

Thursday, 26 June 1997

9. PHARE programme 1994 and 1995

A4-0165/97

Resolution on the Commission's PHARE 1994 and 1995 Annual Reports (COM(95)0366 — C4-0022/96 and COM(96)0360 — C4-0176/97)

The European Parliament,

- having regard to the Commission's PHARE 1994 and 1995 Annual Reports (COM(95)0366 — C4-0022/96 and COM(96)0360 — C4-0176/97),
 - having regard to its resolutions on the general budget of the European Communities for the 1990 to 1997 financial years,
 - having regard to its resolutions on the discharge to the Commission in respect of the implementation of the general budget of the European Communities for the 1990 to 1994 financial years,
 - having regard to its resolution of 17 April 1996 on the White Paper 'Preparing the associated countries of Central and Eastern Europe for integration into the internal market of the Union' ⁽¹⁾,
 - having regard to its resolution of 13 December 1996 on the Commission report on the implementation of cross-border cooperation between the Community and countries of Central and Eastern Europe in 1994 ⁽²⁾,
 - having regard to the report of the Committee on External Economic Relations and the opinion of the Committee on Foreign Affairs, Security and Defence Policy (A4-0165/97).
- A. whereas PHARE has made a significant contribution in assisting the process of political, economic and social reform in the Central and Eastern European countries (CEECs), as well as in providing a rapid Community response to short-term humanitarian emergencies,
- B. whereas by the end of 1996 the PHARE programme had committed ECU 6.64 billion in financial assistance and had paid out only ECU 3.73 billion,
- C. whereas there is growing dissatisfaction in some CEECs with a market economy model incapable of preventing financial speculation and of generating improvements in living conditions, as manifested by recent events in Albania and Bulgaria,
- D. whereas economic and political paths in the CEECs are increasingly diverging and consequently there is an urgent need to define a new, global and diversified assistance strategy for the PHARE programme, taking into consideration the needs of each individual Central and Eastern European country,
- E. whereas successful policies for tackling the CEECs' transition problems depend on the capacity of national authorities and economic agents as well as on the amount of financial assistance,
- F. whereas strong support for good and democratic governance of the main reform processes under way in the CEECs can strengthen the structural basis of their economies and enhance the constructive and growth-generating aspects of the reforms themselves,
- G. whereas technical assistance to associated CEECs should be concentrated to a greater extent than in the past on the elimination of infrastructural, customs, environmental, social and cultural bottlenecks that constrain the modernization process, particularly in view of future accession,
- H. whereas, owing to the lack of precise target criteria for assessment and of concrete results, neither of the Commission's Annual Reports provides the means for the European Parliament to draw any valid conclusions about whether the PHARE programme has met its criteria and its impact on the recipient countries,

⁽¹⁾ OJ C 141, 13.5.1996, p. 135.

⁽²⁾ OJ C 20, 20.1.1997, p. 399.

Thursday, 26 June 1997

I. whereas no mention is made in the Annual Reports of the Commission's reasons for reallocating budget resources between countries or sectors and whereas assessments of specific projects implemented are also lacking,

1. Notes that, in spite of having allocated ECU 6.64 bn in the framework of the PHARE programme during the last seven years, the Commission has not yet succeeded in introducing an assessment system capable of throwing light on the impact of the assistance given to the CEECs;

2. Considers that the 'backlog' in payment appropriations by comparison with commitment appropriations which exists today within the framework of the PHARE programme should be reduced as soon as possible by speeding up the implementation of the larger PHARE projects aiming at better coordination with other donors;

3. Notes that the frontrunners among the CEECs benefit more from foreign investments; consequently, believes that the PHARE programme should concentrate more money on those countries which are lagging behind in the economic reform process and which are, therefore, further away from EU membership;

4. Calls on the Commission to improve its assessment of budgetary appropriations allocated to CEECs in the framework of the pre-accession strategy and, to this end, urges it to take the appropriate steps to concentrate on actions or projects with clearly defined objectives and of genuine value for the successful outcome of the pre-accession strategy;

5. Notes that the PHARE programme is being transformed from a purely technical assistance programme to an 'assistance-for-accession-programme'; considers that, in this context, the launch of a new assistance strategy involving a revision of the PHARE guidelines is essential with a view to handling interventions of a more varied and complex nature, and in an ever broader range of recipient countries than the actions carried out in the first seven years of the programme;

6. Calls on the Commission radically to review the content of its Annual Report made to the Council and the European Parliament on the PHARE programme, with the aim of including for each individual recipient country

- an assessment of the concrete results in the light of clearly defined objectives in various sectors,
- the effective impact of PHARE assistance on the pace of political, economic and social reforms,
- the contribution of PHARE assistance to the pre-accession strategy and to the goal of enlargement;

7. Asks the Commission to complete its own evaluations and, at the same time, to establish an independent evaluation system; to this end, suggests that the budgetary authority should define, within the framework of the next budget, a clear budgetary basis for financing the independent assessment of global and sectoral PHARE programmes similar to the assessments carried out for the main research programmes;

8. Reminds the Commission that better management, greater decentralization and clarity in the distribution of responsibilities, more information, monitoring and transfer of knowledge from Western consultants are needed in order for the PHARE programme to become an accurate tool for the next pre-accession stage and for the successful completion of the democratic and economic reforms in other CEECs;

9. Emphasizes, however, that decentralization must go hand in hand with sound monitoring of the disbursement of funding and the continuation of certain projects, since decentralized implementation is highly dependent on the degree to which the national or local authorities of the recipient countries are convinced of the usefulness of the projects concerned;

10. Stresses the need for the Commission urgently to improve its definition of and fully discharge its responsibilities regarding the authorization of expenditure, stop delegating to third parties tasks that should be performed by a public service body and clarify the role of external experts and in-house service providers;

11. Calls on the Commission to ensure that interested organizations can readily obtain information about the opportunities offered by the PHARE programme, the criteria for the allocation of PHARE funding and the procedures which must be followed in order to obtain assistance;

Thursday, 26 June 1997

12. Asks the political and budgetary authorities to provide the staffing and administrative resources the Commission needs to implement the new tasks laid down for the PHARE programme in a satisfactory manner;
13. Underlines the need to strengthen close coordination within the PHARE programme and with similar Member State assistance programmes and measures taken by the international financial institutions; points out that, in the absence of a mutually consistent and updated assistance strategy for supporting diverging economic and political paths in some CEECs, the risk of wasting bilateral aid will be increased;
14. Takes note of the cooperation established by the Commission with the World Bank in order to exchange information on the evaluation of development programmes in the PHARE recipient countries; hopes that this initiative will enhance the effectiveness of EU financial assistance;
15. Supports the Council's decision to propose a broadening of the EIB's operational potential in the CEECs by creating a substantial pre-accession support facility with a view to the future accession of CEECs; invites the Commission and the EIB to develop full cooperation with the EBRD to ensure complementarity and maximise effectiveness in the use of funds;
16. Reaffirms its support for the EU – CEECs Cross-Border Cooperation programme (CBC), specifically for the PHARE programme, as a vital instrument of cohesion in the pre-accession strategy; expects that the PHARE programme can be used for cross-border projects with partner countries of the EU in the future in order to ensure synergy with other EU support programmes (such as Interreg 2); regrets that in 1995 and 1996 implementation remained slow owing to the recent introduction of multiannual programming and the lack of the types of structures required for the effective implementation of the Structural Funds;
17. Believes that, in future, the PHARE Cross-Border Cooperation programme should give priority to projects that aim to promote:
- democracy, respect for human rights, the full integration of different ideological and religious groupings into society and stability in all CEECs (defence of minorities) and their economic and social integration, and the development of civil society through support for NGOs in order to foster cultural change,
 - sustainable economic development, infrastructure and the enhancement of commercial relations between the region's countries,
 - nuclear safety and the combating of environmental pollution, in particular by means of more effective and more environment-friendly technologies for energy generation,
 - mutual understanding between the EC and the CEECs via the strengthening and development of cultural and education programmes and exchanges;
18. Stresses the need to extend the geographical scope of the PHARE CBC programme, taking into consideration not only the borders between CEECs and EU Member States, but also the possible future external borders of the Union;
19. Considers that, with a view to future accession, the contribution of own funds from the PHARE recipient states to the financing measures (co-financing) should be considerably increased; believes that such a step would strengthen their commitment to the measures undertaken and would introduce a financing process similar to that of the future model of the Structural Funds;
20. Calls on the Commission to step up measures aimed at strengthening the management capacities of regional and local structures in applicant CEECs;
21. Considers that, given the lack of well-developed financial systems and capital markets in most of the CEECs, the new Commission strategy should preferably be one that:
- enhances the capability of recipient countries with regard to the scope and implementation of detailed legislation relating to the prudential supervision of credit institutions and to the stability of the financial system,
 - encourages the development of local banking and financial systems capable of allocating internal resources efficiently and facilitating rapidly the structural adjustment and privatization of industries,

Thursday, 26 June 1997

- involves better coordination with the IMF in order to devise macroeconomic policies that do not penalize growth while fostering stabilization;
22. Asks the Commission, in this regard, to step up its technical assistance efforts and to coordinate its operational resources more effectively with those of the other international financial institutions, in particular the EBRD;
23. Instructs its President to forward this resolution to the Council and the Commission, the parliaments of the Member States and the governments and parliaments of the Central and Eastern European countries.
-