building, making for a better environment for Phare.*** Partnership and co-ordination, underlying principles for effective Phare support, remain difficult, particularly among the various national authorities in institution building. There are, however clear and encouraging indications that over the years partnership and co-ordination in some areas has been definitely developed and strengthened. Partnership is developing well particularly in the rural development activities, where Phare support explicitly requires strengthened effective partnership, which is often achieved. A particular positive role in building up partnerships can be attributed to the SAPARD programme, where the respective Monitoring Committees explicitly invited NGO and producer organisations to participate in the programme in both acceding countries. SAPARD to a certain extent triggered the public debate on policy objectives for rural areas and allowed the introduction of new approaches to policy formulation, namely the partnership approach. Over the years partnership and co-operation between central and regional entities has made good progress. Evidence gathered from NMS confirms that it was also important to involve local communities and also NGOs in agricultural and rural regeneration activities and schemes. NMS counterparts emphasised the importance of activating people on the ground and of combining finance from both private and public sources in agricultural and rural development schemes.

Box 4: NMS experience with setting up CMOs

- Most of the NMS had found establishing the payments systems for the commodity markets easier than those for direct payments.
- The arrangements were more familiar to them than direct payments and the main difficulty lay in introducing the audit and accounting systems that were of a different order from those that had existed in these countries before accession.
- Some of the standards required for commodities going into intervention etc. caused some difficulty, as stakeholders did not like not receiving payment because their produce had failed EU standards.
- However, this side of the work of the paying agencies was far easier to introduce than the system for direct payments, especially as most NMS had not had any experience of handling direct payments before the introduction of SAPARD.

64. Administrative capacity in both acceding countries to operate the various CMOs (wine, beef etc) is, for most commodities, not established yet. The paying agency is usually the legally responsible authority for the CMOs but this is not seen as a priority. In both countries the implementing bodies for CMOs for many products have not yet been designated and even the implementation legislation is has not all been completed. Also, co-operation between the future paying agencies and the various competent authorities to be designated and/or established under the CMO needs to be assured (see also Box 4).

65. ***In both acceding countries the profile and performance of professional farmer representative organisations is still too low.*** This has immediate consequences for the effective information and training of farmers for their participation in the CAP. In most EU-15 countries it was the farmers' representations and individual chambers of agriculture which played a vital role in informing their farmers and in ensuring an adequate political role, which is needed actively to prepare for and benefit from the CAP. This essential role of farmer representation has been positively demonstrated by some NMS (for instance Estonia set up its systems in close consultation with the Chamber of Agriculture, with the Chamber also playing a key role in informing and assisting farmers as to how to adapt to the new system). Joint efforts have been very beneficial for the introduction of EU payments but, in some NMS, the professional representation of farmer interests still needs improvement. In the case of both acceding countries it is evident that the existing bodies are politically and financially too weak, precluding them from contributing significantly to the CAP education of their members. In both acceding countries this remains a task essentially to be carried out by the State. Effective farmer representation has not been a priority for Phare support. Some initial Phare support was given via the multi-beneficiary Business Support Programme, but under national Phare programmes the focus was set differently and support for agricultural representation organisations has scarcely continued.

Box 5: 2004 Phare Support for the Romanian MAFRD

Extensive support is proposed within the Phare 2005 programme, with a total value of M€21.75. Support is sub-divided, logically, into three priority areas that are based on accession related objectives:

Priority 1: Rural Development and Economic and Market Analysis.

The result should be a ready-to-implement Rural Development Programme including a fully functioning Managing Authority. Four Twinnings, one Twinning Light, one TA, and one investment programme are scheduled

Priority 2: Preparing for EAGGF

Phare will support a number of initiatives to benefit from EAGGF funds. Eight Twinnings are proposed, plus two TA and three investment programmes.

Priority 3: Development of the Food Safety System

The objective is to bring Romanian veterinary and phytosanitary services into full compliance with EU requirements. Two Twinnings and one TA programme are planned.

66. ***Phare central institution building coverage is exhaustive.*** With MAP 2004-2006 no institutional/structural gaps remain uncovered by Phare support. In general, the Phare agricultural support has been well targeted, covering real and immediate needs in all areas necessary to prepare for and run the CAP mechanisms. In realising the requirement for Bulgaria, there have been no apparent gaps. As in the case of the Romanian 2004-2006 MAP there has been a gap analysis undertaken in Bulgaria during programming, to make sure that no important area remains uncovered. Phare is clearly addressing the future key institutions. However, in particular the 2004 operations for the Romanian MAFRD, which include *inter alia* as many as 14 twinning operations, will test local absorption capability and co-ordination capacities to the utmost limits (see Box 5).

67. ***Whilst the central administrative level should be well equipped and trained with the help of Phare, regional / local levels and final beneficiaries have had little help.*** Phare will provide limited technical equipment and training to those who are supposed to carry out the field work, including awareness raising, information, advice and on-the-spot control (see also Box 6). The majority of these tasks, including their preparation and finance, will rely however on the national budgets which are generally very restricted. In particular, the national agricultural advisory services, which are supposed to play a key function in contacting and informing farmers, complained about staff shortages and financial limitations. The Bulgarian NAAS complained recently about fuel shortages for their cars, due to the very restricted budget. Also, informing the final beneficiaries and getting their co-operation for registration and application is sometimes a challenge and will be very demanding in view of the tight time schedule. As concerns the various national bodies involved, co-ordination and co-operation procedures are often not in place yet and this will potentially lead to confusion and duplication at the local levels in the next year.

Box 6: On-the-spot control in NMS

One of the more difficult areas was the establishment of the System of on-the-spot controls. These are complicated and also seasonal, so that it is difficult to have the size of workforce required at the time that it is needed. One NMS, Poland, has fully out-sourced the enforcement of on-the-spot controls so that the contractors have the responsibility of ensuring that the controls are applied correctly and of finding the appropriate resources to do so.

68. ***An overview on the resources available to key central and regional institutions is difficult to establish.*** Whilst there is a general commitment that the governments will provide the necessary resources for completion and maintenance of structures, particularly at regional and local levels, the detailed amount of resources is often still subject of discussion between sectoral administrations and their respective Ministries of Finance, or remains still unclear. For instance, the new Romanian paying agency for direct payments was originally supposed to have around 1050 staff. This assumption has been changed and at present as many as 5000 staff are expected to be employed by the beginning of 2007. Whether all these plans can materialise in time in the context of permanent discussions on the availability of State funds remains an open question (see also Box 7). Details of individual resource planning are mostly treated as internal information and therefore inaccessible. Moreover, in both acceding countries, formal decisions on the complementary national top-up (co-financing) payments, which have direct consequences for their next year's national budgets, remain to be taken.

Box 7: Costs of the Romanian IACS

According to the master plan, the total funds to be provided for IACS in Romania in the years 2005-2007 amount to 78.2 M€ (42.7 M€ for investment and 35.2M€ for operational costs). Phare will provide funds for investment amounting to 5.9 M€. 72.3 M€ need to be provided for IACS from the national funds. This does not include resources needed to complete setting up the PIAA, including the provisions for the implementation of the CMOs.

69. ***The Romanian decision to have two paying agencies seriously complicates the task.*** The resource allocation at central level is a crucial issue with regard to the decision as to whether to set up one or two paying agencies. This discussion was held in many NMS for years (for instance Poland decided on two agencies) and Romania has recently decided to opt for two agencies. This has been partly justified by the current situation of the SAPARD Agency, which is still fully engaged in SAPARD activities and has only limited opportunities to cover both CAP pillars, particularly given the scale of national agriculture. There is no doubt that a single paying agency (with or without a centralised function for all schemes other than direct aid schemes) has significant, functional advantages over a multiple agency structure

and, arguably for a NMS, is less complicated to establish and maintain. It avoids the duplication of costly IT systems and has advantages in terms of accounting and controls. It also avoids the need to establish a Co-ordinating Body as a central contact point for communication with the Commission.

70. Some EU-15 Member States, including France and Germany, have a number of paying agencies. In France there are a number of agencies handling particular sectors and in Germany there are regional agencies for all measures other than intervention and export measures. In the UK, a revised simpler structure has been established. Under the new arrangements, the four constituent countries²⁰ each have a central paying agency to manage direct aids but a part of the agency for England deals with intervention and imports/exports. Any direct comparison between current and imminent NMS and Western Europe is however questionable. The requirements for a paying agency mean that for the first time the acceding countries have to account in detail for how they spend the money that they receive from the EU; carry out audit activities, and co-ordinate their activities with other government departments. In the UK, France or Germany there is much experience in such activities. In the NMS and particularly the acceding countries these activities are new. Even in Poland consideration is now being given to amalgamating the two agricultural paying agencies and they have more farmers than any other recently acceding or candidate country. Therefore, the task given to Romania to develop two separate but co-ordinated institutions that can cope with all the CAP requirements in less than two years is enormous.

71. ***The Bulgarian and Romanian experience in preparing for the CAP mirrors that of the NMS.*** In both cases the preparation has been very late. There remain however, doubts whether the Bulgarian and Romanian authorities will be able to cope even as relatively successfully as the NMS did. Most if not all of the NMS found the establishment of a fully functioning PA and its attendant authorisation, payment, accounting and control systems, of which IACS is the most complex, to be one of the most difficult operational issues with which they have been confronted in the period leading up to accession and beyond it. Surprisingly, the complexities and time needed were often under-estimated. Indeed, this area continues to call for a high degree of planning, preparation and co-operation in the older Member States if the potentially severe financial penalties resulting from the disallowance of CAP expenditure are successfully to be minimised. As observed from the May 2004 enlargement round, only Slovenia brought its national funding systems in line with the essentials of the CAP requirements prior to accession, and thus had some tried and tested system in place by 1 May 2004.

72. ***Overall, there has been strong interest expressed in both acceding countries to benefit from the experience of the NMS administrations.*** At the time of this thematic evaluation the first twinning

Box 8: CAP institution building expertise in NMS

- *Poland has the most recent experience in setting up CAP mechanisms for large agricultural sectors, comprising many holdings.*
- *Slovakia has been extremely successful in introducing the Land Parcel Identification System (LPIS). The system is compulsory for IACS.*
- *In Poland 'on-the Spot controls' was one of the most difficult areas because of the number of different controls; the large number of farmers in Poland who had to be checked, and the seasonality of the checks required. In Poland these checks were out sourced to private contractors.*
- *Slovenia was the only candidate country so far which effectively brought its national support schemes in line with EU requirements prior to accession.*

²⁰ England, Scotland, Wales & Northern Ireland.

operations were about to be launched which involved NMS experts as twinning partners, generally as junior partner short term experts. This might potentially mean a further strengthening of the effectiveness of the twinning instrument. For Bulgaria and Romania, the NMS experience in setting up administrations from scratch and within reasonably short periods is their reality today (see Box 8). Also in terms of equipment, the NMS administrations are often better modernised than EU-15 administrations.

73. Although some NMS have expressed interest to share their expertise and to provide acceding countries with institution building and technical know-how, other NMS have expressed reservations about doing so. This results partly from the need to complete internal work within their home administration first, but also from a general lack of interest to participate in twinning operations. This situation is somehow comparable with 1998 when the twinning instrument was effectively put in operation and first of all had to cope with reservations from many EU-15 administrations. Due to the pro-active promotion of the Commission Services, however, such reservations were effectively overcome. A similar approach might be beneficial now in order to resolve similar reservations in NMS and thus to make the twinning instrument even more effective.

74. Moreover, care needs to be taken that ill thought-out requirements for twinning partners do not exclude NMS. A requirement that twinning partners must have five years experience of milk quotas, for example, effectively excludes all NMS. NMS consider such rules to be short-sighted as they point out that their recent experience in learning how to apply EU legislation and practice would be of the greatest practical help to applicant countries. Also the NMS share the background of the previous social system with most of the applicant countries and therefore they are in the best position to understand the mentality of the agricultural administrations in the applicant countries and to recognise the changes in practice and understanding that they will need to make if they are to apply EU requirements successfully.

75. ***Securing decisions on public administration structures and responsibilities for CAP continues to be generally beyond Phare's capability.*** The previous thematic evaluation on Phare support to Agriculture stated '*...the major problem for Phare in the agriculture sector has been that the size and complexity of the task of meeting the requirement has not been fully appreciated by most of the senior politicians and officials in the candidate country...*'. Two years after the previous review these findings have been confirmed again when undertaking missions to the two acceding countries and NMS. Whilst Phare support is definitely useful in public administrative capacity building, in particular the twinning and technical assistance tools, it cannot be fully effective in the absence of top level decisions regarding the key responsibilities (see Box 9). In both acceding countries the respective governments found it difficult to make such decisions on CAP implementation at a sufficiently early point in time. Since the commencement of Phare, its institution building work has been able to have relatively little impact on the speed and direction of this type of crucial governmental decision.

Box 9: Political commitment towards CAP institution building

Question: 'Your country joined the EU in May 2004. When did your ministerial top management fully understand the scope and size for meaning to set up paying agency and IACS?'
Answer: 'I would say, it was September, maybe October 2004.'

Quoted from an interview held with a senior Official of a NMS agriculture ministry.

76. ***Overall, public administration in Bulgaria and Romania remains far from ready.*** There remains widespread concern, including in the responsible ministries, regarding progress in CAP institution building. Following a critical time schedule for institution building in Bulgaria and Romania with the accession date so close necessitates a ‘quantum leap’ in top political level commitment, and recognition that meeting CAP requirements necessitates a willingness to change existing attitudes and systems completely and to handle a massive expansion in staff numbers at the same time. CAP is still too often seen as a policy to be followed by the respective Agricultural Ministry only, thus leading to insufficient understanding of the involvement and commitment needed from the government collectively. For instance, the Romanian MAFRD was not able to receive additional funds from the Ministry of Finance for 2005, needed for the essential IACS. Re-allocations within the current budget of MAFRD to a certain extent made good the shortfall. It may be indicative of growing top level awareness of the importance of such issues for Romania post-accession that there is evidence that the budgetary planning for 2006 and 2007 provides for additional funds to be directly allocated for IACS.

2.6 Phare implementation capacity has been weak.

77. ***Over the years, the performance of Phare projects in both acceding countries has only slightly improved.*** There is widespread understanding that the performance of Phare agricultural projects in Bulgaria and Romania has slightly improved. This is mostly because, in recent years, technical competences have increased, thus allowing potentially a more effective use of the Phare assistance now (November 2005) starting up. This positive development is often jeopardised, however, by frequent changes of staff both at decision-making and technical levels, and also because of uneven political commitment. On the other hand, the scope of earlier projects was generally unambitious, whereas the complicated, and therefore resource intensive, institution building interventions are only at the beginning.

78. ***Effective Phare support is suffering from insufficiencies in preparation and contracting.*** The procedures for obtaining assistance under Phare, SAPARD or other EU programmes take a long time to complete. There has been wide spread criticism, both in NMS and acceding countries, about the slowness of approval procedures and the time needed to amend project fiches. Projects were often started when the recipient was only partly aware of the requirement and part way through the project’s life the recipient became aware that different activities were needed. The need to adapt projects, and the complaints about the restrictiveness of the Phare procedures, however, could sometimes be attributed to the situation that projects and their financial arrangements were not prepared sufficiently in advance. Implementation schedules given in project fiches were almost never realistic, not even as indications. Post-accession experience shows that, with the introduction of the Extended Decentralised Implementation System (EDIS), the tendering procedure under the national legislation is also a long one and that the expiry of a contracting deadline for a Phare project could be reached before a tender had been let or delivered. Both acceding countries will most likely face similar contracting risks, following the introduction of EDIS.

79. ***The performance of Phare contractors/twinning partners has been mostly good or even excellent, given the difficult environment.*** A good working relationship and co-ordination between the various stakeholders is important if interventions of this scale and intensity are to be delivered successfully, particularly now under ‘crisis’ circumstances of administrative overload. The success of twinning projects depends in part on the skill of the pre-accession advisers who need to be able to assess the requirements of the beneficiary; adapt the project to the needs of the beneficiary; and supply the experts at times when the beneficiary can spare

officials for training (see also Box 10). In one of the acceding countries, for example, the Pre-Accession Adviser has performed his duties in a very pro-active manner and, as he was well respected within his host administration, was able to achieve some notable progress on IACS set-up. Whilst the relationship between the beneficiaries and twinning partners has usually, though not always, been good, co-operation and co-ordination between the national institutions involved and/or between beneficiaries and Commission Services, particularly at the Delegations, is sometimes unsatisfactory. For instance, in one of the acceding countries, a lack of feedback on the beneficiary's response to twinning activities for a future paying agency has been raised with the national authorities by both the Delegation and the Ministry of Agriculture. But adequate machinery for dealing with such problems promptly and effectively is generally lacking. The only formal interdepartmental fora available so far for addressing such issues are, firstly, the quarterly steering committee meetings, which are too infrequent for a project such as the one in the example above, and secondly the monthly progress meeting for all projects that is of necessity brief and cursory. This lack of an efficient arrangement for quick corrective action on projects has been contributing to inefficient implementation.

Box 10: Difficulties in CAP twinning operations

Disagreement over content has been seen with the twinning component of the Bulgarian 2002 Paying Agency and IACS programme. The beneficiary expected the twinning partner to provide significantly more external audit assistance than the latter considers available under the contract. There were other, more significant disagreements between the partners on the approach to be taken which ultimately led to the replacement of the RTA. After an initial highly unsatisfactory start, progress since November 2004 has been good, and an intensive schedule may result in lost time being made up. The delays in the contracting of the twinning element (13 months) led to the late tendering of supplies. There was insufficient time to re-launch the tender when the tender was rejected, and the funds were lost. The outstanding equipment supply has been included within the subsequent 2003 assistance.

80. Moreover, many twinning operations had and still have efficiency problems due to chronic understaffing of the beneficiary institutions. Project managers have repeatedly complained about their inability to meet the requirements of everyday functioning of their organization and, at the same time, to delegate sufficient staff to co-operate with the consultants arriving from member states. In other observed cases, the delay of one project endangered the preparatory phase of a subsequent but related one. This has been often the case with information technology (IT) projects: the beneficiaries are often not sufficiently skilled to draft technical specifications and wait for an input from a twinning expert or from technical assistance. So, if the help with drafting the technical specifications is delayed, there is a 'knock-on' effect causing further delays in contracting the IT equipment and software.

81. In one of the acceding countries, for example, communication between the future paying agency and the various units of the Ministry of Agriculture has not been good. This will not only continue negatively to affect the implementation of Phare programmes, but in the longer term communication between policy and operational levels will be essential for the successful implementation of the CAP measures. The effectiveness and impact of a number of Phare funded projects will be reduced unless communication can be improved – the IACS system will need data from agri-statistics, animal identification, land properties register, fisheries and wine information systems. The future paying agency might realise the need to liaise with the respective agencies to determine how this interaction will occur. Further close co-operation between the parties will be indispensable also for the effective establishment of the rural development pillar under the upcoming 2004 Phare programme.

82. As seen from the first enlargement round, the last stage of the pre-accession period was heavily overburdened for most of the NMS because they had not given themselves sufficient time to prepare for the tasks and responsibilities associated with applying the rules and practices of the CAP. They all managed to make the first payments but with little time to spare and, in one case, with some complaint from farmers and other stakeholders. Part of the difficulty was that some NMS administrations only recognised the complications and difficulties of the task at a very late stage before accession. Ministers and senior officials had no training in the nature of the EU requirement and the frequent changes of personnel meant that the learning process was a slow one. One NMS abandoned work on the Phare interventions covering the paying agency and IACS on the grounds that it was too complicated, and had to reinstate the work less than two years before accession. They considered that the costs meant that the work needed to be abandoned but then had too little time to introduce the EU arrangements, incurring some criticism for late payments (see Box 11). In making the necessary legislation and in creating the necessary institutions it is of vital importance to start early because the task is more time consuming and complicated than is realised.

2.7 Phare has catalysed national efforts.

83. ***Despite limited results, Phare pressure has been essential.*** Overall, it can be concluded that the permanent presence of Phare, combined with the national commitment to use funds in an agreed manner, has helped to accelerate the speed of high-level decision making, which otherwise might have been even more delayed. Apart from immediate technical and administrative adjustment, the impact of the Phare instrument as a catalyst, permanently requiring change, should be seen as positive in principle. The view that ‘without Phare it would have definitely been worse’ has been repeatedly expressed by various NMS agriculture officials.

84. ***In both acceding countries it has been apparent that the Phare PIUs at their Ministries of Agriculture play an essential role in preparing their countries for CAP.*** In both acceding countries, the Phare

Implementation Units (PIU) have demonstrated extraordinary commitment towards the effective use of Phare and to the achievement of the agreed institution building objectives. In Bulgaria as well as in Romania the PIU has been highly involved in drawing up the master plan required by the Commission Services. In both countries the role of the PIU has been instrumental, beyond the immediate scope of Phare, in using the responsibility for Phare funds also as a tool to permanently initiate and request changes within their home administration.

Box 11: Insufficient impact by the time of accession - the Hungarian experience

Numerous factors underlie the reasons for the Hungarian farmers' demonstration that took place in February 2005 as a protest against the agricultural crisis, government policy and the competition resulting from the sudden influx of cheap imports. Stemming from Copenhagen Agreements, the Hungarian government was obliged to provide a 30% national 'top-up' payment based on hectarage, in the 2004 budget. This had not been ensured in time. Had this happened and the payment been available in summer 2004 - in line with government undertakings - it would have helped farmers to adjust to the new system. A part of the difficulties was directly attributed to the failure to establish in time those institutions indispensable for EU payments (paying agency, particularly IACS). Overall 200,000 farmer applications had been received during the first campaign in 2004. However, due to the late completion of the administrative systems and to substantial over-declarations identified - resulting in further time needed for checks - only a part of the applications was paid by December 2004. This led to a situation where Hungary was the only NMS where only 40% of the hectarage payments had been made. In the other NMS full payments were made before December 2004. The outstanding Hungarian payments were made only in March 2005. The Hungarian IACS system was completed in autumn 2005, with the last Phare project terminating in October 2005.

2.8 Overall, despite Phare support, CAP arrangements are not installed in time.

85. ***Immediate CAP impact is often disappointing: intermediate impact will only materialise under Membership conditions.*** The immediate impact of CAP-related Phare projects is the extent to which project outputs are properly and efficiently utilized by the beneficiary organizations, in other words, the extent to which the projects engender change. The intermediate impact of most CAP-related projects is their contribution to raising the absorption capacity of EAGGF subsidies, which in turn will have measurable budgetary consequences at national level together with an evident social-economic wider (global) impact. In particular the impact of the projects supporting paying agencies will be characterised after accession in terms of relatively efficient agencies that can handle the high volumes of applications with a solid technical infrastructure and well structured procedures. The 'total amount of subsidies being utilised under the CAP' and 'only minimal disallowance of EU support' would be suitable impact indicators. With the post accession commencement of more substantial financial resources under CAP, and particularly under rural development, a significant global impact can be expected from the Phare support potentially contributing to a stabilisation of the rural population.

86. Intermediate impact to date is low because Bulgaria and Romania do not have all the basic arrangements in place, such as a fully functioning and resourced paying agency. In some cases the arrangements will probably be in place in the first year after accession but neither of the acceding countries will definitely have a tried and tested system in place by the beginning of 2007. The reason for this uneven impact is that – exactly as in the case of most NMS - the two accession countries have tended to underestimate the difficulties of meeting the requirements of the CAP, and have been reluctant to establish and resource the new institutions that are needed. They have therefore not been able to absorb all the information and training that has been made available to them under Phare. By the date of accession in 2007, both acceding countries will be well on the way to establishing an IACS, but the introductory date will probably be after accession despite their (now) best endeavours to have the system operating on time. It is also not possible to test the systems fully in the time available to ensure that all aspects of them will work to the required standard. Thus the intermediate impact of the Phare projects by the time of accession will be rather limited and will materialise more substantially only after some years. This observation has been made already in the past when assessing the performance of some NMS and it is likely to be repeated in the case of Bulgaria and Romania.

87. This insufficient impact of Phare interventions is not due to any particular failure in the system of Phare assistance but rather more to a lack of capacity on the part of the administrations of the candidates to manage and drive through the CAP preparation. There has been a tendency to underestimate the complexity of introducing CAP, in particular IACS; a failure to sort out the responsibilities for introducing CAP, and a failure to provide adequate financial and human resources for completing the CAP projects successfully. All this could have adverse consequences on the funding that they receive from the EAGGF, especially in the first year after accession.

88. ***Phare support for SAPARD had more immediate impact.*** The positive impact from the Phare SAPARD programme has already partly materialised. Phare played a crucial role in 'professionalising' the staff of the Agencies. The development of IT systems and IT-based systems procedures has improved the management efficiency of the SAPARD Agencies in both acceding countries and has directly improved the availability of the SAPARD programme for potential beneficiaries. This has been demonstrated by increased interest in applying for

support through the various measures available. There has also been an increase in the capacity of the Agencies to operate as Structural Funds' bodies following accession. The support provided to SAPARD Agencies' staff will also lead to the long term improvement of the services provided for beneficiaries. Moreover, the systems set up under SAPARD are not redundant upon accession but will continue, with appropriate changes, thus having an intermediate impact in the post accession period.

89. It is inevitable, however that the impact of rural development measures post-accession will not be as great as the potential need because of the institutional weaknesses that are apparent in the administrations of the two countries. The experience of SAPARD will clearly help to stimulate demand, but rural development plans in some countries are sometimes still seen as trying to shore up existing agricultural arrangements. The ability of the accession countries' administrations to review policies radically and determine new approaches to rural problems remains limited, and it is the lack of this capacity that will limit the ability of the accession countries to take full advantage of the opportunities available from joining the EU.

90. ***Viability of CAP structures and resources will have to be secured by both acceding countries but is not visible yet.*** For the two countries joining the EU in 2007 the achievements of the Phare Programme in helping the applicant countries to apply the CAP will need to be sustainable if the governments are to draw down money from the EAGGF. In the context of CAP institutions, particularly paying agencies, sustainability depends on four main factors: (i) accreditation of the paying agency; (ii) the smooth running of IACS; (iii) availability of good management with trained and interchangeable staff at all levels, to provide business continuity; and (iv) developing the character of a learning organisation given that the CAP is a continuously changing system. At this stage, much work remains to be done by the two acceding countries in order to fulfil those requirements.

91. ***Bulgarian and Romanian ministries still do not appear to be fully aware of the standard of administration that they will have to attain and maintain if sustainability is to be assured.*** In both accession countries the supply of a sufficient number of trained officers to administer the CAP is a major problem. As in the case of the NMS, the main threat to the sustainability of the Phare training is whether the local officers that have been trained can be retained in the posts for which they have been trained. Where the sustainability of the very large amount of equipment provided under Phare is concerned, it is not only continuity of trained staff that is required: funds will also be needed to maintain and eventually renew the equipment, which the respective administrations will have to fund from own resources, which will be difficult to ensure within the current tight State budgets. In general terms, much of the Phare assistance for meeting the requirements of the CAP is only sustainable provided the accession countries make the necessary resources available. Phare could have done more to highlight to the national administrations the long term financial and staffing implications for them of Phare-supported CAP projects from an earlier stage on the pre-accession period.

92. ***With respect to the support provided to the SAPARD Agencies, there are fewer concerns relating to sustainability.*** The Agencies are basically well resourced compared to other local bodies and their continuation as rural development bodies under membership conditions is secured; their IT departments are relatively well endowed compared to other agencies in the sector, and staff turnover is also - at least relatively - low. The automated procedures that are being introduced can be expected to be retained and maintained. However, in both acceding countries the Agency's senior management will need to expand the emphasis placed on human resource development to ensure the sustainability of training support provided. This requires strategic policy decisions.

93. ***Beneficiaries will continue to find it difficult to raise finance towards EU rural development measures after accession.*** The conditions for receiving loans for investment in the agricultural sector remain difficult in both acceding countries, and the interest of commercial banks to enter into agreements with the agricultural industry remains limited. State subsidy programmes for investment and for increasing competitiveness, complementary to EU rural development funds, have been announced for the future and might potentially help to tackle the disadvantaged situation of the agriculture sector in both countries.

94. ***And they may not get first (CAP commodity) payments on accession.*** Among the interviewed partners there has been widespread concern that funding mechanisms for direct payments might not be fully ready by the date of accession. The principal objective of achieving accreditation for the CAP paying agencies, in both countries, six months before accession on 1 January 2007 remains a highly ambitious one given the amount of work in key areas that lies ahead. The enormity of the task does sometimes still not seem to be fully appreciated. The pessimistic conclusion at this stage would be that it will be very difficult to achieve accreditation by June 2006 even if the concerns expressed above are acted upon promptly; and it is, correspondingly, difficult to imagine that the objective will be met if they are not. NMS experience demonstrates that one or two years of practical experience of doing returns under the new system would have been valuable. Also neither of the acceding countries is likely to have the possibility to test the new system prior to accession.

95. ***However, experience from NMS shows that all countries managed to make their direct payment structures somehow operational in the first year of accession.*** Almost all NMS had made tremendous efforts to bring their systems and structures into operation and they basically succeeded in doing so. With one exception, Hungary, all the NMS were able during the first year of the CAP (2004) to provide direct payments to their farmers at a level comparable with EU-15 countries. All NMS will provide more categories of assistance this year than last, but some schemes, such as some rural development measures, and some payments, such as fruit and vegetable support measures in northern countries, may take some time before they are fully in place. Some NMS had not made direct payments to their farmers before accession. Some had not been involved in agri-environmental or rural development type schemes before the start of the SAPARD Programme, and even then their experience had been limited to farm improvement schemes. They therefore needed time to introduce some of the assistance schemes in this sector.

96. The same positive scenario could be expected from Bulgaria and Romania, provided exceptional commitment materialises and is maintained in both acceding countries. However, it is apparent that institution building will need to continue after the likely accession date. For this purpose, support is available from Phare within the 2004-2006 MAPs and through the upcoming Transition Facility. Moreover, additional resources are still required to ensure that the CAP arrangements work properly and to the benefit of their countries. For instance, both acceding countries are still at an early stage in the development of the CMOs. In the long run, following accession, Bulgarian and Romanian agriculture will have to face severe competition within the enlarged European Union, and the appropriate strategic approach on how to cope with these challenges still needs to be defined by the respective national authorities.

3. REMAINING CHALLENGES

97. This section identifies the key issues to which further attention should be paid, by the countries concerned and by the Commission Services as appropriate, during the currency of Phare and Transition Facility support in Bulgaria/Romania and the NMS, assuming the aim of full *acquis* absorption and sustainable administrative competence.

At this late stage before accession both acceding countries need to prioritise investing in the institutions that are required to operate the CAP and rural development schemes.

98. If the institutions cannot meet the *acquis* requirements and ‘deliver’ the CAP systems to beneficiaries, then EU accession, as far as agriculture is concerned, will fail to produce the required financial results. Both acceding countries should concentrate on the delivery of those parts of the CAP that will give the greatest immediate help to farmers and other rural stakeholders.

CAP institution building in both acceding countries is not likely to be fully completed at the time of accession in 2007. Following NMS experience, a completed and fully tested system will be achieved most likely only two years after accession.

99. Despite the current difficulties, both acceding countries may, by the date of accession, have CAP institutions in operation. However, the quality standard of professional performance is not likely to have fully materialised, taking into account the heavily delayed preparations and the still moderate progress demonstrated in setting up systems and institutions. Further assistance from Phare is potentially available via the current MAP but its effective use will need to be carefully and strategically planned in the light of the achieved administrative capacities and structures.

Increased co-ordination and monitoring of the sectoral Phare support is needed for both acceding countries.

100. The upcoming 2004 Phare support, being made available to the Romanian MAFRD, involves a very large number of interventions, taking place in parallel with other projects and preparation activities. This will need an intensive co-ordination and monitoring. The same applies in the case of Bulgaria, where inter-institutional co-operation also needs improvement. In particular the Commission Services at the Delegations are well aware of the need for reinforcement of monitoring and co-ordination. The established master plans might provide an appropriate benchmark for some support activities to follow up progress and to address any shortcomings.

It is essential that there is good co-operation and synchronisation between the two paying agencies being set up in Romania.

101. The decision to have two paying agencies in Romania complicates the task of establishing the institutions, as resource is used up duplicating some of the common functions. Also sophisticated co-ordination procedures will be needed to make the system work efficiently. Getting two paying agencies accredited is more complicated than getting one accredited. Evidence from a NMS which also opted for two paying agencies, Poland, shows the essential need for synchronisation between the two bodies. There were problems in transferring data between the two agencies and there was a duplication of functions in regard to

auditing and other administrative arrangements. Currently in Poland some consideration is being given to the amalgamation of the two agricultural paying agencies. In Romania both agencies are still in the process of establishment, and the effective synchronisation can be much better achieved now than later when both institutions are fully operational and dealing with massive workloads. Since Phare is the key instrument for the set up of both agencies, Phare programming and implementation should be used to highlight this necessity.

Strategic capacity to set up and handle CAP remains too low in both acceding countries.

102. The capacity for design and use of strategies as programming and development tools is still underdeveloped at the majority of stakeholders in both acceding countries. The negative consequences of this fact will become more and more apparent as the EU input is withdrawn. Where the strategies are necessary for the effective operation of Phare or Transition Facility support, programme conditionalities should be used to ensure their production and/or improvement. Given the situation however, that CAP is a continuously changing system, which is likely to face severe challenges in the coming years, it would be in the interest of both acceding countries to adopt and follow a more strategic approach for their agricultural sectors. This would require both establishment of a permanent agriculture policy analysis function and a fundamental change towards professional human resource development and administrative reform.

There is an urgent need for increased and more professional CAP education and information for farmers.

103. Another important factor, in order to minimise difficulties in the short to medium term after accession, is the education of the industry. SAPARD has been useful both as a training ground for the paying agencies and as a practical exercise in how to run direct payment schemes. SAPARD demonstrated that it was important to keep schemes simple and to provide a great deal of publicity aimed at farmers and rural stakeholders. NMS experience shows that sometimes there was too much focus on the documentation needed and not enough on publicity. In both acceding countries, the ministries of agriculture and the national agricultural advisory services are engaged in programmes of seminars for farmers and there are plans to produce explanatory booklets. It may be cost-effective to continue such seminars for at least the first year after accession, in order to limit the need to resolve problems with incorrectly completed application forms, which some farmers will find it difficult to understand. As seen from most NMS, it was also important and successful to secure and reinforce professional NGO involvement (particularly farmer representations) in schemes in order to encourage applications.

Lessons learned are not yet being used sufficiently, either by beneficiary countries or the Commission Services.

104. Whilst the enlargement of 2004 provided a number of positive and negative lessons about setting up CAP mechanisms, and further feedback was obtained from peer reviews, monitoring missions and sectoral evaluations, there has been no clear sign that lessons are systematically collected and utilised at the Commission Services nor by candidate countries or the NMS. This is evident from the fact that the final accession preparation for the 2007 enlargement round is following similar patterns, where every candidate country is generally going its own way without communicating and consulting the other candidate or NMS experience. It is essential systematically to record, exchange and take advantage of the good and bad experience which appeared in the NMS over the last years before accession.

4. CONCLUSIONS IN RELATIONS TO EVALUATION QUESTIONS

105. Conclusion 1 summarises the CAP preparatory experiences of the new member states. Conclusion 2 addresses the transfer of experience from those new member states to Bulgaria and Romania, and the remaining four conclusions are derived from the experiences of Bulgaria and Romania.

106. *from the Conclusion 1: The NMS were only able to deliver EU assistance to their farmers and rural stakeholders a year after accession.* In one case the assistance was late, and there were complaints from the farmers, but assistance did finally arrive. However, the new members did not generally succeed in delivering all the EU assistance available in the first year. They delivered those types of assistance of greatest immediate relevance to their farmers and other rural stakeholders. Additional assistance, especially in the rural development sector, will only be introduced in the next year or so. However, the increased volume of assistance available to farmers and other rural stakeholders meant that most interests were content with the level of assistance available in the first year.

107. *Conclusion 2: Lessons from new member states' experience were not learned in time and neither acceding country came fully to terms with the scale of preparation and resources needed for CAP.* Phare was unable to achieve more mainly because the beneficiary governments underestimated the scope and size of the task, and the time needed to bring their agriculture sectors and public administrations in line with the CAP. Because of the systems of governance in place, the knowledge that existed at professional civil servant level was unable to permeate the decision-making levels effectively. There remains a lot of work to do before the date of accession if the two acceding countries are eventually to apply the main requirements of the CAP successfully. The reason for uncertainty about this lies, not in the quality of the Phare support on offer, as the training, know-how transfer and investment has in most cases been of a high standard, but it lies in the capacity of the accession countries to absorb and implement the assistance in the short time available before accession. Together with a variable political commitment, this leads to the current crisis situation for the CAP institution building activities in both acceding countries.

108. Similar developments were observed from the preparation process of the NMS. However, almost no lessons were drawn by the two acceding countries to increase and professionalise their preparations. In reaction to the inadequate progress, the Commission Services have substantially increased the financial support from 2004 onwards. Taking into account the time such support takes to mobilise, and the current accession calendar, this substantial Phare support is not likely to be fully effective by the time of accession and cannot guarantee completion. Consequently, institution building will have to continue after the actual accession date. Assessing horizontal public administration reform exceeds the mandate for this report: however, the continuing low administrative capacity for strategy development and institution building, raises concerns about both countries' ability to implement the steadily developing CAP *acquis*, after accession. Partnership and co-operation, basic principles of public administration needed to allow institutions to perform the CAP requirement successfully, still need improvement. The Commission's request to Bulgaria and Romania to draw up multi-annual programmes, at least for Phare, and more recently to present master plans for their intended paying agencies/IACS, can be seen as pragmatic steps forward towards developing a more strategic approach for accession preparations.

109. Consequently, there has been clear evidence that lessons learned from previous interventions and accession preparations are not yet being used sufficiently and systematically, either by beneficiary countries or Commission Services. An example among others is the previous Phare Thematic Report on Agriculture, whose findings were generally accepted but in fact received only very moderate attention from most of the evaluation stakeholders.

110. **Conclusion 3: It is not clear what national resources are actually being made available to key central and regional institutions.** Whilst there is a general commitment that the governments will ensure the necessary financial and human resources for completion and maintenance of public administrative structures and systems, details are often still subject to internal discussion or remain unclear. Until recently, the human and financial resources which have been deployed by Bulgaria and Romania with Phare support to enable farmers and other rural stakeholders to benefit from commodity and other EU support arrangements have clearly been insufficient. Only 18 months prior to accession has the political commitment towards aligning with the CAP's administrative requirements started to materialise more concretely in the shape of increasing staff and other resources. Whilst, without doubt, some national resourcing will be ensured following accession, the adequacy of it for effective and sustainable CAP operation must be questionable in the absence of more detailed information.

111. **Conclusion 4: Phare support to institutional and public administrative arrangements is crucial for effective CAP preparation, but the project backlog and current workload impose an incredible burden.** In the earlier years of the accession process the use of Phare for supporting setting up the administrative and financial requirements needed to benefit from the EU's agricultural commodity and rural support arrangements, has been only moderate. Specific assistance for setting up CAP structures has been designed only under the Phare 2002 programme (Bulgaria) or even Phare 2003 (Romania). Taking into account the delays before such assistance can commence and subsequently be effective, the backlog of Phare work is tremendous, particularly for the 2004 interventions, which are the ones showing the highest relevance. Some beneficiaries still believe that a Phare project itself would ensure compliance with the requirements of the *acquis*. The understanding that Phare contributes only to a varying degree to the necessary and much larger national efforts is increasing but is coming very late.

112. **Conclusion 5: This huge workload makes fully considered design and supervision of projects practically impossible.** Whilst earlier projects had a tendency to be less ambitious and were consequently more manageable, too much needs to be done now, at the last minute, via voluminous and complex multi-component interventions. One year before the assumed accession date the preparations in both acceding countries are taking place under enormous pressure, making fully considered design and supervision of such detailed projects practically impossible for all the stakeholders concerned

113. **Conclusion 6: Phare support has been targeted at the appropriate central institutions and administrative and legislative procedures, and the balance of support appears to be appropriate. Insufficient attention has been paid to regional administration and final beneficiaries.** This positive assessment is particularly valid for the central level of administrations and for the programmes being planned under the MAP. Earlier interventions often achieved their objectives but these were often not very ambitious. The Phare interventions currently on-going or being launched predominantly address the central levels but also try to cover some of the accession related needs at regional/local/final beneficiaries level. There is concern that public administration at the regional and local levels, which has been left mostly to the national administrations and their very restricted budgets to reform and develop,

has been neglected over the years, including by Phare, with systemic deficiencies now becoming very apparent, with worrying implications for CAP 'delivery'.

5. RECOMMENDATIONS IN RELATION TO PERFORMANCE AND LESSONS LEARNED

114. The previous Phare Agricultural Sector Thematic Evaluation provided several recommendations related to its evaluation findings. The previous recommendations, all of which remain valid and relevant, are given in detail in Annex 4 of this report. The most important previous recommendations are reiterated below, augmented by further recommendations based on the findings and conclusions of the present evaluation. Recommendations under Action 1 are addressed to the Romanian and Bulgarian authorities and to the Commission Services in the context of the forthcoming accession of those countries. Recommendations under Action 2 and 3 concern improvements which should be made in managing CAP and rural development preparations in future enlargements.

Action 1: Prioritise the public administration to deliver CAP benefits to Bulgarian and Romanian farmers and other rural stakeholders sustainably on accession.

115. ***Recommendation 1: Concentrate on CAP delivery mechanisms.*** The main recommendation to Romania and Bulgaria at this late stage before accession must be that they should concentrate on investing in the institutions that are required to operate the CAP and rural development schemes. If the institutions cannot deliver, then all the efforts to absorb the agricultural *acquis* will fail to produce the required financial results. Taking into account the very restricted timing available, both acceding countries should concentrate on the delivery of those parts of the CAP assistance available that will give the greatest immediate help to farmers and other rural stakeholders, thus making sure that benefits from joining the CAP can sufficiently materialise upon accession.

116. ***Recommendation 2: Ensure sustainability of CAP mechanisms in the longer term.*** As far as Romania and Bulgaria are concerned it is important that they recognise the extent to which the current practices of their administration have to change with regard to such aspects as audit, accounting for aid received and controlling the timely distribution of such aid. The institutions that are needed to run the CAP are radically different from any that have existed in these countries before, and require more resource than any NMS or accession country expected. Romania and Bulgaria need to take account of NMS experience and make realistic assessments of the long term needs for finance and human resources to handle sustainably the EU requirements. The Commission Services should offer Phare or other assistance to help both countries make such realistic assessments.

117. ***Recommendation 3: Examine further the administrative implications of having two paying agencies in Romania.*** The decision to have two paying agencies in Romania seriously complicates the task of meeting the institutional requirements, as resource is used up duplicating some of the common functions and possibilities for gaps and overlaps multiply. Also sophisticated co-ordination procedures are needed to make the system work efficiently. Getting two paying agencies accredited is more complicated than getting one accredited. NMS experience suggests that contingency planning should be made for possible later amalgamation, for which the Commission Services should offer Phare or other assistance.

118. **Recommendation 4: Improve policy analysis capacity.** Both acceding countries need to have in place a policy analysis unit or similar to work out the administrative, financial and human resource implications of changes in the EU and domestic agricultural and rural development policy and to propose options for dealing with them, from within or outside the existing public service system.

Action 2: Improve the strategic approach to CAP institution building for future enlargements.

119. **Recommendation 5: Give candidates a Commission roadmap.** The Commission Services should contract an evaluation of the agricultural administration of each future candidate country, at an early stage in the pre-accession process, which should list its strengths and weaknesses in relation to the requirements of the agricultural and rural development *acquis*. From this, the Commission Services should establish a roadmap setting out the central and regional institutional capacities and procedures needed, including with other public administrative and civil society stakeholders, and signposting the decisions needed for the candidate to move from its existing situation to one capable of operating the relevant *acquis*.

120. **Recommendation 6: Require a strategy for CAP at an earlier stage in the pre-accession process.** For any future candidate country, financial support for establishing the institutions and mechanisms for CAP should be conditional on the preparation, on the basis *inter alia* of the roadmap referred to above, of a national Strategy, which should include objectives, sequencing, and organisational, financial and human and other resources required, which should be agreed with the Commission Services prior to launching any support interventions. Support should, however, be given to the candidate country for the preparation of such a strategic document at a sufficiently early stage. Once the strategy is in place, the candidate country should regularly demonstrate how Phare projects are being complemented by the use of national funds and/or those of other donors, to ensure that the overall objective of full readiness for CAP and rural development schemes can be met.

Action 3: Strengthen planning, implementation and absorption capacity in future candidate countries

121. **Recommendation 7: Encourage the establishment of agricultural accession teams.** Before launching CAP institution building, any future candidate countries should be advised to invest more resources and time in the initial preparation phase, establishing for the purpose a stable core team, and training the core team to oversee and drive forward the future institution building work.

122. **Recommendation 8: Promote a collaborative, partnership approach.** While such an accession team would logically be based in the Ministry of Agriculture, it would need to involve other parts of the public administration from an early stage. More attention than in the past needs to be given on introducing and stimulating real partnership principles and co-operation among stakeholders both at central levels and between central authorities and regional authorities/final beneficiaries, early in the pre-accession process. In particular, developing a good understanding among farming interests of the rules and procedures being brought into effect is a very important factor in the effective CAP preparation. NGOs and farmer representations can play a significant role, provided their professionalism has been brought up to adequate standards.

123. **Recommendation 9: Provide CAP and rural development awareness training.** At the start of the pre-accession process, the Commission Services/the Directorate General for Agriculture, in close co-operation with the existing member states, should develop regular specialised training courses for senior decision makers in agricultural departments in acceding countries that would explain how the agricultural institutions of the EU work and what role is played by member states, as well as the scale of resources required. Inclusion of NMS experts would be particularly important since their starting points were very similar to those of present and likely future candidates. Special attention should be paid to training the Ministry of Agriculture's core team.

124. **Recommendation 10: Provide training courses.** The Commission Services should contract the provision of training courses for acceding country officials in the agricultural public administration. These should include: strategy development, Phare procedures including drawing up professional technical specifications, and all aspects of project cycle management.

125. **Recommendation 11: Promote networking.** The Commission Services should, from the start of the pre-accession process, encourage and fund the establishment and maintenance of informal networking arrangements between old and new member states' administrations and candidate country's administrations, thus helping to stimulate information exchange and communication on the agricultural and rural development *acquis* requirements and how best to meet them in different circumstances. Ideally, such developments would precede the arrival in a candidate country of twinning or other pre-accession advisers.

126. In this context, the Commission Services should also consider encouraging the establishment of a regular forum in which the paying agencies of the Member States could meet and exchange ideas and experience. This would be very valuable for NMS, allowing them to benchmark their performance or to discuss the views of other agencies about how they handled applications for example. Acceding countries should be invited to participate as observers, thus increasing their awareness and understanding.

ANNEXES

Annex 1 – Terms of Reference for the Thematic Report

[These terms of reference were approved in June 2005, and have not been updated to take account of small changes, for example, in the time line, that have occurred in the meantime.]

BACKGROUND

Requirement for thematic reports

1. ECOTEC²¹ is contractually required to deliver thematic evaluation reports (which overview Phare support to a sector or a topic across a range of countries) as well as interim evaluation (IE) reports (which examine Phare support to a cluster of programmes/projects within a sector in a single country).
2. DG Enlargement's Evaluation Unit's Plan for 2005 includes production of a thematic report for agriculture.

Previous thematic evaluation report on the agriculture sector

3. The previous IE contractor, EMS, prepared a thematic report²² which was issued in April 2004. This report made an overview of the implementation of Phare Agriculture Programmes in the ten Phare candidate countries, highlighting key successes, effectiveness and the impact of the instrument in supporting the accession process in the sector.
4. The EMS report considered that the major problem for Phare in the Agriculture Sector was that the size and complexity of the task of meeting the accession requirement had not been fully appreciated by most of the senior politicians and officials in the candidate countries. Insufficient beneficiary resource had been invested in most of the Phare projects in the sector at a sufficiently early date, and therefore the creation and introduction of the institutions such as a fully functioning Paying Agency and the Integrated Administrative and Control System were running late and, in some cases, were unlikely to be fully in place by the time of accession. Where a technical service had to adapt to EU agricultural practice, this change had generally been achieved but, where a new institution had to be created, the beneficiaries concerned had been less capable of making use of Phare and meeting the requirement.
5. The report concluded that lack of sufficient impact by the time of accession was not due to any particular failure in the system of Phare assistance, but rather to a lack of capacity and/or early political commitment on the part of the administrations of most of the candidate countries. However, the report considered that a more proactive and co-ordinated effort by the Commission Services at an earlier stage of Phare, to explain the implications of the acquis and to construct 'roadmaps', might also have been beneficial for the success and impact of Phare interventions.

Current support arrangements in the New Member States (NMS), Bulgaria and Romania

6. For the ex-Phare NMS²³, 2003 was the last programming year, which means that the Phare assistance will be phased out, with implementation completed in 2007. The first Transition Facility (TF) programmes in those countries were adopted in 2004. The TF assistance will be programmed until 2006 and should be implemented by 2009.
7. For the remaining Phare-supported candidates, Bulgaria and Romania, Phare programming continues until 2006 on a multi-annual basis and should be implemented by 2009. Following accession, foreseen for 2007/8, it may be assumed that a TF will be put in place.

²¹ ECOTEC is the contractor for the Centralised Interim Evaluation Facility for the EU Pre-Accession Programmes in Bulgaria and Romania, the main overall objective of which is to help enhance the relevance, efficiency, effectiveness, impact and accountability of Phare pre-accession funds as a support for achieving the overall EU policy objective of accession of Bulgaria and Romania, and, via a Central Office, ensure coordination between the evaluation activities of the pre-accession instruments in the different acceding countries and second wave countries.

²² R/ZZ/AGR/03077 Phare Agriculture Sector review "Interim Evaluation of Phare Support Allocated in 1999-2002 and Implemented until November 2003". See http://europa.eu.int/comm/enlargement/phare_evaluation_reports_interim.htm

²³ Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia.

Current Interim Evaluation arrangements in the NMS, Bulgaria and Romania

8. Contracted Interim Evaluation was phased out for the (now) NMS in the months before accession and responsibility for Interim Evaluation of EU-funded support programmes passed to the NMS themselves. Interim Evaluations of Phare support to the agriculture sector, subsequent to those available to EMS at the time their thematic report on agriculture was drafted and before their accession, are available for the Czech Republic, Estonia, Hungary and Poland.

9. Contracted Interim Evaluation continues in Bulgaria and Romania, and EMS and ECOTEC up-to-date reports, subsequent to those available to EMS, are available for both those countries.

OBJECTIVE OF THE THEMATIC REPORT

10. The objective of the report is to deduce from the experiences of recent and present Phare-supported candidates, recommendations for the way in which a candidate country should best be supported to (i) enable its public administration to adopt, implement and enforce the agricultural *acquis* and (ii) to enable its farmers and other rural stakeholders to benefit from the EU funds available to them on accession.

11. Lessons learned and recommendations made will take account of the continuing themes and trends of CAP reform, and therefore will be drafted in terms which are most likely to be relevant in future.

KEY EVALUATION QUESTIONS

12. The key evaluation Question²⁴ is:

To what extent has Phare been successful in helping Bulgaria and Romania in particular, and NMS²⁵ more generally, to install the legislation, organisational structures, human and physical resources, competences and skills needed to (i) adopt, implement and enforce the *acquis*' requirements for sound agricultural administration and related financial and legal procedures, and (ii) enable their farmers and other rural stakeholders to benefit from the EU funds available under commodity support, and under agricultural and rural development schemes, from the time of accession ?

13. Derived evaluation questions in relation to Bulgaria and Romania are:

- What have been the Commission's, Bulgaria's and Romania's strategies for the use of Phare to assist them to prepare to participate in the agricultural *acquis* and benefit from the EU's commodity and rural support arrangements, and what Phare programmes and finance have been deployed?
- What support has Phare given to the institutional and public administrative arrangements²⁶ which the Bulgarian and Romanian authorities have put in place to adopt, implement and enforce the relevant *acquis*, and what are the systemic strengths and weaknesses of the supported arrangements? Are these institutional and administrative arrangements finalised and permanent?
- Was Phare support targeted at the appropriate institutions and administrative and legislative procedures, and was the balance of support appropriate?
- What resources (human and financial) have been deployed by Bulgaria and Romania with Phare support to enable farmers and other rural stakeholders to benefit from commodity and other EU support arrangements? Are these adequate and is future national resourcing assured?
- What has been the trend of Phare programme and project performance over time?
- What has been the impact and sustainability of supported activities?

14. The derived evaluation question in relation to NMS concerns lessons learned and is:

²⁴ Wherever possible, answers to evaluation questions should make reference to the DAC criteria of relevance, efficiency, effectiveness, impact and sustainability.

²⁵ The rationale for studying the situation in the NMS is that the ToR for ECOTEC's contract require the Company to 'ensure co-ordination between the evaluation activities of the pre-accession instruments in the different acceding and 2nd wave countries, the introduction of common reporting principles and common evaluation criteria, the provision of training and coaching in the context of necessary knowledge transfer'.

²⁶ Including establishment of bodies; allocation of responsibilities at national and sub-national levels, and financial control, administrative practice and collaborative procedures involving all stakeholders, beneficiaries and beneficiaries' representative bodies.

- What is the immediately post-accession experience (both problematic and non-problematic) of NMS in relation to the desirability of making a smooth transition from the pre- to the immediately post-accession period in term of: (i) the adequacy of Phare supported institutions and administrative, financial and legislative procedures, and (ii) access for farmers and other rural stakeholders to agricultural commodity support, and agricultural and rural development schemes?

15. Further derived evaluation questions of general relevance are:

- Were lessons learned from the previous thematic report on Agriculture²⁷ and what further lessons can be drawn from NMS's pre- and post-accession experience, and Bulgaria's and Romania's ongoing experience, in relation to the way Phare-supported preparations were conceived and implemented?
- What recommendations can be made, to optimize support to absorption, and 'delivery' to ultimate beneficiaries, of the relevant *acquis* in future enlargements?

TARGET AUDIENCE

16. The following stakeholders are the main audience of this thematic evaluation:

- Commission Services in DG Enlargement, DG Agriculture, at Delegations and at Representative Offices
- Agricultural administrations in Bulgaria and Romania, and other candidate countries
- National Aid Co-ordination in Bulgaria and Romania, and other candidate countries

17. The evaluation may also be of value to those responsible for programming agricultural support in the West Balkans.

INFORMATION SOURCES

18. The following means will be used to gather information for the report:

- Databases of Phare programmes and Project Fiches on the Commission website;
- IE reports and country summary reports produced by EMS and ECOTEC;
- Thematic and summary reports produced by EMS,²⁸;
- NAC IE reports in the NMS;
- Interviews with DG Agriculture and DG Enlargement officials;
- Interviews with the Commission's Representative Offices in the NMS and the Commission's Delegations in Bulgaria and Romania;
- Interviews with central and regional government officials responsible for agriculture in capitals and regions
- Interviews with representatives of farmers' and other rural stakeholders' bodies
- NACs in Phare countries;
- Regular Reports for 2003 and 2004 for Bulgaria and Romania and, for the NMS, the Comprehensive Monitoring Review of November 2003²⁹.

PROPOSED METHODOLOGY

Overall approach

19. The thematic report will be prepared under the supervision of the ECOTEC Deputy Project Director (DPD), Mr Thomas.

20. A Short Term Technical Expert (STTE) well qualified in evaluation of Phare programmes, and with good experience of the agricultural sector, will be contracted to lead the evaluation and prepare the draft report. ECOTEC proposes Mr D Aigner, whose CV is annexed. He will be assisted by an STTE with member state experience of the operation of the EU's agriculture and rural development policies, as well as relevant experience in candidate countries. ECOTEC proposes Mr R McIvor, whose CV is also annexed

²⁷ R/ZZ/AGR/03077 of 5 April 2004.

²⁸ The evaluation will explore the extent to which the recommendations of this previous thematic report have been implemented.

²⁹ The Comprehensive Monitoring Report expected for Bulgaria and Romania in November 2005 will be studied before the present report is issued.

21. Logistic support to STTEs will be provided by ECOTEC Central Unit, Brussels and, in Bulgaria and Romania by ECOTEC's local office staff.
22. To ensure the standardization and comparability of investigations, interviews will be conducted on the basis of checklists of questions, appropriate to the category of interviewee. These will be developed by the STTEs; approved by the DPD and listed in the Inception Note.

Country coverage

23. ECOTEC's contract is primarily concerned with Bulgaria and Romania, but also requires the Company to 'ensure co-ordination between the evaluation activities of the pre-accession instruments in the different acceding and 2nd wave countries, the introduction of common reporting principles and common evaluation criteria, the provision of training and coaching in the context of necessary knowledge transfer'.
24. Therefore, a thematic report on agriculture should focus predominantly on developments in Bulgaria and Romania, but should also examine the experience of the recently acceded countries for comparative purposes and to see what 'lessons learned' may be applicable to Bulgaria and Romania in the latter stages of their pre-accession periods and during any transitional period (such as the new member states are currently experiencing).
25. ECOTEC therefore proposes to undertake missions to Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Romania. The STTEs proposed are already in possession of recent information on the situation in Slovakia and Slovenia, through their other professional activities.
26. In **Bulgaria and Romania**, where ECOTEC has offices, the Lead STTE will make a 10 day mission to each country and conduct an in-depth study of the relevant parts of the agriculture Programme, and interviews will be conducted with all main stakeholders including, where possible, implementing agency staff and PAAs, and representatives of farm and rural associations. Visits will be made to regional and other offices of central administrative bodies.
27. STTE missions to **NMS** will be of 5 days duration each, and the programme review will therefore be more selective than in Bulgaria and Romania. Nevertheless, wherever practicable, visits will be made outside the capital. The majority of missions to NMS will be conducted by the specialist STTE.

Topic coverage

28. The report should focus on topics which are most likely to generate useful lessons learned and to result in constructive recommendations. In this context, the following considerations are relevant.
29. The Transition Facility³⁰ addresses topics for which, at the time of accession, there were such weaknesses in candidates' administrative and institutional capacity in comparison with present Member States (as recorded in the Comprehensive Monitoring Reports of November 2003) as to justify further financial (effectively Phare-model) assistance. This implies that the candidates found the accession requirements difficult to meet, for whatever reason. Investigating why this was so, and what might be done to redress the situation, or develop an improved approach for the future, could make such topics priority areas for thematic evaluation.
30. The Commission's Transition Facility Manual of September 2003 states that the issues to be addressed by the Facility would primarily be identified through the monitoring process, in particular in the Comprehensive Monitoring Report. Although the list of issues in the Accession Treaty³¹ was therefore not meant to be exhaustive, of the ten target topics identified for transition facility support, two concern the agriculture negotiating

³⁰ Accession Treaty Article 34 AA

³¹ "...assistance shall address the continued need for strengthening institutional capacity in certain areas through actions which cannot be financed by the Structural Funds, in particular in the following areas: Justice and home affairs (strengthening of the judicial system, external border controls, anti-corruption strategy, strengthening of law enforcement capacities); financial control; protection of the Communities' financial interests and the fight against fraud; internal market, including customs union; environment; veterinary services and administrative capacity-building relating to food safety; administrative and control structures for agriculture and rural development, including the Integrated Administration and Control System (IACS); nuclear safety (strengthening the effectiveness and competence of nuclear safety authorities and their technical support organisations as well as public radioactive waste management agencies); statistics; strengthening public administration according to needs identified in the Commission's comprehensive monitoring report which are not covered by the Structural Funds.

chapter (N ° 7) and one concerns the related issue of public administrative capacity (in this case, capacity to operate the agricultural acquis)?" These three topics are:

- *veterinary services and administrative capacity-building relating to food safety*
- *administrative and control structures for agriculture and rural development, including the Integrated Administration and Control System (IACS)*
- *strengthening public administration according to needs identified in the Commission's comprehensive monitoring report which are not covered by the Structural Funds.*

31. However, there are different reasons why, on the one hand, the *veterinary and food safety* issues and, on the other hand, the *public administration and control structures for agriculture and rural development* issues both proved difficult for the candidates.

32. As the EMS report noted in relation to veterinary services and administrative capacity building relating to food safety:

“Veterinary, phytosanitary and food safety issues are all familiar to the administrations of the candidate countries, and they all possess a body of expertise in these matters. The respective local administrations are, therefore, starting from a position of some knowledge of the basic requirements. The immediate accession need is to adapt the existing legislation to the requirements of EU legislation in these areas; to learn about and train staff in the specific techniques required by the new legislation and to equip laboratories to undertake the sophisticated diagnostic and testing work required under EU procedures. The human resource needed to undertake some of this work already existed in the form of inspectorates, although the inspectorates needed to be trained and, in some cases, strengthened to undertake the role set out under EU legislation. In this topic the accession states were in more familiar territory than when dealing with IACS or some of the requirements of the CAP.”

33. Whereas the EMS report noted, in relation to administrative and control structures for agriculture and rural development, including IACS, and in relation to strengthening the associated public administration:

“This was probably the most problematic area in the Phare agriculture sector to deliver successfully, and is undoubtedly where the greatest difficulties occurred. Most candidate countries ... did not understand from the beginning that IACS also required the solution of organisational problems and the delivery of a system that extended all the way down to the farmer in the field inputting the basic information.

“The main difficulty was that most candidate countries underestimated the time that it would take to implement IACS successfully. IACS needs to be fully tested over at least a full year so that all those involved, including farmers, can become accustomed to the system. Such a test has so far only taken place in one country - Slovenia. In most of the candidate countries farmers do not have a tradition of providing accurate returns to authority; therefore the potential for problems in this area is considerable.”

34. It may be concluded that the problems in the way of adoption of the veterinary, phytosanitary and food safety acquis were more or less well understood by the professional stakeholders, and the constraints largely concerned resources, whereas there was little understanding of the requirements of the administrative and financial control structures needed for agriculture and rural development and their resource implications, even among the sector's professional stakeholders. This comparison is likely to hold good for other present and future candidates.

35. This suggests that an in-depth evaluation of the way in which Bulgaria and Romania, with Phare support, have attempted to master the agricultural public administrative and control structures could be productive of specific lessons learned, of value particularly for any transition funding in those countries but also, taking account also of the immediate post-accession experience of some new member states, of value in the design of Phare support to other present and future candidates.

36. It is therefore proposed to focus the thematic evaluation on administrative, financial and control structures for agriculture and rural development at central and regional levels. This will include: Ministerial and inter-ministerial organisation, and organisational relations with subordinate bodies and agencies; the financial control arrangements, including paying agencies and the interface with the European Commission; the Integrated Administration and Control System (IACS) and arrangements for all agriculture sector schemes benefiting farmers' and other rural stakeholders.

Team

37. The **Deputy Project Director** (DPD) Mr Thomas will:
- Oversee the production of the report
 - Act as liaison point with DG Enlargement, E4 Evaluation Unit
 - Draft the Inception Note
 - Direct and Coordinate Central Office activities
 - Direct and coordinate STTE activities
 - Oversee the design of interview strategy and interview checklists
 - Edit the first draft of the thematic report and finalise a draft for submission to E4
 - Attend the debriefing
38. The **Lead STTE** Mr D Aigner will:
- Collaborate with the DPD in planning activities
 - Design questions for use with EC officials and the various categories of national interviewee and agree them with the DPD
 - Conduct interviews in EC HQ
 - Conduct field research and interviews in collaboration with ECOTEC staff in Bulgaria and Romania and in one large NMS (indicatively Poland)
 - Write the first draft final report
 - Assist as necessary with amendments requested by EC stakeholders
 - Attend the debriefing of the report.
39. The **agricultural specialist STTE** Mr R McIvor will:
- Assist the lead STTE with the design of questions for use with EC officials and the various categories of national interviewee
 - Provide specialist advice to the lead STTE on the agricultural and rural development *acquis* and on agricultural administration
 - Conduct field research and interviews in NMS
 - Assist the lead STTE with drafting the report
40. **ECOTEC Central Office** staff will provide research, database analysis and backstopping assistance, as well as logistic support to the STTEs for their missions, for travel, accommodation and interpretation.
41. **ECOTEC offices in Bulgaria and Romania** will arrange the programme of meetings and, to the extent necessary and possible, provide interpretation facilities.

Report

42. The style and content of the report will conform to best practice as regards formatting and presentation, as developed with the Evaluation Unit over the last 18 months. The report will follow the following schema:
- Executive Summary
 - Preface
 - Glossary
 - Introduction:
 - Background
 - Objectives
 - Methodology
 - Categorised evidence from base documents and findings from interviews under thematic headings and sub-headings related to Evaluation Questions
 - Remaining challenges
 - Conclusions in relation to Evaluation Questions
 - Recommendations in relation to performance and lessons learned
 - Annexes

ECOTEC envisages the following methodological steps

Step		Activity	Output	Input
1	Preparation and Introduction	ToR approved by E4. Kick-off meeting convened and held. ToR approval.	Adopted ToR	Draft ToR
2	Inception	Drafting questions. Mission scheduling. Inception note circulated.	Approved Inception Note	ToR Project documents
3	Information gathering and processing	Study documents. Identify interlocutors. Arrange missions, conduct and write up.	Basis for conclusions and recommendations	STTE study and missions
4	Drafting for E4	Drafting of the first version. ECOTEC Central Office preparing statistical and other data. DPD editing Submission to E4.	First draft submitted to E4	STTEs drafting report and annexes DPD editing and submitting to E4
5	Drafting Final Version	ECOTEC incorporate E4 comments in draft Final Version. E4 circulate internally	Report finalised for circulation to Commission Services' stakeholders	Comments from E4
6	Debriefing	Debriefing meeting. Incorporation of comments. E4 issue Final Version.	Issued Final Version	Draft Final Version

Planning

43. The DPD, as a Long Term Expert, will contribute 34 mandays to this thematic report. STTE mandays total 89, as follows:

	Lead STTE	Agriculture specialist STTE
Days visiting*		
Brussels†	3	
Bulgaria	10	
Romania	10	
Estonia		5
Hungary		5
Latvia		5
Lithuania		5
Poland	5	
Czech Rep		5
Sub-Total	28	25
Days preparing and drafting	20	10
Days incorporating comments, debriefing	4	2
Total	52	37

* Slovakia and Slovenia will be covered from existing recent material plus telephone updates.

† For Kick-off, interviews with Commission Officials and debriefing.

Schedule

Step	Activity	June	July*	August*	September	October	November	Dec
1	Preparation & Introduction	■	■	■				
2	Inception		■	■				
3	Info' gathering / processing		■	■	■	■	■	
4	Drafting for E4					■	■	■
5	Drafting FV						■	■
6	Debriefing							■

* Tends to be holiday period in NMS and candidates

Annex 2 – Phare programmes and projects database 1998-2004

Support to administrative, financial and control structures for agriculture and rural development

(i) Bulgaria and Romania

Country	Year	Project Title	Project Number	Ministerial and inter-ministerial organisation and relations with subordinate bodies and agencies	financial control arrangements, including paying agencies	IACS	Arrangements for agri sector schemes / market mechanisms	Support to SAPARD	Procedures and Operating systems / manuals	IT systems	Support to bodies outside the capital	INV	IB	Co-Fin	Total Phare Allocation
BG	1998	Developing the agri administrative, veterinary and phytosanitary capacity	BG9806.01	1			1	1			1	5,3		0	8
BG	1998	Project Preparation Facility	BG9810.02					1				1	0	0	1
BG	1999	Development of the administrative capacity to adopt and implement the agri acquis	BG 9913	1											1
BG	2000	Restructuring the agricultural statistics	BG 0006.05	1							1	0,8	1,2	0,5	2
BG	2000	Strengthening SAPARD implementation cap.	BG 0006.06	1				1			1	0,1	0,9	0,1	1
BG	2001	Improving the quality of agri statistics	BG 0103.08	1							1	0	2	2,35	2
BG	2002	Establishment of an Paying agency and preparation for setting up of IACS and for the implementation of a pilot scheme	BG 0201.02	1	1	1						1,15	0	3,83	1,15
BG	2002	Support to pre-accession strategy of Ministry of Agriculture and Forestry and Ministry of Environment and Water in the Field of Agri-environment	BG 0201.03					1	1		1	0	1,05	0	1,05
BG	2003	Establishment of Paying agency and preparation for setting up of IACS - phase 2	2003/004-937.03.03	1	1	1			1	1		1,536	0,9	0,524	2,436

Country	Year	Project Title	Project Number	Ministerial and inter-ministerial organisation and relations with subordinate bodies and agencies	financial control arrangements, including paying agencies	IACS	Arrangements for agri sector schemes / market mechanisms	Support to SAPARD	Procedures and Operating systems / manuals	IT systems	Support to bodies outside the capital	INV	IB	Co-Fin	Total Phare Allocation
BG	2004	Preparation of the Ministry of Agriculture and Forestry to implement the second pillar of the EU CAP – Rural Development, and establish its Paying agency and prepare the setting up of IACS - phase 3	2004/016-711.03.01	1	1	1			1	1		3,473	2,765	1,158	6,238
BG	2004	Approximation and implementation of the legislation - CAP and CFP mechanisms – and strengthening the administrative capacity of MAF	2004/016-711.03.03	1			1				1	3,262	3,946	1,088	7,209
RO	1998	Agricultural and Veterinary Assistance	RO-9804.03	1							1	3	2	3,42	5
RO	2000	Support for agri policy and co-ordination	RO0006.08	1				1			1	0,5	3,5	0	4
RO	2000	Harmonisation of legislation and strengthening capacity to manage wine acquis	RO-0006.12	1			1			1		1	1	0,25	2
RO	2000	Agricultural and regional statistics	RO-006.13	1							1	0,8	5,2	0,27	6
RO	2001	Strengthening the Romanian institutional capacity to apply the measures foreseen within the National Plan for Agriculture and Rural Development	RO-0106.07	1				1				0	2	0	2
RO	2002	Strengthening and extension of the SAPARD Implementation System set up for Romania	RO-2002/000-586.03.05	1				1				0,225	1,875	0,075	2,1
RO	2003	Designing of an IACS and support for formulation of a policy for consolidation of farms	2003/005-551.04.01	1		1				1	1	0,25	1,25	0,853	1,5

Country	Year	Project Title	Project Number	Ministerial and inter-ministerial organisation and relations with subordinate bodies and agencies	financial control arrangements, including paying agencies	IACS	Arrangements for agri sector schemes / market mechanisms	Support to SAPARD	Procedures and Operating systems / manuals	IT systems	Support to bodies outside the capital	INV	IB	Co-Fin	Total Phare Allocation
RO	2004	Preparing Romanian Agriculture for EU Accession	2004/016-772.03.02	1	1	1		1		1	1	20,38	19,9	7,425	40,281
Total BG&RO				16	4	5	2	6	3	5	10	36,48	49,49	21,843	85,964

(ii) New Member States

Country	Year	Project Title	Project Number	Ministerial and inter-ministerial organisation, relations with subordinate bodies and agencies	financial control arrangements, including paying agencies	IACS	Arrangements for AGR sector schemes / market mechanisms	Support to SAPARD	Procedures and Operating systems / manuals	IT systems	Support to bodies outside the capital	INV	IB	Co-Fin	Total Phare Allocation
CZ	1998	Institutional and Policy Support to the Ministry for Agriculture	CZ-9809	1							1	1,6	1,4	0,2	3
CZ	2000	IACS	CZ00-05-01			1		1		1		0,7	1,5	4,05	2,2
CZ	2001	Building CAP /EAGGF structures; integrated rural development	CZ01-05-02	1	1				1				0,9		0,9
CZ	2001	Building CAP structures: technical implementation of IACS	CZ01-05-03			1						2,73	0,9	1,1	3,63
EE	2000	Development of agri support system administration	ES0008-1	1	1	1				1		1,29	0,69	0,77	1,98
EE	2002	Development of administrative capacity for monitoring and evaluation of the agri-environment measures	2002/000-579.05.01						1				0,4	0,092	0,4

Country	Year	Project Title	Project Number	Ministerial and inter-ministerial organisation, relations with subordinate bodies and agencies	financial control arrangements, including paying agencies	IACS	Arrangements for AGR sector schemes / market mechanisms	Support to SAPARD	Procedures and Operating systems / manuals	IT systems	Support to bodies outside the capital	INV	IB	Co-Fin	Total Phare Allocation
HU	1998	Development of institutions responsible for the future CAP	HU 98.06.03	1	1								3	1,55	3
HU	1999	Development of Land Registration at the County Level	HU9909-02	1		1				1		2,4	3,8	1,6	6,2
HU	2002	Pre-accession introduction of CMO procedures	2002/000-180-01-01	1	1					1		0	1,9	0,65	1,9
HU	2003	Development of IACS	2003/004-347-01-01			1				1		2	9	5,4	11
LV	2001	Development of the management mechanisms of the Latvian agriculture in line with CAP	LE01.02.02	1	1	1		1			1	1,5	0,5	0,6	2
LV	2003	Market Administration System for Agricultural Products	2003/004-979-03-01						1			1,43	0,6	0,6	2,03
LV	1999	Modernisation of Rural Administrative System	LI 9909.02	1	1	1				1	1	0,5	0,5	0,3	1
LV	2000	Strengthening the Capacity of the Ministry of Agriculture	LT 0004-01	1	1	1		1	1		1	1,15	0,85	0,385	2
LT	2002	Strengthening the Capacity to Implement EU Acquis for Agriculture	2002/000.601.01.01	1	1	1		1	1	1		4,1	1,89	1,5	5,99
LT	2003	Upgrading of the IACS	2003.004-341.02.02	1		1				1		2,85	0	0,95	2,85
LT	2004	Adjustment to CAP reform of the National Paying Agency	2004/016-925-01-01	1	1				1			0,144	0,53	0,053	0,674

Country	Year	Project Title	Project Number	Ministerial and inter-ministerial organisation, relations with subordinate bodies and agencies	financial control arrangements, including paying agencies	IACS	Arrangements for AGR sector schemes / market mechanisms	Support to SAPARD	Procedures and Operating systems / manuals	IT systems	Support to bodies outside the capital	INV	IB	Co-Fin	Total Phare Allocation
PL	1998	Institution Building of the Ministry of Agriculture and Food Economy of Poland for the implementation of the IACS	PL9805.01	1		1					1	1	1,3	0,5	2,3
PL	1999	Preparation for the implementation of the Common Agricultural Policy.	PL9906.04		1				1				2,6	1,4	2,6
PL	2000	CAP Common Market Organisations	PL0006.08	1	1							6,05	3,5	7,55	9,55
PL	2000	Preparation for selected CAP instruments	PL0006.09		1	1				1		0,45	0,1	0,55	0,55
PL	2001	Training for CAP	PL01.04.07	1							1		2	1,25	2
PL	2001	IACS and Animal Identification & Registration System	PL01.04.08			1				1		3	2	4,2	5
PL	2002	Preparation of AMA as paying agency	2002/000-580-04-03		1					1		1,5	0,8	0,56	2,3
PL	2002	Preparation for EAGGF	2002/000-605-04.02	1	1						1	0	2	0,5	2
PL	2003	Implementation of rural development measures financed from the EAGGF	2003/005-710.04.06	1	1							0	2	0,3	2
SK	1999	Preparation for the implementation of CAP	SR9909	1								2,25	1,75	2	4
SK	2002	Development of Structures for Implementation of IACS	2002/000.610-06	1		1				1		0,8	1	0,327	1,8
SI	1999	Support to the implementation of the CAP and harmonisation of	SL9905.01	1						1		0,9	2,1	23,5	3

Country	Year	Project Title	Project Number	Ministerial and inter-ministerial organisation, relations with subordinate bodies and agencies	financial control arrangements, including paying agencies	IACS	Arrangements for AGR sector schemes / market mechanisms	Support to SAPARD	Procedures and Operating systems / manuals	IT systems	Support to bodies outside the capital	INV	IB	Co-Fin	Total Phare Allocation
		internal market legislation													
SI	2002	Preparation on setting up of the control system and the system of reporting to fulfil requirements for EAGGF Guarantee section	SI0201.07	1	1							0,15	0	0,15	0,15
Total 8 NMS				21	16	14		4	7	13	7	38,244	48,06	61,687	86,304

Annex 3 – IE ratings of Phare agriculture projects

(i) Bulgaria and Romania

Ratings guide: -2=Highly Unsatisfactory, -1=Unsatisfactory, 0=Barely Satisfactory, +1=Satisfactory, and +2=Highly Satisfactory, NR = Not rateable

Country	Year	Project Title	Project Number	IE report	relevance	efficiency	effectiveness	impact	sustainability	overall rating
BG	1998	Developing the agricultural administrative, veterinary and phytosanitary capacity to manage the acquis	BG9806.01	BG AGR 02002	rated by sub component					
				BG AGR 02013	rated by sub component					
BG	1998	Project Preparation Facility	BG9801.02							
BG	1999	Development of the administrative capacity to adopt and implement the Acquis in agricultural sector	BG 9913	BG AGR 02002	rated by sub component					
				BG AGR 02013	rated by sub component					
BG	2000	Restructuring the agricultural statistics	BG 0006.05	BG AGR 0501	1	-1	1	1	1	1
				BG AGR 02002	rated by sub component					
				BG AGR 02013	rated by sub component					
				BG AGR 03117	1	-1	0	1	1	1
BG	2000	Strengthening SAPARD Implementation Capacity	BG 0006.06	BG AGR 02002	rated by sub component					
				BG AGR 02013	0	0	0	0	0	1
				BG AGR 03117	0	1	-1	0	0	1
BG	2001	Improving the quality of agricultural statistics	BG 0103.08	BG AGR 02013	0	0	0	0	0	1

Country	Year	Project Title	Project Number	IE report	relevance	efficiency	effectiveness	impact	sustainability	overall rating
				BG AGR 03117	-1	1	1	1	1	1
BG	2002	Establishment of an Paying agency and preparation for setting up of IACS in Bulgaria and for the implementation of a pilot scheme by the Paying agency	BG 0201.02	BG AGR 0501	1	-2	0	0	0	-1
				BG AGR 03117						1
BG	2002	Support to pre-accession strategy of Ministry of Agriculture and Forestry and Ministry of Environment and Water in the Field of Agri-environment	BG 0201.03	BG AGR 0501	1	1	1	1	1	1
				BG AGR 03117	1	1	1	0	0	1
BG	2003	Establishment of Paying agency and preparation for setting up of IACS in Bulgaria - phase 2	BG2003/004-937.03.03	BG AGR 0501	1	1	NR	NR	NR	NR
BG	2004	Preparation of the Ministry of Agriculture and Forestry to implement the second pillar of the CAP and establish its Paying agency and prepare the setting up of IACS - phase 3	BG2004/016-711.03.01							
BG	2004	Approximation and implementation of the legislation - CAP and CFP mechanisms – and strengthening the administrative capacity of MAF to meet future responsibilities	BG2004/016-711.03.03							
	1998	Agricultural and Veterinary Assistance	RO 9804.03							
RO	2000	Support for agricultural policy coordination	RO-0006.08	RO AGR 02110						1
RO				RO AGR 03036	1	0	0	0	-1	0

Country	Year	Project Title	Project Number	IE report	relevance	efficiency	effectiveness	impact	sustainability	overall rating
RO	2000	Harmonising the legislation and strengthening the capacity to manage the wine acquis	RO-0006.12	RO AGR 02110						1
				RO AGR 03036	1	2	1	1	0	1
RO	2000	Agricultural and regional statistic	RO-0006.13							
RO	2001	Strengthening the Romanian institutional capacity to apply the measures foreseen within the National Plan for Agriculture and Rural Development	RO-0106.07	RO AGR 0409	1	0	0	1	0	0
				RO AGR 0525	1	0	1	1	1	1
				RO AGR 02110						not rated yet
				RO AGR 03036	1	1	0	1	0	0
RO	2002	Strengthening and extension of the SAPARD Programme Implementation System	RO-2002/000-586.03.05	RO AGR 0409	1	-1	N/R	N/R	N/R	N/R
				RO AGR 0525	1	0	1	1	0	1
				RO AGR 03036	1	0	1	1	1	1
RO	2003	Designing of an IACS and support for formulation of a policy for consolidation of farms	2003/005-551.04.01	RO AGR 0409	1	0	N/R	N/R	N/R	N/R
				RO AGR 0525	1	0	1	0	0	0
RO	2004	Preparing Romanian Agriculture for EU Accession	2004/016-772.03.02							

(ii) New Member States

Ratings guide: -2=Highly Unsatisfactory, -1=Unsatisfactory, 0=Barely Satisfactory, +1=Satisfactory, and +2=Highly Satisfactory, NR = Not rateable

Country	Year	Project Title	Project Number	IE Report	relevance	efficiency	effectiveness	impact	sustainability	overall rating
CZ	1998	Institutional and Policy Support to the Ministry for Agriculture	CZ 9809							
CZ	2000	IACS	CZ00-05-01	CZ AGR 02028						-2
				CZ AGR 03007	1	-1	-1	-1	-1	-1
CZ	2001	Building CAP /EAGGF structures; integrated rural development	CZ01-05-02							
CZ	2001	Building CAP structures: technical implementation of IACS	CZ01-05-03	CZ AGR 02028						Not rated
				CZ AGR 03007	-2	-1	-2	-1	-1	-2
EE	2000	Development of agricultural support system administration	ES0008-1	EE AGR 02043						
				EE AGR 03012	0	0	-1	1	1	1
EE	2002	Development of administrative capacity for monitoring and evaluation of agri-environment measures	2002/000-579.05.01	EE AGR 03012	1	1	0	0	0	1
HU	1998	Development of institutions responsible for the CAP	HU 98.06.03							
HU	1999	Development of Land Registration at the County Level	HU9909-02	HU AGR 02053					not rated	
HU	2002	Pre-accession introduction of CMO procedures	2002/000-180-01-01	HU AGR 03016	-1	-2	-2	-1	-1	-2
HU	2003	IACS	2003/004-347-01-01							
LV	2001	Development of the management mechanisms of the Latvian agriculture in line with the CAP	LE01.02.02	LV AGR 02074	2	1	1	0	0	1
LV	2003	Market Administration System for Agricultural Products	2003/004-979-03-01							
LT	1999	Modernisation of Rural Administrative System	LI 9909.02	LT AGR 02080						
LT	2000	Strengthening the Capacity of the Ministry of Agriculture	LT 0004-01	LT AGR 02080						

Country	Year	Project Title	Project Number	IE Report	relevance	efficiency	effectiveness	impact	sustainability	overall rating
LT	2002	Strengthening the Capacity to Implement EU Acquis for Agriculture	2002/000.601.01.01							
LT	2003	Upgrading of IACS	2003.004-341.02.02							
LT	2004	Adjustment to Common Agriculture Policy reform of the National Paying Agency under	2004/016-925-01-01							
PL	1998	Institution Building of the MAFE of Poland for the implementation of the IACS	PL9805.01							
PL	1999	Preparation for the implementation of the CAP	PL9906.04	PL AGR 02095	1	-1	-1	0	-1	-1
PL	2000	CAP CMOs	PL0006.08	PL AGR 03100	2	1	1	2	1	1
				PL AGR 03102	2	1	1	2	1	1
PL	2000	Preparation for selected CAP instruments	PL0006.09	PL AGR 02095	1	-1	-1	-1	-2	-1
				PL AGR 03100	2	-1	0	-1	0	-1
				PL AGR 03102	2	-1	0	-1	0	-1
PL	2001	Training for CAP	PL01.04.07	PL AGR 02095	1	-1	0	0	0	1
				PL AGR 03100	2	-1	-1	0	0	-1
				PL AGR 03102	2	-1	-1	0	0	-1
PL	2001	IACS and Animal Identification & Registration System	PL01.04.08	PL AGR 02095	1	-1	0	0	0	1
				PL AGR 03100	2	-1	-1	0	0	-1
				PL AGR 03102	2	-1	-1	0	0	-1
PL	2002	Preparation of paying agency	2002/000-580-04-03							
PL	2002	Preparation for EAGGF	2002/000-605-04.02							
PL	2003	Implementation of rural development measures	2003/005-710.04.06							
SK	1999	Preparation for CAP implementation	SR9909	SR AGR 01044	not rated					
SK	2002	Development of Structures for Implementation of IACS (Integrated)	2002/000.610-06							
SI	1999	Support to the implementation of the CAP and harmonisation of internal market legislation	SL9905.01	SI AGR 02129	not rated					

Country	Year	Project Title	Project Number	IE Report	relevance	efficiency	effectiveness	impact	sustainability	overall rating
				SI AGR 02131						
SI	2002	Preparation on setting up of the control system and the system of reporting to fulfil requirements for EAGGF Guarantee section	SI0201.07	SI AGR 03049	2	-1	1	1	1	-1

Annex 4 – Recommendations from the previous Thematic Review – still valid

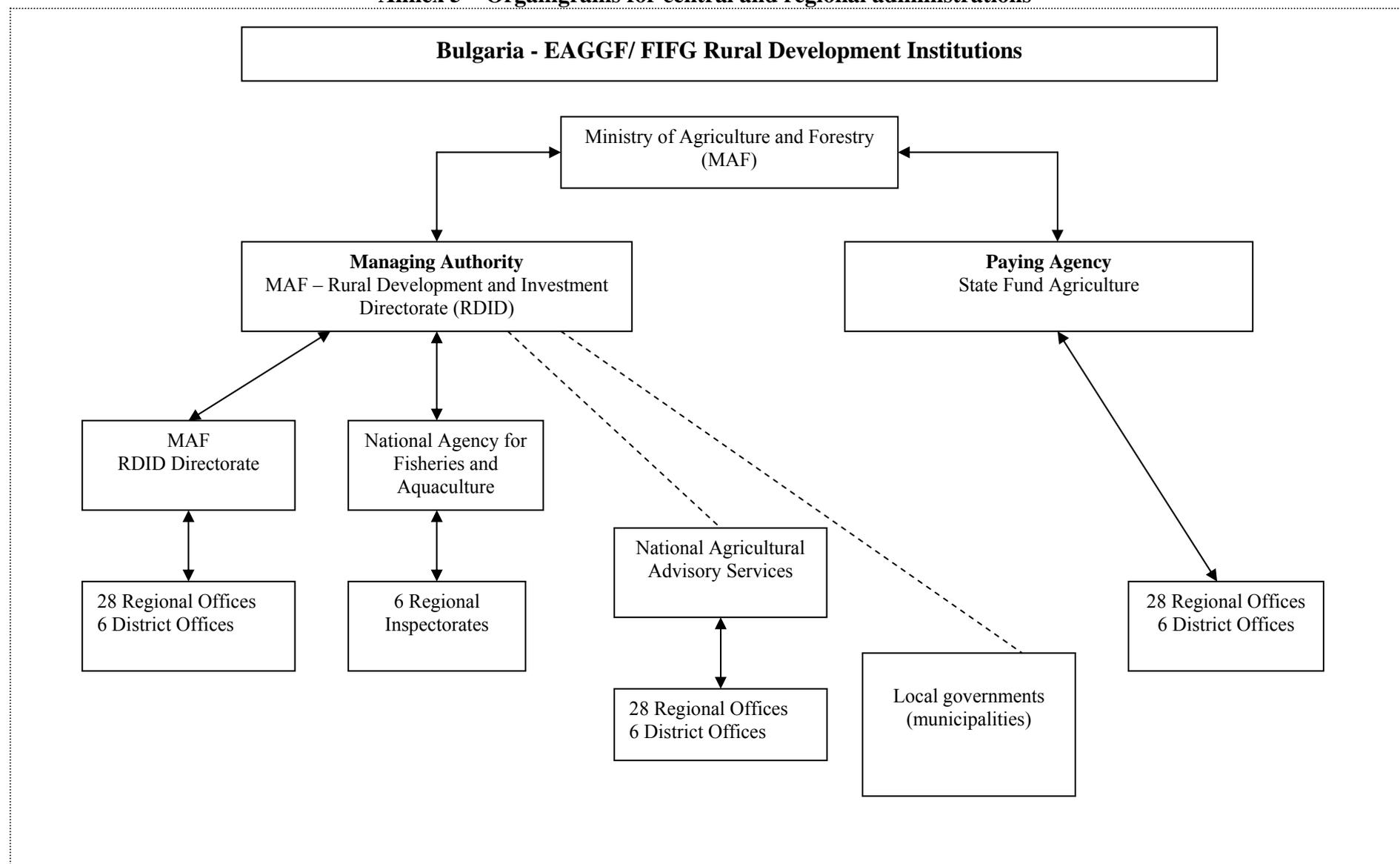
REF.	KEY ISSUE/ CONCLUSION	PARAGRAPH #	RECOMMENDATION	DEADLINE
A) RECOMMENDATIONS ADDRESSED TO THE COMMISSION SERVICES				
Future Programme Planning				
1	The major problem in the Agriculture Sector has been that the size and complexity of the task of meeting the requirement in the Sector has not been fully appreciated by most of the senior politicians and officials in the candidate countries. This has meant that too often not enough beneficiary resource was invested in most of the Phare projects in the Sector at a sufficiently early date. There is a need therefore to reinforce the existing help to enable the senior administrators in CCs to understand the task that has to be undertaken.	128, 149	At the start of the admission process the Commission Services/ Directorate General Agriculture in close co-operation with the member states should develop regular specialised training courses for senior decision makers in agricultural departments in acceding countries that would explain how the agricultural institutions of the EU work and what role is played by member states so that these decision makers realise what happens in the EU and why their ministry must be capable of playing a full role in the EU arena. In this instance the Commission Services should from the early beginning of a so-called accession process on encourage the establishment and maintenance of informal networking arrangements between member state administrations and candidate country administrations thus helping to stimulate information exchange and communication on the requirement – preferably through Phare or any other future pre-accession support - between these bodies already prior to any twinning intervention. Particular attention should be paid to the close involvement of the new member states (for instance via expert panels from new member state administrations), since here the most recent expertise on institution building can be found and the related difficulties and possibilities are still well remembered.	With immediate effect at the beginning of any admission process for membership
2	There is a pressing need to improve the administrative capacity of all candidate countries and Phare attempted to do this with varying degrees of success. The greatest threat to the long-term sustainability of the Phare achievements is the lack of trained officers in the new institutions that have been created with Phare assistance. Existing systems need to be reinforced.	132, 148	The Commission Services should consider carrying out an evaluation of the agricultural administration of each future applicant country that would list their strengths and weaknesses and, in consultation with the applicant country, determine a multi-annual programme for overcoming any administrative weakness before accession. This would include a personnel plan and suggestions for helping candidate countries retain officials who have received training under the Phare Programme until after the date of accession. Funding should be available from the Phare Programme and if a satisfactory progress had not been made future projects should be re-oriented or even abandoned.	With immediate effect at the beginning of any admission process for membership

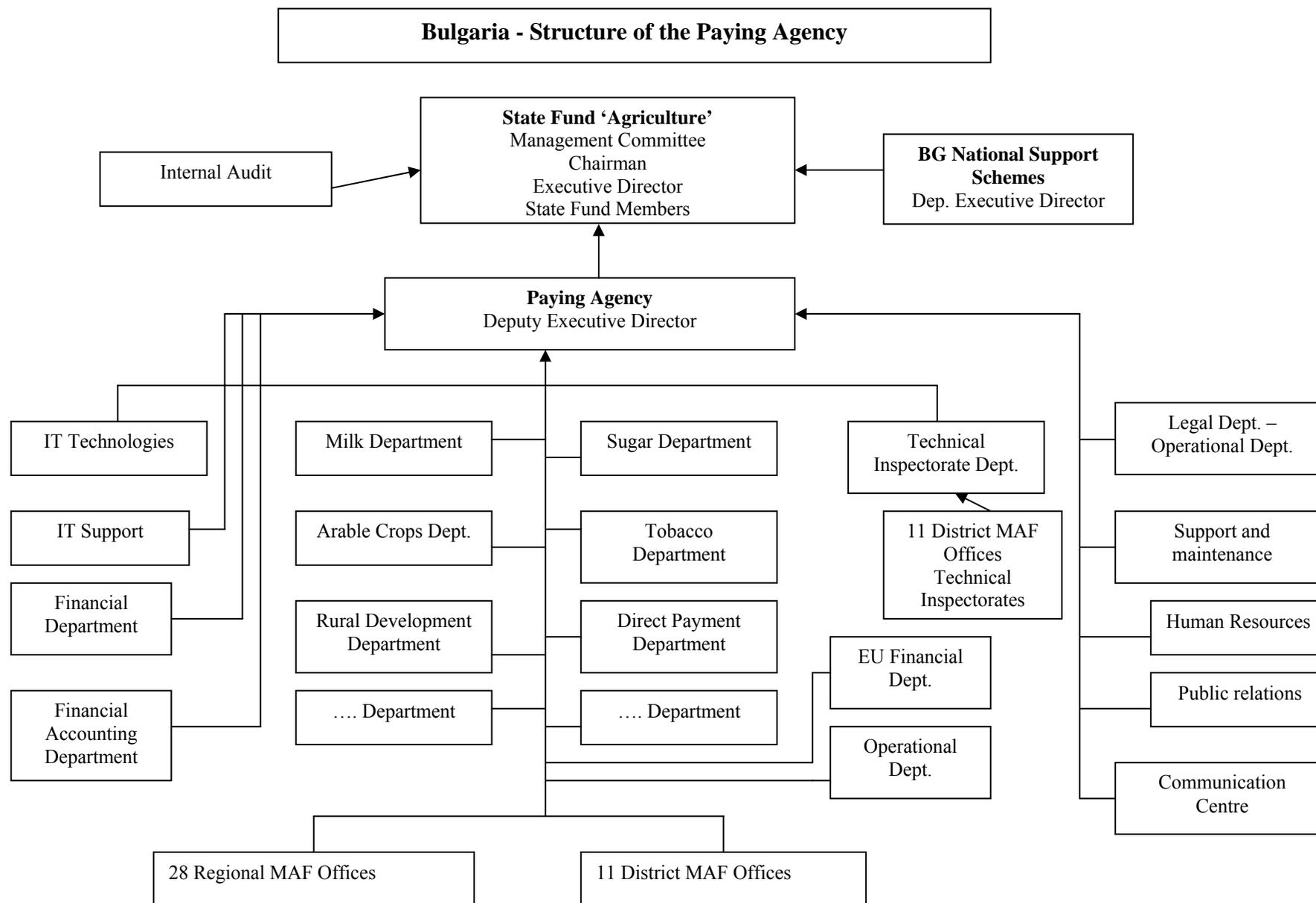
REF.	KEY ISSUE/ CONCLUSION	PARAGRAPH #	RECOMMENDATION	DEADLINE
3	If Phare is really to be the engine for enabling candidate countries to meet the EU requirement in the Agriculture Sector it could be asked whether there should not be a table setting out those requirements and a table from each candidate country explaining how each of those requirements is going to be met and from which source any assistance in helping the candidate country to meet the requirement is going to be obtained. Existing arrangements need to be reinforced.	147	<p>The Commission Services should establish precise roadmaps by means of a complete lists of the laws, institutions (e.g. payment agency) and returns (e.g. market prices) needed by the applicant state in order to deliver the Common Agriculture Policy and the other agricultural and food requirements.</p> <p>The applicant country should be invited to check off and benchmark their needs and achievements against such check lists, and explain how they intended to meet any deficiencies whether with a Phare project or by other means.</p> <p>For some areas the Commission Services should - in close co-operation with present and new member states – provide best practise and non-binding templates for institution building projects - such as the creation of paying agency - that can be taken up and adapted by the administration of the candidate countries.</p> <p>Candidate countries should be encouraged by the Commission Services to alter their agricultural support arrangements over a four year timescale and not to leave all changes until the date of accession.</p>	With immediate effect at the beginning of any admission process for membership
4	More assistance from the Commission Services was probably needed in identifying the economic as well as the technical case for the various information technology hardware/ scientific equipment.	136, 142	<p>The Commission Services should carry out independent surveys of the information technology needs and the scientific equipment needs of the Sector in each candidate country taking into account the scope for rationalising the provision for delivery of the service concerned.</p> <p>The provision of Phare funded equipment would be based on the results of the surveys and every project proposal should explain how the officers using the equipment are to be trained in EU procedures. No equipment should be delivered until officers are in post that can be trained to operate it. Laptops are a consumer good and should not be provided under a Phare Agriculture Programme at an advanced stage of the accession process.</p> <p>All Phare projects requesting laboratory equipment should explain how the provision of the equipment is justified in terms of the independent survey; how the laboratory receiving the equipment is to be accredited; why no alternative laboratory could provide the scientific service for which the equipment is needed; why the option of contracting out the scientific service to another EU member state would not provide a more cost-effective alternative to the purchase of the equipment.</p>	With immediate effect at the beginning of any admission process for membership
5	More technical assistance at the planning stage covering project preparation and project management might have meant that Phare agriculture projects were divided into	123, 129	The Commission Services should consider providing the agricultural administrations of candidate countries with more regular and clearly focused technical assistance covering programme planning and preparation and project management.	With immediate effect at the beginning of any admission

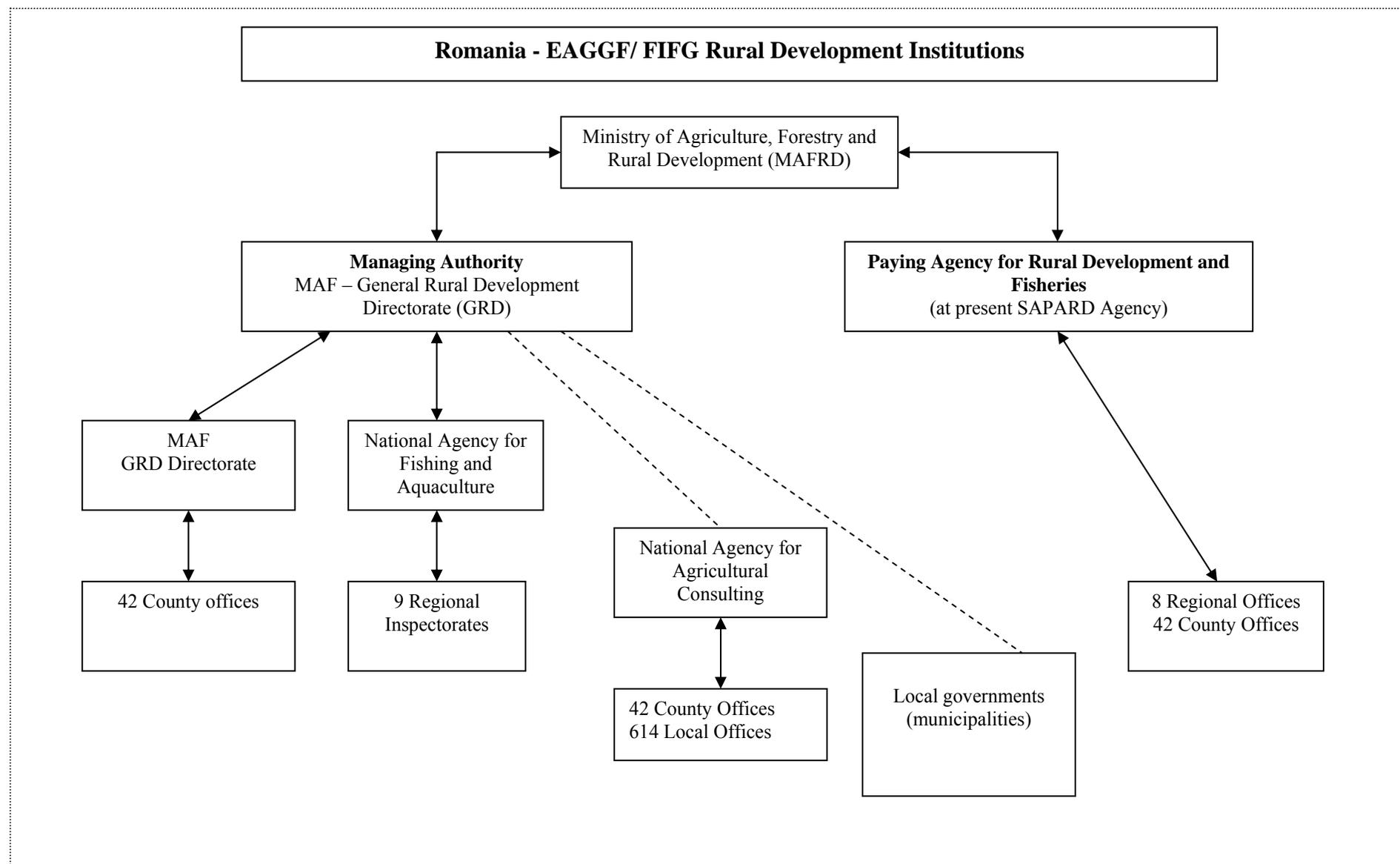
REF.	KEY ISSUE/ CONCLUSION	PARAGRAPH #	RECOMMENDATION	DEADLINE
	manageable slices with a clear beneficiary and an identifiable manager in charge. Existing arrangements need to be reinforced.		In order to ensure ownership of the beneficiaries on the technical assistance the joint financing of such activities should be envisaged. Moreover any technical assistance support in this area should whenever possible also contain an element focusing on the involvement and strengthening of the local administrative capacity for planning and management, in order to increase sustainability.	process for membership
Future Programme Implementation				
6	There might have been gains if the Phare agricultural work of the individual European Commission Delegations had been more closely co-ordinated and harmonised by the Directorate General Enlargement so that a more common approach to the same problems had been adopted by each Delegation.	123, 124	The Commission Services should seek to better co-ordinate and communicate the advice on agriculture given under Phare to the candidate countries so that the same technical procedures are followed and best practise for Phare agriculture support is regularly identified and communicated to the candidate countries.	With immediate effect for any second and third wave candidate countries + transition facility programming
7	There also may have been a case for each European Commission Delegation to have an official seconded from/ permanently liaised with Directorate General Agriculture who would have experience of administering the Common Agriculture Policy and could have passed on that experience to the agriculture administration of the candidate country on a continuing basis.	128	In each European Commission Delegation supervising Phare assistance for agriculture to an applicant state there should be preferably an EU official responsible for that assistance that has worked on agricultural or related matters in the EU Directorate General for Agriculture and/ or EU member state administrations, and thus who can advise the applicant administration from a position of highly relevant personal experience.	With immediate effect for any second and third wave candidate countries
<i>B) RECOMMENDATIONS ADDRESSED TO NEW MEMBER STATES (PHARE AND/ OR TRANSITION FACILITY), PRESENT AND FUTURE CANDIDATE COUNTRIES (PHARE AND POST-PHARE)</i>				
Future Programme Planning				
8	A major problem in all candidate countries was that officers once trained under a Phare project in general administrative skills could then leave the ministry and earn more money in the private sector. The high turnover of staff especially in senior management positions was a major reason for the lack of capacity in some candidate countries.	148	All future agriculture related Phare project fiches should set out how the training or other benefits from the assistance are sustained until EU accession. If it is apparent at the programming stage that follow-up projects are required the project fiches should clearly set out this necessity and should already identify the additional resources required for future work.	With immediate effect for any second and third wave candidate countries + transition facility programming
9	All Phare projects do need to set out how the skills being taught are to be kept up to date	148	All Phare agriculture projects where training staff is involved should include provisions/ commitments for a refresher programme lasting until	With immediate effect for any

REF.	KEY ISSUE/ CONCLUSION	PARAGRAPH #	RECOMMENDATION	DEADLINE
	until the date of accession. The skills imparted by a project that finished in 2001 will have been forgotten by 2004 if no effort is made to provide some refresher training between 2001 and 2004.		accession that would ensure that the skills are sustained and enhanced.	second and third wave candidate countries
10	Most candidate countries found it difficult to fit their requirements into the yearly allocations demanded by Phare and this yearly allocation was one reason for the failure of large projects to achieve in full their objectives in the early days of the Programme.	130	No Phare project in the Agriculture Sector should preferably last longer than one year, and all Phare projects in the Sector should be an integrated part of a multi-annual assistance programme. Twinning agreements should not cover more than one area of activity, and each area should have its own separate twinning agreement.	With immediate effect for any second and third wave candidate countries + transition facility programming
11	Too often not enough beneficiary resource was invested in most of the Phare projects in the Sector at a sufficiently early date, and therefore the creation and introduction of the institutions in the Sector are running late.	149	No Phare project in the Agriculture Sector should be allowed to start unless EU twinner/ contractor and local counterpart have in detail agreed and listed the resources needed in the covenant/ contract. If the agreed resources are not provided on time the project should be halted.	With immediate effect for any second and third wave candidate countries + transition facility programming

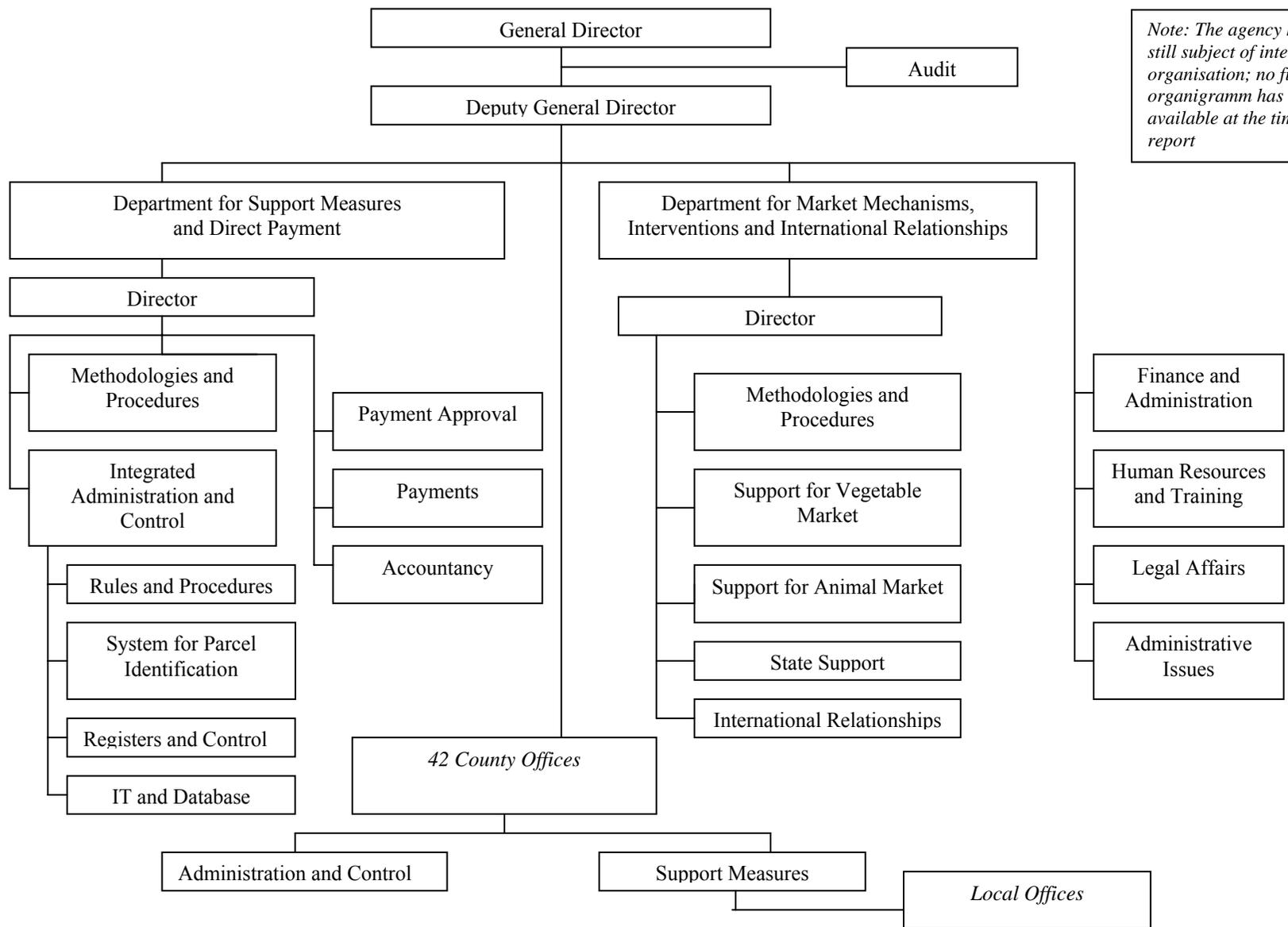
Annex 5 – Organigrams for central and regional administrations







Romania - Structure of the Paying and Intervention Agency



Note: The agency has been still subject of internal re-organisation; no final organigramm has been available at the time of this report

Annex 6 - Comprehensive monitoring reports 2005

Administrative, financial and control structures for agriculture and rural development

Bulgaria

Chapter 7: Agriculture

Horizontal issues

No real progress can be reported regarding the setting up of the paying agency.

Legislative measures remain to be adopted to set up a *Paying Agency* for the administration of national and EU support to agriculture and rural areas, forestry and fisheries. Strategic decisions have still to be formalised regarding critical issues such as the option to apply SAPS (Single Area Payment Scheme) or SPS (Single Payment Scheme), and subsequently there is a need to decide on the minimum size of eligible agricultural holdings, the complementary national direct payments and the appropriate budget. The procedures and checklists for the CAP schemes have been identified and developed. In addition, a substantial amount of work remains to be done in particular with regard to the development of the IT system and the training of staff on the new IT system. A substantial amount of work remains to be done if Bulgaria is to have a fully-functioning Paying Agency by the date of accession.

A similar situation has to be described currently as concerns setting up the *Integrated Administration and Control System (IACS)*. The associated legislation remains to be adopted. Bulgaria has made some progress, in particular as concerns the preparation of a master plan, but much work remains to be done. The setting up of a land parcel identification system (LPIS) is a source of concern since no real progress can be reported regarding the establishment of ortho-photos – so far no ortho-photos have been acquired - and their subsequent digitisation. Other basic elements, such as the customisation of the IACS software based on the Austrian system, pre-registration of farmers, on-the-spot controls and training of staff are still to be undertaken.

There must be serious concerns over Bulgaria's rate of progress in this area and urgent attention must be paid to the issue if Bulgaria is to have a fully-functioning IACS by accession.

Concerning *trade mechanisms*, some good progress has been made since last year. The Bulgarian authorities have now formally allocated responsibilities for licensing and quota management. Legislation remains to be adopted for the future Paying Agency to become responsible for export refunds while the Ministry of Agriculture will administer import licences. The co-ordination between all bodies involved for implementing the trade mechanisms (State Fund Agriculture, Customs Service, National Veterinary Service and Phyto-Sanitary Service) has improved but co-operation agreements and procedures remain to be formally established.

Bulgaria is making satisfactory progress in the area of *Farm Accountancy Data Network*. Legislation concerning state aid measures in the field of agriculture remains to be adopted. EU rules on state aid will be applied by the future paying agency.

Common market organisations (CMO)

Regarding all CMO, in general an effective administrative structure for the enforcement of these market organisations remains to be set up.

More specifically, in the field of arable crops legal measures on intervention centres and private storage has been prepared but further legislation remains to be adopted and structures for the intervention, monitoring of imports/exports and price reporting including statistics remain to be established.

Legislation concerning sugar has been partly transposed. A working group has been set up, dealing with elaboration of tasks and competencies of those units responsible for the implementation of the quota system and the levies.

Implementing legislation for marketing standards of fruit and vegetables has been adopted. Checks are currently applied at the import and export stage, but the control system needs to be strengthened and extended to cover the domestic market. Some training of inspectors, producers and traders has been carried out. The Ministry is also developing the capacity to apply the *acquis* on recognition of producer organisations. However, the mechanisms for reporting entry prices remain to be strengthened.

In the area of wine and alcohol, progress has been made but the biggest challenge lies with completion of the vineyard register. Further implementing legislation is required regarding certain market mechanisms, in particular concerning controls and certification.

No real progress can be reported in relation to the CMO for milk. Most mechanisms of the common market organisation for milk and milk products as well as the quota system remain to be put into place. Preparations should be accelerated if Bulgaria is to have a fully functioning quota system in place by accession.

The transposition of legislation has made good progress in the beefmeat, sheepmeat and pigmeat sectors. Likewise, the administrative structures for price reporting and classification were established. These structures are further strengthened through ongoing training programmes.

Rural development

The Rural Development and Investment Directorate of the Ministry of Agriculture has overall responsibility for rural development policy. Management and enforcement of individual rural development measures will be carried out after accession by the future paying agency. Bulgaria has been granted a transitional period of three years after accession allowing the use of special measures for rural development. A working group including representatives from trade unions, branch organisations and ministries has been established to draw up a draft Bulgarian Agriculture and Rural Development Plan 2007 – 2013. The working group has prepared risk analyses to serve as a base for choosing appropriate rural development measures. Supported by Community assistance a code for good farming practice and an action plan for critical zones have been prepared for strengthening Bulgarian administrative capacity in relation to agri-environmental issues but it remains to be adopted. Further strengthening of administrative capacities and establishment of mechanisms remain to be undertaken. “

Romania

Chapter 7: Agriculture

Horizontal issues

Limited progress can be reported regarding the setting up of the paying agency.

Romania has decided to establish two *Paying Agencies*: one responsible for rural development measures built on the existing agency from the Special Accession Programme for Agriculture and Rural Development, and another responsible for market measures and direct payments. The competent authority for the accreditation of the paying agencies has been designated within the Ministry of Agriculture as well as the co-ordination body for the activities of the two paying agencies within the SAPARD Agency. Romania has made good progress with the adoption of the broad institutional structure. However, establishment of the required administrative capacity is still at a planning stage. Considerable work is required to build and strengthen the administrative capacity if Romania is to have functioning paying agencies by the date of accession. Furthermore, information campaigns on EU schemes for farmers and operators should be accelerated.

Over the last six months Romania has accelerated its preparations concerning the *Integrated Administration and Control System (IACS)*. However, despite the progress made, most of the implementation work is still to be accomplished. The timescale for completing the Land Parcel Identification System remains critical, as does realisation of the master plan for the development of IACS submitted in August 2005. Work on establishment of ortho-photos is not yet completed. There is a serious risk that a fully functional IACS system will not be in place by the date of accession; substantial work remains to be done.

Some good progress has been made as regards *trade mechanisms* with the adoption at governmental level of the implementing legislation. The whole system for managing trade was redesigned as it was decided to transfer the responsibility for the administration of export and import licences to the Paying Agency before accession. However, preparations and staffing within the Paying Agency are at an early stage and need to be accelerated if Romania is to be ready to apply the *acquis* by the date of accession. Further work is required on agreements between different bodies and on the links with traders.

The framework legislation on a *Farm Accountancy Data Network* was adopted in November 2004. Implementing legislation is broadly in place; the administrative capacity has to be further strengthened. The network collection of data from farms is gradually being expanded but the sample size and definition of regions are still to be established.

State aid measures in the field of agriculture must be brought in line with the *acquis* by the time of accession. The department responsible for implementing state aid rules was created in March 2005 but is not operational.

As concerns direct payments to farmers, Romania has decided, by government memorandum, to apply the Single Area Payment Scheme in the first years after accession and has fixed the minimum holding size and parcel size at 1 and 0.3 hectares respectively. The relevant administrative capacity is not in place.

Common market organisations (CMO)

Romania has designated the paying agency which will be the paying and implementing agency for the various CMO, but the co-operation between this agency and the various competent authorities to be designated and/or established under the CMO and the establishment of the latter authorities themselves has not yet taken place.

Further progress has been made in the field of arable crops with the adoption of the general framework law in August 2005. There is no price reporting system. Further progress can be reported also as regards sugar with the adoption of legal measures on statistical communication and the signature of an inter-professional agreement. The Paying Agency will be responsible for applying the acquis, in particular management of the quota system and associated levies. Administrative capacity is still to be established.

Romania has made progress in relation to the control system for marketing standards for fruit and vegetables. However, mechanisms for the reporting of entry prices and producers organisations are still to be set up and the supervisory authority is understaffed. Registration of traders is at an embryonic stage and the setting up of producers' organisations should be encouraged.

Implementing legislation for the main mechanisms of the common market organisation for milk and milk products has been adopted but is still to be enforced. Some progress has been made as regards the administrative capacity in this sector. The national agency for improvement and reproduction of livestock is in charge of quota management. Furthermore, additional staff, training and resources have not been allocated to the agency to perform this function. Significant work is still required to complete the setting up of a database for quota allocation, on approving dairies and/or collection centres, on the national reference laboratory and on developing a milk quota management IT system. Overall, progress in this area needs to be accelerated significantly, particularly given the huge challenge posed by the large number of small producers.

As regards beefmeat, sheepmeat and pigmeat, legislation is broadly in line while administrative structures dealing with carcass classification and price reporting remain to be adopted.

Rural development

A general directorate of rural development has been set up in the Ministry of Agriculture that will be the managing authority for the Special Accession Programme for Agriculture and Rural Development (SAPARD) and the national plan for rural development 2007-2013. A large proportion of the staff has experience with SAPARD. Additional staff is being recruited. Initial studies to support the development of the rural development programme are underway. The future paying agencies (built around the SAPARD agency) will be responsible for the implementation of the post-accession rural development programme, and need to be further strengthened for this purpose. Romania has been granted a transitional period of three years after accession allowing the use of special measures for rural development.

Annex 7 – List of interviews

INSTITUTION	INTERVIEWEE	DATE
European Commission Delegation to Bulgaria 9 Moskovska St. 1000 Sofia, Bulgaria	Ms. Elena ARTOLACHIPI Adviser	20/07/2005
European Commission Representation Berc utca 23 H-1016 Budapest	Mr. Andras BADACSONYI Former Task Manager	20/09/2005
Ministry of Agriculture and Forestry Phare Programme Implementation Unit 55 Hr. Botev Blvd. 1040 Sofia, Bulgaria	Ms. Demina BAYRAKTARSKA Head of Unit	21/07/2005
Estonian Agricultural Registers and Information Board, Narva mnt 3 Tartu 51009	Mr. Ahti BLIEVE Deputy Director	11/10/2005
Ministry of Agriculture and Forestry Rural Development Directorate SAPARD Programme Unit 55 Hr. Botev Blvd. 1040 Sofia, Bulgaria	Ms. Evgenija BORISOVA Senior Expert	22/07/2005
Ministry of Finance Management of EU Funds Directorate Management of Phare Funds Department 102, Rakovski Str. 1040 Sofia, Bulgaria	Mr. Dimitar BOYKOV Senior Expert	20/07/2005
National Agency for Agricultural Consulting Doamnei str. 17-19 RO-Bucharest	Ms. Maria CIORNEI Counsellor	27/09/2005
European Commission DG Agriculture Rue de la Loi 130 B-1040 Brussels	Ms. Catherine COMBETTE Administrator	14/09/2005 05/10/2005*
Ministry of Finance of Poland ul. Świętokrzyska 12 Warsaw 00-916	Ms. Agnieszka CZARNENKA Paying Agency Division	03/11/2005
National Agricultural Advisory Service 136, Tzar Boris III. Blvd. 1618 Sofia, Bulgaria	Ms. Stefka DAMYANOVA Chief Expert	18/07/2005
Ministry of Agriculture and Forestry Rural Development Directorate SAPARD Programme Unit 55 Hr. Botev Blvd. 1040 Sofia, Bulgaria	Ms. Stoyanka DEDINSKA Senior Expert	22/07/2005
Ministry of Finance Management of EU Funds Directorate Management of Phare Funds Department 102, Rakovski Str. 1040 Sofia, Bulgaria	Ms. Jenya DINKOVA Head of Unit	20/07/2005
Ministry of Agriculture, Forestry and Rural Development FADN Unit B-dul Carol I nr. 24 RO-020921 Bucharest 3, Romania	Mr. Vasile DOBOCAN Senior Expert	27/09/2005

INSTITUTION	INTERVIEWEE	DATE
Ministry of Agriculture and Rural Development of Poland Wsolna Street 30 Warsaw 00-930	Ms. Nina DOBRZYNSKA Deputy Director Department of Rural Development	04/11/2005
European Commission Delegation to Romania 18-20, Jules Michelet St. RO-010463 Bucharest, Romania	Mr. Mihai DUMITRU Team Leader Agriculture	29/09/2005
Hungarian Chamber of Agriculture Etele ut 57 H-1119 Budapest	Mr. Ferenc EBELE General Secretary	21/09/2005
Ministry of Agriculture and Rural Development of Poland Assistance Programmes for Agriculture Ul. Wspolna 30 Warsaw 00-930	Mr. Jan FALKOWSKI Agricultural Policy Analysis Unit	03/11/2005
State Fund 'Agriculture'/ SAPARD Agency Plovdiv Area 122, Maritza Blvd. 4000 Plovdiv, Bulgaria	Mr. George GEORGIEV Director	20/07/2005
Ministry of Agriculture and Forestry Rural Development Directorate 55 Hr. Botev Blvd. 1040 Sofia, Bulgaria	Ms. Miroslava GEORGIEVA Director	22/07/2005
Village of Topolova, Asenovgrad District, Bulgaria	Mr. Georgi GERAKSIEV Farmer	19/07/2005
European Commission Delegation to Romania 18-20, Jules Michelet St. RO-010463 Bucharest, Romania	Ms. Roxana GIRBEA Task Manager	29/09/2005
Ministry of Agriculture, Forestry and Rural Development B-dul Carol I nr. 24 RO-020921 Bucharest 3	Mr. Dieter GOERTZ Pre-Accession Adviser	26/09/2005
Ministry of Agriculture and Rural Development of Poland Assistance Programmes for Agriculture Ul. Wspolna 30 Warsaw 00-930	Mr. Andriej GROCHULSKI Adviser	03/11/2005
European Commission DG Enlargement Romania Country Team Rue de la Loi 170 B-1040 Brussels	Mr. Winfried GRUETER Phare Co-ordinator	14/09/2005
Ministry of Agriculture of the Slovak Republic Section of the Agricultural Paying Agency Dobrovicova 12 SK-81266 Bratislava	Mr. Tibor GUNIS Head of Section	16/09/2005
Ministry of Agriculture, Forestry and Rural Development Rural Development Directorate B-dul Carol I nr. 24 RO-020921 Bucharest 3	Ms. Cornelia HARABAGIU General Director	26/09/2005
Regional Agricultural Advisory Service 122, Maritza Blvd., 4000 Plovdiv, Bulgaria	Mr. Evgeny HARITEV Head of Regional Service	19/07/2005

INSTITUTION	INTERVIEWEE	DATE
National Federation of Agricultural Co-operators and Producers (MOSZ) Akademia u.1 H-1054 Budapest	Mr. Gabor HORVATH General Secretary	20/09/2005
European Commission DG Agriculture Rue de la Loi 130 B-1040 Brussels	Mr. Tomi HOTAKAINEN Auditor	12/07/2005
Village of Zlatovryh Asenovgrad District, Bulgaria	Mr. Dimityr IANKOV Farmer	19/07/2005
National Development Office Phare Co-ordination Department Poszonyi ut 56 H-1133 Budapest	Ms. Gabriella IGLOI Director General	19/09/2005
Ministry of Agriculture, Forestry and Rural Development FADN Unit B-dul Carol I nr. 24 RO-020921 Bucharest 3	Mr. Mihai IGNAT Head of Unit	27/09/2005
National Association of Hungarian Farmers' Societies and Co-operatives Zsil u. 3-5 H-1093 Budapest	Mr. Istvan JAKAB President	21/09/2005
Ministry of Agriculture and Forestry Rural Development Directorate Integrated Rural Development Unit 55 Hr. Botev Blvd. 1040 Sofia, Bulgaria	Ms. Maria JUNAKOVA Head of Unit	22/07/2005
State Fund Agriculture/ SAPARD Agency 136, Tzar Boris III. Blvd. 1618 Sofia, Bulgaria	Mr. Vladimir KARAMISHEV Deputy Executive Director	22/07/2005
Regional Agricultural Advisory Service 122, Maritza Blvd., 4000 Plovdiv, Bulgaria	Mr. Svetozar KAVARDJIEV Chief Expert	19/07/2005
Ministry of Agriculture and Rural Development Department for EU Co-ordination Phare Office for Agriculture Kossuth Lajos ter 11 H-1055 Budapest	Mr. Zoltan KISS Head of Unit	19/09/2005
Village of Boiantzi, Asenovgrad District, Bulgaria	Mr. Rosen KOLEV Farmer	19/07/2005
Office of the Committee for European Integration National Aid Co-ordination Department Al. Ujazdowskie 9 Warsaw 00918	Mr. Tomasz KOLODZIEJ Task Manager	04/11/2005
Estonian Chamber of Agriculture and Commerce J Vilmsi 53G Tallinn 10147	Mr. Olav KROON Member of the Board	12/10/2005
Ministry of Agriculture of Estonia 39/41 Lai Street, Tallinn 15056	Ms. Reve LABRUS Deputy Head of the Rural Development Department	11/10/2005
European Commission Delegation to Romania 18-20, Jules Michelet St. RO-010463 Bucharest, Romania	Ms. Mihaela LUCA Task Manager	29/09/2005

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Ministry of Agriculture of Estonia 39/41 Lai Street, Tallinn 15056	Ms. Kristel MAIDRE Head of the Agricultural Income Bureau	11/10/2005
Village of Chehlaré, Brezovo District, Bulgaria	Mr. Liubo MANGELOV Farmer	19/07/2005
European Commission DG Enlargement Romania Country Team Rue de la Loi 170 B-1040 Brussels	Ms. Fanny MARCHAL Task Manager	12/09/2005
Ministry of Agriculture and Rural Development of Poland Assistance Programmes for Agriculture Ul. Wspolna 30 Warsaw 00-930	Ms. Agata MARLIUSREWSKA Manager, Assistant Programmes Unit	03/11/2005
European Commission DG Agriculture Rue de la Loi 130 B-1040 Brussels	Mr. Alex MASON Task Manager	12/07/2005
European Commission DG Enlargement Bulgaria Country Team Rue de la Loi 170 B-1040 Brussels	Mr. Hinrich MEYER-GERBAULET Task Manager	14/09/2005
National Agency for Fishing and Aquaculture B-dul Carol I, 24 RO-020921 Bucharest 3	Mr. Cornel MIHAI Head of Unit	27/09/2005
Ministry of Agriculture and Forestry Rural Development Directorate SAPARD Programme Unit 55 Hr. Botev Blvd. 1040 Sofia, Bulgaria	Ms. Sonja MIKOVA Expert	22/07/2005
Directorate for Agriculture and Rural Development Brasov County Str. Michael Weiss nr. 22 500031 Brasov, Romania	Mr. Luca MIRCEA Executive Director	30/09/2005
European Commission Delegation to Bulgaria 9 Moskovska St. 1000 Sofia, Bulgaria	Ms. Hristina NANEVA Adviser	20/07/2005
S.C. ITC S.R.L. Agricultural Company 216, Sos. Oltenitei Popesti Leordeni, District Ilfov Romania	Mr. Gheorghe NEDELCU General Manager	03/10/2005
National Agricultural Advisory Service 136, Tzar Boris III. Blvd. 1618 Sofia, Bulgaria	Prof. Margarita NIKOLOVA Executive Director	18/07/2005 19/07/2005
Ministry of Agriculture and Rural Development of Poland Wsolna Street 30 Warsaw 00-930	Ms. Magdalena NOWICKA Head of Division Department of Rural Development	04/11/2005
Agency for Restructuring and Modernisation of Agriculture ARMA of Poland Ul. Jana Pawla II 70 Warsaw 00175	Ms. Jolanta ORLINSKA Director Claim Evidence Department	04/11/2005

INSTITUTION	INTERVIEWEE	DATE
Regional Agricultural Advisory Service 122, Maritza Blvd., 4000 Plovdiv, Bulgaria	Ms. Maria PANCHOVA Chief Expert	19/07/2005
Romanian Farmers Association 61 Marasti Blvd. RO-011464 Bucharest	Mr. Nicolae PARPALA Counsellor	03/10/2005
Ministry of Agriculture and Rural Development of Poland Assistance Programmes for Agriculture Ul. Wspolna 30 Warsaw 00-930	Mr. Ryszard PAZURA Acting Director	03/11/2005
European Commission DG Agriculture Rue de la Loi 130 B-1040 Brussels	Ms. Zelig PEPIETTE Task Manager	12/07/2005
Ministry of Agriculture and Forestry Rural Development Directorate SAPARD Programme Unit 55 Hr. Botev Blvd. 1040 Sofia, Bulgaria	Mr. Simeon PETKOV Senior Expert	22/07/2005
Ministry of Agriculture of Estonia 39/41 Lai Street, Tallinn 15056	Mr. Olavi PETRON Head of the European Union and Foreign Affairs Department	11/10/2005
Hungarian Chamber of Agriculture Etele ut 57 H-1119 Budapest	Ms. Agota PINTER Head of International Relations	21/09/2005
Ministry of Agriculture, Forestry and Rural Development Phare Programme Implementing Unit B-dul Carol I, 24 RO-020921 Bucharest 3	Ms. Marisanda PIRIIANU Head of Unit	27/09/2005
Agency for Restructuring and Modernisation of Agriculture of Poland ARMA Ul. Jana Pawla II 70 Warsaw 00175	Mr. Jacek PODLEWSKI Director On-The-Spot Control Department	04/11/2005
Romanian Farmers Association 61 Marasti Blvd. RO-011464 Bucharest	Ms. Adelina POPESCU General Manager	03/10/2005
National Agricultural Advisory Service 136, Tzar Boris III. Blvd. 1618 Sofia, Bulgaria	Mr. Vesselin RADEV Director of Extension Service Directorate	18/07/2005
Central Finance and Contracting Unit National Development Office Deak Ferenc u. 5 H-1052 Budapest	Mr. Gabor RONASZEKI Director	20/09/2005
Ministry of Agriculture and Rural Development of Poland Wsolna Street 30 Warsaw 00-930	Ms. Elizbieta SAKOWSKA Head of Division in the European Union Department	04/11/2005
Agricultural Marketing Agency AMA of Poland 6/12 Nowy Swiat Street Warsaw 00-400	Mr. Waldemar SOCHACZEWSKI Senior Official	02/11/2005
National Agency for Fishing and Aquaculture B-dul Carol I, 24 RO-020921 Bucharest 3	Mr. Gheorghe STEFAN President	27/09/2005

INSTITUTION	INTERVIEWEE	DATE
Ministry of Agriculture, Forestry and Rural Development B-dul Carol I nr. 24 RO-020921 Bucharest 3	Mr. STERGHIU Director future Paying Agency	27/09/2005
National Agency for Agricultural Consulting Doamnei str. 17-19 RO-Bucharest	Mr. Vladimir STOIANOVICI Counsellor	27/09/2005
SAPARD Agency Str. Stirebei Voda 43 RO-Bucharest	Ms. Victoria SULEAP Director TA and Vocational Training Directorate	26/09/2005
Ministry of Agriculture and Rural Development of Poland Wsolna Street 30 Warsaw 00-930	Mr. Pawel SZABELAK Head of Division Department of Rural Development	04/11/2005
Ministry of Agriculture and Regional Development Department for EU Co-ordination Phare Office for Agriculture Kossuth Lajos ter 11 H-1055 Budapest	Ms. Reka SZOLLOSI Project Manager	19/09/2005
National Development Office Pozsonyi u. 56 H-1133 Budapest	Ms. Anita SZÖCS Evaluation Officer	19/09/2005
European Commission Representation Berc utca 23 H-1016 Budapest	Ms. Kinga SZULY Political Officer	20/09/2005
National Agricultural Advisory Service 136, Tzar Boris III. Blvd. 1618 Sofia, Bulgaria	Mr. Boytcho TENEV Financial Director	18/07/2005
Association of Romanian Seed Producers, Processors and Distributors - AMSEM 61 Marasti Blvd. RO-011464 Bucharest	Mr. Alexandru TIANU Executive Director	03/10/2005
European Commission Delegation to Bulgaria 9 Moskovska St. 1000 Sofia, Bulgaria	Mr. Eric TROTEMANN Adviser	20/07/2005
Agricultural and Rural Development Agency H-1385 Budapest	Mr. Peter WELLISCH IACS Development Manager	19/09/2005
National Agency for Fishing and Aquaculture B-dul Carol I, 24 RO-020921 Bucharest 3	Mr. Gheorghe VACARU Deputy Director	27/09/2005
European Commission DG Agriculture - International Affairs, Enlargement and Pre-Accession, Enlargement Unit Rue de la Loi 130 B-1040 Brussels	Mr. Rudy VAN DER STAPPEN Head of Unit	16/11/2005
Ministry of Agriculture and Rural Development of Slovenia Dunajska 56-58 Ljubljana 1000	Mr. Marko VERBIC State Under Secretary	31/01/2005
Polish Academy of Sciences Institute of Rural and Agricultural Development Staszic Palace Ul. Nowy Swiat 72 Warsaw 00-330	Ms. Katarzyna ZAWALINSKA Economist/Research Assistant	03/11/2005

Annex 8 – Summary responses from NMS interviews

Area	NMS Responses
Preparation of the CAP requirements	<ol style="list-style-type: none"> 1. NMS underestimated the time that it would take to apply the CAP and the investment needed to create EU institutions. 2. NMS stressed the importance of securing sufficient investment as it is impossible to gain the financial rewards of accession if the institutions required to handle the financial payments arriving from the EU are not in place. 3. NMS stressed the importance of continuity in the management of projects as those countries that had the greatest problems changed their managers most frequently. 4. The NMS agricultural administrations are largely pleased with their achievements because they consider that applying the CAP has enabled them to create a modern style of administration and because they have succeeded in obtaining a large amount of financial assistance for their farmers and other rural stakeholders. 5. Generally the NMS appear not to have made use of any national master-plan for the installation of the agricultural acquis. They were guided by the framework set out by the Commission regarding the requirement for legislation. Indeed most of them were almost overwhelmed by the volume of legislation required and the resource needed to apply that legislation. 6. Several NMS found that some of the databases required by IACS were difficult to create. The EU policy on payments changed during the run up to accession with the introduction of SAPS. There was therefore some confusion as to what the final requirement for IACS would be. 7. All NMS found the fact that the EU requirement changed during the run-up to accession difficult to accommodate.
Phare instrument	<ol style="list-style-type: none"> 8. All NMS found the help available from the Phare Programme was of the greatest assistance in helping the NMS recognise the standards that they had to reach to apply EU legislation and practise. 9. Most NMS considered that the balance between capital projects and non capital projects had been skewed too much towards capital projects. 10. All NMS considered that twinning was of the utmost value and that twinning projects represented the highest return for their efforts. 11. They all stressed the importance of visiting member states in order to see the CAP operating in a working environment. 12. All the NMS were concerned at the bureaucratic nature of the Phare procedures and the time that it took to secure approval for projects or changes in those projects. None of them were used to sorting out in advance the assistance that they needed partly because they did not have the experience of the type of administration that existed in Western Europe and had developed in the EU and partly because few understood the EU system until shortly before accession.
SAPARD instrument	<ol style="list-style-type: none"> 13. All stressed that the main assistance towards understanding the requirements of the rural development programme had come from the SAPARD Programme rather than the Phare Programme. 14. All NMS found SAPARD of the greatest practical help. Most NMS had little experience of rural development schemes or direct payment before applying SAPARD and they found that it was through SAPARD that they learnt how to devise and apply such schemes. 15. It was also through SAPARD that they learnt how a paying agency was supposed to function and the standards of accountability that were required within the EU. Thus the influence of SAPARD went well beyond rural development. 16. All NMS found that the training given by SAPARD was directly applicable to all the functions of a Paying Agency, and it was for this reason that some NMS considered that there should be only a single Paying Agency so that the valuable experience gained could be used as efficiently as possible.

Annex 9 – List of documents reviewed

Originator	Date	Title of Document
European Commission	09/10/2002	'Towards the Enlarged Union' Strategy Paper; COM (2002) 700 final
European Commission	13/11/2002	Roadmaps for Bulgaria and Romania
European Commission	26/03/2003	Council Decision on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Bulgaria
European Commission	08/05/2003	Council Decision on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Romania
European Commission	10/02/2004	A financial package for the accession negotiations with Bulgaria and Romania
European Commission	25/10/2005	Comprehensive Monitoring Report on Bulgaria
European Commission	25/10/2005	Comprehensive Monitoring Report on Romania
European Commission	06/10/2004	Regular Report on Bulgaria's progress towards accession
European Commission	06/10/2004	Regular Report on Romania's progress towards accession
European Commission	February 2005	Report on the Results of the Negotiations on the Accession of Bulgaria and Romania to the European Union
European Commission	2005	Peer Review 2005: Evaluation Mission on Paying Agency Issues Romania Final Report
European Commission/ DG Agriculture	March 2004	CAP Reform and EU Enlargement – the future of the European Agricultural Policy
European Commission/ DG Agriculture	March 2004	Key issues in the agricultural enlargement process
European Court of Auditors	2004	Has SAPARD been well managed? Special Report no 2/2004
EMS Consortium	12/02/2004	Phare Agriculture Sector Review, Thematic Report no R/ZZ/AGR/03077
EMS Consortium	31/03/2004	Country Phare Evaluation Review Bulgaria, Report no BG/CPER/03074
EMS Consortium	12/07/2004	Country Phare Evaluation Review Romania, Report no RO/CPER/03111
Ministry of European Integration, Republic of Romania	March 2004	Mid Term Evaluation of SAPARD in Romania, Final Report
Ministry of Agriculture, Forestry and Rural Development, Republic of Romania	August 2005	Master Plan for the Implementation of the Integrated Administrative and Control System (IACS) in Romania
Ministry of Agriculture and Forestry, Republic of Bulgaria	2004	The Agricultural Sector in Bulgaria – current performance, Annual Report 2004
Ministry of Agriculture and Forestry, Republic of Bulgaria	2004	Objectives of Policy in the Field of Agriculture and Forestry and actions for their Achievement in 2005
Ministry of Agriculture and Forestry, Republic of Bulgaria		National Agriculture and Rural Development Plan over the 2000-2006 period under the Special Accession Programme for Agriculture and Rural Development (SAPARD)
Ministry of Agriculture and Forestry, Republic of Bulgaria	June 2004	Annual report on SAPARD implementation in the Republic of Bulgaria for the period January 1 st – December 31 st 2003
National Agency for Fisheries and Aquaculture, Republic of Bulgaria		Plan of the National Agency for Fisheries and Aquaculture for the preparation to the EU accession for the period 2004-2006
National Forestry Board, Republic of Bulgaria		Accession Plan for the Years 2004-2006

Originator	Date	Title of Document
Republic of Bulgaria		National Agriculture and Rural Development Plan over the 2000 – 2006 period under the EU Special Accession Programme for Agriculture and Rural Development (SAPARD)
Republic of Bulgaria	August 2002	Pre-Accession Economic Programme (2002-2005)
Republic of Romania	July 2002	National Development Plan 2004-2006
Republic of Romania	December 2004	National Agriculture and Rural Development Plan 2000-2006
National Governments	– May 2005	Phare Implementation Status Reports: Estonia, Czech Republic, Lithuania, Latvia, Slovenia, Poland
	September 2005	Evaluation of Readiness of Polish Agricultural Institutions for CAP Mechanism and Structural Funds in the Agricultural Sector---Contribution of Selected Six PHARE Projects
WM Enterprise	9 June 2005	Interim Evaluation of the European Union Pre-accession Instrument Phare – Sector Agriculture; Country Czech Republic
Europe Ltd	6 December 2004	Interim Evaluation of the European Union Phare Programme; Country Hungary; Sector Agriculture
MWH	February 2005	Interim Evaluation no SI/ IER/AGR/0403: PHARE Slovenia Agriculture
ECORYS	August 2005	Interim Evaluation no IE/PL/AGR/05010: PHARE Poland Agriculture
DFID	September 2005	The Invisible Countryside: The EU and Rural Development in Macedonia

This interim evaluation has been launched
by the European Commission,
Directorate-General for Enlargement,
and carried out by the Ecotec.
Ecotec bears the full responsibility for the
report and its conclusions.

