COMMISSION DECISION
OF 2000

Establishing a programme for additional financing for business representative organisations in the agriculture sector and for other business organisations in 2000,

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe, as last amended by Regulation (EC) No 1266/99 of 21 June 1999, and in particular Article 9 thereof,

Whereas Regulation No 3906/89 lays down the rules and conditions for the granting of economic aid to certain countries of Central and Eastern Europe,

Whereas the measures provided for by this Decision are in accordance with the opinion of the Committee on Aid for Economic Restructuring in certain countries of Central and Eastern Europe,

HEREBY DECIDES AS FOLLOWS:

Article 1

The programme described in the Annex to the present decision is hereby adopted.

Article 2

The maximum amount of Community assistance shall be 2.4 MEUR to be financed through Budget line B7-030 in 2000.

Done in Brussels,

For the Commission
FINANCING PROPOSAL

PROGRAMME FOR ADDITIONAL FINANCING FOR BUSINESS
REPRESENTATIVE ORGANISATIONS IN THE AGRICULTURE
AND FOR OTHER BUSINESS ORGANISATIONS

1. IDENTIFICATION

Countries: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia
Programme title: Programme to provide assistance to the Business Representative Organisations in the agriculture sector in the Phare candidate countries of Central and Eastern Europe (CEEC) in preparing themselves and their members for accession to the European Union and to provide additional financing to other business organisations
Year: 2000
Cost: 2.4 MEUR
Implementing Authority: European Commission, DG ELARG
Sector: AG
Group: L
Budget Line: B7 - 030
Task Manager: Antonio Izquierdo, DG ELARG

2. SUMMARY

Following favourable opinions from the Phare Management Committee the Commission approved in 1998 and again in 1999 the Business Support Programme (BSP) in order to assist CEEC business operators, via their representative and support bodies, in meeting the requirements of accession and the demands of the Single Market. The BSP currently consists of the following components (amounts in commitments):

i. Support to Business Representative Organisations and businesses (22 Mio €)
ii. Support to the activities in the textile sector (0.2 Mio €)
iii. Support to the Representative Organisations in the Agricultural Sector (2.5 Mio €)
iv. Support to institutions in the area of industrial property (1.2 Mio €)

This Financing Proposal seeks to make available additional amounts to:
(i) **Support to Business Representative Organisations.** On the basis of a call for proposals, the Commission has already awarded grant contracts under the 2 previous Financing Proposals to a number of EU business representative organisations for a total amount of 21.5 Mio € covering a wide range of sectors. One of the projects selected for co-financing could not be fully supported within the total amount available. An additional 0.4 Mio € is needed for this project.

(ii) **Support to the Representative Organisations in the agricultural sector.** The Commission has, as foreseen in the 1998 BSP, awarded a direct contract to COPA-COCEGA for a total amount of 2.5 Mio €. This project is being successfully implemented. However, the initially allocated amount and forecasted duration have proved insufficient to cover the action necessary to fulfil and sustain the objectives of this project: the serious dimension of the problems related to the representation of the farmer sector in the CEECs, specially in the light of accession, and the necessary long-term effort involved in the training and institution building inputs within the project to help remedy that situation, require a longer project period. The Commission would therefore like to increase the budget for this project by 2 Mio € for 2000.

### 3. BACKGROUND

#### 3.1. Strengthening of business support organisations

Two calls for proposals were published in June 1999 with the aim of co-financing projects (grant contracts), carried out in partnerships and twinning between EU and CEEC organisations. The two calls are titled:

1. **Strengthening of Business Support Organisations in the CEEC.**
2. **Strengthening the Activities of Business Support Organisations in helping the CEEC Companies adjust to the Community Aquis**

The budget available for projects under call n° 1 is 14 M€ and 8M€ for call n° 2 and the requested Phare grant had to be between 0.5M€ and 2M€, respectively 1M€ with a project duration for both calls between 20 to 24 months.

By the deadline for both calls the Commission had received 98 proposals of which 55 were for call n° 1 and 43 for call n° 2. The result of the evaluation was that 17 projects were selected for financing (9 projects under call n° 1 and 8 projects under call n° 2) of which 7 organisations succeeded in obtaining support for projects in the areas of both calls for proposals. One selected project could not be fully financed within the total amount available and no contract has been concluded for this project.

Sixteen contracts have now been awarded and the projects cover the following activities/sectors: Chamber of Commerce; Small and Medium sized craft enterprises; the Furniture and Wood Industry; Producers Co-operatives, Social Enterprises and Participative Enterprises; the Chemical Industry; the Food and Drink Industry; the Steel Industry; the Textile and Clothing Industry; the Business Machine and Information Technology Industry.
The additional funds, 0.4 Mio €, will be used on a project covering the animal production sector selected under Call n° 2.

3.2 COPA - COGECA

The agriculture and food sectors in the CEECs face various structural problems restricting their ability to adapt to the challenges of market economy. These include i.a. the land reform and the privatisation process, the limited processing and market structures, the availability of credit and the lack of proper market information, the environmental impact of the agricultural production and consumer protection.

The Commission has thus awarded a direct grant contract to COPA – COGECA, which through a comprehensive programme, has assisted the farmers’ organisations, in the 10 Phare candidate countries so that they in turn will be able to give a more pro-active assistance to their members’ adjustment to the acquis. The project, which is now in its final stage, has concentrated on the following areas:

(i) institutional development; (ii) provision of advisory and information services; (iii) placement programmes; (iv) high level seminars and workshops; (v) young farmer placement programmes.

with the objective to

• reinforce the democratic and independent operation of farmers’ organisations.
• develop the CEEC organisations’ efficiency as interests groups at the national and international level as well as their capacity for international co-operation.
• Assisting CEEC organisations and their member to adapt to the acquis communautaire in the agriculture and food sectors.
• Development of these organisations’ understanding of the rules of the Single Market for agriculture and food.
• Focussing their developmental resources on priority areas, such as their knowledge of policy, conditions and market mechanisms in the EU and the Phare candidate countries in agriculture and food.
• To provide know-how on farmers’ organisations’ development and structures in the EU and how such structures might be used to improve the effectiveness of CEEC organisations as they prepare for membership.

4. POLICY ASSESSMENT

4.1 Socio-economic context

The development of a strong private sector in the Phare candidate countries, particularly in the agricultural sector, is a crucial element of the transformation process initiated in 1989. Such development is essential in minimising the tensions that will arise as a result of the process of accession to the EU. In this context, it is necessary to ensure that CEEC agricultural co-operatives and farmers are able to adjust fully to Community rules and standards to better compete in the wider Single Market. To facilitate this process the present programme intends to continue the support to agricultural business organisations in the CEECs enabling them to provide appropriate assistance to their members, as is the case in the EU.
In the years leading up to “1992” the Commission pointed out that the Single Market would become effective in a gradual process depending as much on the behaviour of economic agents as on the adoption of Community legislation and its transposition into national law. Enterprises in CEECs and their support organisations will face a particularly severe challenge in meeting the needs of the Single Market. This is because, unlike businesses in current EU Member States, they will join a fully functioning Single Market rather than one which is gradually evolving.

The changes which businesses from CEECs will need to anticipate and implement as part of adjusting to the Single Market rules and supporting European standards are varied and relate to all aspects of their operations, from procurement and production to marketing and sales, not to forget human resources management, social issues, and technological and financial matters. A smooth adaptation to the Community “acquis” will ensure that CEEC companies are able to take full advantage of the opportunities that accession to the Single Market will create for them, while minimising the disruptions it could imply. Previous experience within the 1998 and 1999 BSP shows that co-operation between agricultural business support organisations from the EU and the CEECs can play a key role in ensuring that CEEC businesses adapt to the “acquis” and face an increased competition in a larger market.

4.2 Relationship to other programmes

The present BSP reflects the priority attached by the Commission to the role of national programmes and supports only those twinning and placement arrangements that can better include activities with a multi-national component.

5. OBJECTIVES OF THE PROGRAMME

The wider objective of this programme is to strengthen the institutional capacity of representative business support organisations and representative organisations in the agricultural sector in the CEECs to independently and professionally represent and support their members.

The intermediate objective of the programme is to foster placement actions and, thus, networks between representative organisations in the CEECs and their counterparts in the EU.

The immediate objectives of the new BSP are a better acquaintance by business organisations as well as the farmer organisations and their members in the candidate countries with the acquis so that the can better operate within its parameters via the development of partnerships and co-operation actions with their EU sister organisations.

As these objectives, as far as farmer organisations are concerned, can only be reached through support for Institution Building, and taking into account Articles 2 and 4, 2 of Regulation 1266/1999 on Coordination of pre-accession assistance, support will be provided from Phare, not Sapard. This type of support is indeed not included in Article 2 of Regulation 1268/1999 (Sapard Regulation), nor is it covered by the provisions of Article 7,4 of the same regulation.
6. DESCRIPTION OF THE PROGRAMME

6.1. Strengthening the activities of business support organisations in helping CEEC companies adjust to the Community acquis

Under this specific action of the BSP programme, appropriate support is being provided by sectoral and horizontal business representative organisations in the EU to their counterparts in the CEECs so that the latter can help their member companies adapt to the parts of the Community acquis relevant to their specific sectors.

This assistance is provided as part of integrated programmes that covers some or all of the following issues:

- the strengthening of the ability of local associations in assessing the practical implications of EU sectoral legislation on the activities of companies;
- the provision of assistance to the definition of improvement plans with a view to adapting the management, organisation, production methods and product lines of companies to the relevant Community “acquis” and to European standards.
- the introduction of relevant technological solutions and other innovations with a view to implementing these improvement plans;
- the assistance to the design and implementation of EU-compatible quality policies.

The following methods and tools will be used, among others, to provide assistance:

- Long / medium term training activities;
- Networking activities;
- Technical support (e.g. secondment of industry experts);

The additional financial support from the Commission under this component will be allocated according to the financial breakdown (see point 8. Budget). The Commission co-financing for the selected project will not exceed 90% of the total costs.

6.2. The agriculture and food sector

The agriculture and food sectors in the CEECs face various structural problems restricting the ability of farmers and companies to adapt to the challenges of the market economy. These include, among others, the land reform and the privatisation process, the limited processing and marketing structures, the availability of credit and the lack of proper market information. Companies operating in this sector also need to adapt to the Community “acquis” in critical areas, namely the environmental impact of the agricultural production as well as consumer protection.

Over the past few years farmers organisations have been established in the candidate countries to address these issues and to assist their members in adapting to the new market conditions. As described before, the BSP – 1998-1999 has already provided assistance to the Representative Organisations in the Agricultural Sector following the objectives and components indicated under chapter 3 above. However, the needs of the agricultural sector in the CEEC at national and branch level remain acute and the achievements of the first BSP have to be consolidated; also progress towards accession makes necessary to continue the project and the special assistance in this sector.
The new BSP will therefore support the strengthening of the farmers’ organisations with the objective to enable them to provide better support to their members.

To this purpose, Phare, which remains the main instrument for providing Institution Building support in all acquis related areas, will continue to support, through a new comprehensive 2 years BSP, activities of the European organisation COPA-COGECA which will assist the farmers’ organisations in the candidate countries to meet the mentioned objective.

The activity of COPA-COGECA will be comprised of the following components:

- Further assistance to the development of the organisational structures, competence and capabilities of the CEEC organisations.
- Placement and participation in institutional fora such as COPA-COGECA committees and CEJA seminars.

A total budget of 2 MEUR is foreseen. In order to support the activities thereof the Commission will enter into direct agreement with COPA-COGECA.

In this perspective, the 2000 BSP will continue to assist CEEC farmers’ organisations in meeting the requirements of accession and the demands of the Single Market. It will also lend direct assistance so that they can fulfil their various representative roles under the best possible conditions. The 2000 BSP builds upon the positive experience of the 1998 and 1999 BSP. The new BSP reflects the fact that, although situations vary between the CEECs, considerable progress has already been achieved in the development of a strong and healthy agricultural sector and their representative organisations. The follow-up of the activity is necessary to sustain the milestones achieved and ensure its practical results as accession approaches.

This support will help further prepare farmers’ organisations in the CEEC to be acquainted with the Community acquis and to provide valuable service to their members that will have to operate under the rules of the Single Market.

7. ACTIVITIES OF OTHER DONORS AND CO-ORDINATION

Co-ordination with other donors will be encouraged where the need so arises.

8. COST AND FINANCING PLAN

Phare will provide 2.4 Mio € from the 2000 budget to finance the above activities.

Financial Breakdown

<table>
<thead>
<tr>
<th>Component</th>
<th>Financial allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strengthening the Activities of Business Support</td>
<td>0.4 Mio €</td>
</tr>
<tr>
<td>Organisations in helping the CEEC Companies adjust to the Community Aquis</td>
<td></td>
</tr>
<tr>
<td>2. Support to representative organisations in the agricultural sector</td>
<td>2.0 Mio €</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.4 Mio €</td>
</tr>
</tbody>
</table>
9. IMPLEMENTATION

The programme will be implemented by the European Commission on behalf of the beneficiary countries by way of grant contracts to COPA-COCEGA and the selected project mentioned under point 3.1.

10. AUDIT, MONITORING AND EVALUATION

The accounts and operations of all activities carried out under the Programme may be checked at regular intervals by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission.

To facilitate this, the Commission will keep financial and accounting documents concerning all activities financed under this Programme, and will make available to the competent bodies of the European Commission and the Court of Auditors on request all relevant financial information, including statements of accounts, on operations funded under the programme.

The Commission services shall monitor the implementation of the programme and carry out any necessary audits and programme closure in accordance with the Phare Contract Procedures.

11. SPECIAL CONDITIONS

For the actions envisaged under this programme, the organisations acting as partners should provide at least part of the matching contributions from their own resources (either in finance or in kind) to guarantee their effective involvement in the project.

All project costs should ultimately benefit organisations in the countries of Central and Eastern Europe.

No financial assistance will be provided to companies. Companies will therefore only benefit indirectly from the programme.

12. RISKS AND ASSUMPTIONS

The programme assumes a sustained effort by CEECs to press ahead with making further progress in relation to the transformation and reform process in the agricultural sector. The main risks are (i) that activities which might be financed will have limited impact on enterprise development and (ii) that CEEC agricultural support organisations will prove unable to play their role as foreseen by the programme. Given that the programme aims precisely at improving the ability of CEEC business support organisations to provide better services through networking and partnerships with EU counterparts, these risks seem limited.

13. VISIBILITY

In implementing this Programme, the Commission shall provide for the maximum visibility of EU actions in the Phare candidate countries. In this line, the Commission shall consistently apply the note “Information and publicity for the Phare Programmes of the European
Communities” (see annex 3) when funding and managing activities under the Small Projects Programme.
Annex 1

**Logframe matrix**

<table>
<thead>
<tr>
<th>Wider Objectives</th>
<th>Indicators of achievement</th>
<th>Sources of information</th>
<th>Risks and assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>To strengthen the institutional capacity of representative organisations in the agricultural sector in the CEECs to independently and professionally represent and support their members.</td>
<td>Increased competitiveness?? of businesses in CEECs</td>
<td>National statistics, OECD, Eurostat.</td>
<td>CEECs continue commitment to development of business friendly environment</td>
</tr>
</tbody>
</table>

**Intermediate objectives**

| To foster placement actions and, thus, networks between representative organisations in the CEECs and their counterparts in the EU. | Number of intermediaries assisted through twinning actions | Evaluation Reports, internal Commission sources, feedback from business operators, representative organisations in EU and CEECs | Genuine interest from EU and CEEC representatives organisations. Supportive environment in CEECs for co-operation with EU organisations |

**Immediate objectives**

| A better acquaintance by the farmer organisations and their members in the candidate countries with the acquis so that they can better operate within its parameters via the development of partnerships and co-operation actions with their EU sister organisations. | Number and quality of twinning actions proposals submitted | As above | Sufficient level of interest, adequate capacity for proposal preparation Supportive environment in CEECs for co-operation with EU organisations |

| | | Reports on joint activities, internal Commission sources, feedback from business operators in CEECs |

**Outputs**

| Stronger business representative organisations. Awareness of businesses on the Community “acquis” | Results of the twinning actions | Reports on joint activities, monitoring and evaluation of the programme | Risk of low efficiency of intermediaries in relation to the actions supported As above |

| | As above | As above | As above |

**Inputs**

| Information sessions, brochures, workshops, institutional support Technical assistance and training to staff from business representative organisations | Number and volume of activities | Programme monitoring and evaluations | Such inputs provide the best method in relation to programme objectives. Intermediaries have capability to provide inputs relevant to final beneficiaries As above |

| | As above | As above | As above |
Annex 2

Anticipated quarterly disbursement schedule

<table>
<thead>
<tr>
<th>Year</th>
<th>1/4</th>
<th>2/4</th>
<th>3/4</th>
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