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An Enlarged Europe Policy.
Evaluation of the Dutch Policy concerning
the Accession of Central European Countries
to the EU 1997-2003

Country Case Study Hungary

*Péter Cseri, Judit Kiss, Bas Limonard,
Anneke Slob and István Tussai*



**Buitenlandse
Zaken**

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PREFACE

European integration is one of the most important policy areas of the Netherlands Ministry of Foreign Affairs. In recent years, the *Explanatory Policy Document* has referred to the enlargement of the European Union with ten new Member States from Central Europe as one of the three main objectives in this area, besides the deepening of European integration and the strengthening of the Union's external policy. Ten new Member States, of which eight Central European countries, have joined the EU on 1 May 2004. Negotiations on the accession of two other Central European countries, Bulgaria and Romania, were concluded at the end of 2004.

The Policy and Operations Evaluation Department (IOB) of the Netherlands Ministry of Foreign Affairs decided to evaluate the Dutch policy on the accession of Central European countries to the EU. Four out of the ten Central European candidate Member States were selected for country case studies. This document contains the results of the evaluation in Hungary. The other three country case studies on Lithuania, Poland and Romania respectively are also published as IOB working documents. The overall evaluation results are presented in the Dutch publication *An Enlarged Europe Policy*. The English version of the main findings of the overall evaluation is presented in the first annex of this report.

IOB publishes these working documents in order to make the products of IOB evaluations accessible to stakeholders, specialists and a wider public interested in foreign policy evaluations. Whereas evaluations of development aid are common, evaluations of foreign policy are still quite new. Through the publication of these country-specific studies IOB hopes to contribute to the further development of foreign policy evaluations.

The country study presented here was carried out by a team of independent Hungarian and Dutch evaluators. On behalf of IOB the team was supervised by Anneke Slob, who as an evaluator of IOB is responsible for the overall evaluation of the Dutch policy on the accession of Central European countries to the EU.

More people than can be mentioned here by name have provided indispensable contributions to the execution of this study through their insights, experiences and comments. IOB is grateful to each and every one of them. The final responsibility for the evaluation, however, lies with IOB.

Henri E.J. Jorritsma
Acting Director, Policy and Operations Evaluation Department

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ABBREVIATIONS

ADEPT	Accession-oriented Dutch European Proficiency Training Programme
AIC	Agricultural Intervention Centre
CAP	Common Agricultural Policy
CFSP	Common Foreign and Security Policy
CLA	Collective Labour Agreement
CMO	Common Market Organisation
DGRB	Directorate-General for Regional and Country Policy (MFA, NL)
DEU	Europe Department (MFA, NL)
DGES	Directorate-General for European Co-operation (MFA, NL)
DGES/AP	Contact Point for European Co-operation (MFA, NL)
DIE	European Integration Department (MFA, NL)
DIP	Departmental Initiatives Programme (Pre-accession support programme MFA, NL)
DWM	Western and Central Europe Department (MFA, NL)
DZO/UM	Southeast and Eastern Europe and Matra Programme Department (MFA, NL)
DLG	Dienst Landelijk Gebied (LNV, NL)
EAGGF	European Agricultural Guarantee and Guidance Fund
EC	European Community
EU	European Union
GST	Matra Municipal International Co-operation Programme
HFVB	Hungarian Fruit and Vegetable Board
HIS	Herd Information System (HU)
HUF	Hungarian Forint
GDP	Gross Domestic Product
GNP	Gross National Product
IMF	International Monetary Fund
IMPACT	Internships Matra for Pre-accession Training Programme (Pre-accession support programme (MFA, NL)
IOB	Policy and Operations Evaluation Department (MFA, NL)
I&R	Identification and Registration
IRD	Integrated Rural Development
ISPA	Instrument for Structural Policies for Pre-Accession (EU)
IT	Information Technology
JHA	Justice and Home Affairs
LNV	Netherlands Ministry of Agriculture, Nature Management and Food Quality
MARD	Ministry of Agriculture and Rural Development (HU)
MATRA	Social Transformation Programme for Assistance to Central and Eastern Europe (Pre-accession support programme MFA, NL)
MFA	Ministry of Foreign Affairs
MoU	Memorandum of Understanding
MPAP	Matra Pre-accession Projects Programme (Pre-accession support programme, MFA, NL)
NATO	North Atlantic Treaty Organisation
NCP	National Contact Point
NEM	New Economic Mechanism
NLG	Dutch Guilder
NMCP	Netherlands Management Co-operation Programme

NPAA	National Programme for the Adoption of the Acquis
NUFFIC	Netherlands Organisation for International Co-operation in Higher Education
OMMI	National Institute for Agricultural Quality Control (HU)
OAMR	Office of Agricultural Market Regime (HU)
OIN	Office of Immigration and Nationality (HU)
PAA	Pre-Accession Advisor (EU Phare projects)
PAC	Project Advisory Committee
PHARE	Poland and Hungary: Aid for Economic Restructuring (EU's transformation and pre-accession support programme)
PMO	Prime Minister's Office
PO	Producer Organisation
PSO	Economic Transformation Programme (Netherlands Ministry of Economic Affairs)
PSO PA	PSO Pre-Accession
PUA	Matra short mission programme (Programma Uitzending Ambtenaren)
QA/QC	Quality Assurance/Quality Control
SAPARD	Special Accession Programme for Agriculture and Rural Development
SAPS	Single Area Payment Scheme
SSIEER	State Secretariat for Integration and External Economic Relations (HU)
TFU	Task Force Enlargement (NL)
ToR	Terms of Reference
TSEs	Transmissible Spongiform Encephalopathies
UK	United Kingdom
UN	United Nations
VATI	Hungarian Public Non-Profit Company for Regional Development and Town Planning

1 INTRODUCTION

This report presents the findings of the case study on Hungary, which took place within the framework of the evaluation of the Dutch policy on the accession of Central European countries to the European Union. This country case study is one of four case studies, the others being Lithuania, Poland and Romania. These studies form building blocks for the overall policy evaluation as described in the Terms of Reference (see annex 2). The criteria to select the four countries for case study include a balanced representation of countries with which negotiations were launched at different times (1998 for the Luxembourg group and 2000 for the Helsinki group), differences in economic background and performance, and a mix of small and large countries. These criteria are described in detail in the Terms of Reference. The focus of this case study is on the implementation of specific Dutch policies for the accession of Hungary to the EU. Hence, the Hungarian accession process to the EU provides the context in which Dutch policy is analysed, but is not the object of analysis itself. The four country case studies are published as separate IOB working documents in addition to the final overall evaluation report in which the findings of all case studies are combined.

Scope of the country case study

The scope of this country case study was limited in various ways. First, the evaluation focused on the period from 1997 (when the European Commission presented its *Avis* on twelve applications for membership and the Luxembourg European Council decided to start negotiations with six candidate countries) until December 2003. Initially, the year 2003 was not included in the period of evaluation, but during that year important developments took place that could not be left out of the analysis. Relevant events in 2004, such as the actual enlargement of the EU with ten new Member States on 1 May 2004, are mentioned in this report, but do not form an integral part of the analysis.

Secondly, not all sectors and activities with Dutch involvement have been studied. This study focuses on three sectors, i.e. agriculture, justice and home affairs, and social affairs and employment. Within these sectors various aspects of Dutch policies and pre-accession activities were assessed.

Thirdly, the Dutch government set up more than ten different pre-accession support programmes, all of which are active in Hungary. In this country case study an attempt has been made to list all pre-accession support activities with Dutch involvement in the three selected sectors, in order to assess possible linkages. Connections to traditional transformation assistance were also taken into account. However, only the main bilateral pre-accession projects (MPAP and PSO PA) which started well before 2003 were assessed with respect to their effectiveness and efficiency (see annex 9 for project evaluation methodology and detailed project assessments).

Limitations of the evaluation approach

Four different Dutch policy channels concerning accession and enlargement are distinguished in the evaluation:

- a. Dutch policy on EU enlargement;
- b. Bilateral and regional policy: Accents and priorities for the Central European region;
- c. Pre-accession assistance policy: Dutch assistance to Central European countries to meet accession requirements;
- d. Sector policies: policies of Dutch line ministries for Central Europe in the context of the accession process.

Ideally all these general Dutch policies should be combined in a country-specific policy. This was not the case and no country-specific policies were developed. Hence, policy implementation in Hungary, but also in the other acceding countries, is a rather scattered process with many different actors present. In order to address the coherence question attention was necessarily and mainly given to inventorying specific policy instruments and their deployment, including pre-accession assistance activities. The effectiveness and efficiency of only a limited number of activities could be assessed. As the number of activities per country is quite limited and spread across many sectors, only partial answers to the three main evaluation questions on coherence, effectiveness and efficiency of Dutch policy (see annex 2, Terms of Reference) can be provided.

The Dutch contribution to Hungary's accession process can hardly be disentangled from that of the EU and other donor countries. The evaluation is thus confronted with an attribution problem. At individual project level this problem is limited, but at aggregate level the Dutch role in sector and country development can hardly be measured.

No separate analysis of the outcome of enlargement negotiations within the EU and those between the EU and Hungary itself were carried out. Nevertheless, because this context is required to answer the key questions, the evaluation of implementation of Dutch policies in Hungary is placed within the wider context of negotiations on the accession process to the EU.

Evaluation process

The joint Dutch-Hungarian evaluation team which carried out the research for this country report consisted of: Anneke Slob (general policy), Judit Kiss (Agriculture), István Tussai (Justice and Home Affairs), Bas Limonard and Péter Cseri (Social Affairs and Employment).

The structure of the country case studies is similar for all four studies, consisting of the following steps:

Preparation:

- Survey of bilateral relations, made in the Netherlands, consisting of an overview of Dutch policy documents, pre-accession assistance, other policy instruments, project files, etc.
- General overview of the accession process and of the three sectors selected by country researchers.
- Workshop at the start of the country research: presentation of preparatory documents by researchers, discussion, methodology to assess projects, checklist for interviews, logistics, presentation by the Dutch embassy in Budapest of main issues.

Interviews:

- Interviews by various sub-teams according to the checklist: policy level, programme level and activity level (with often additional interviews by individual researchers in the Netherlands and selected countries). See annex 10 for the list of interviewed persons.
- Round-table discussion at the end of the field research with the Ambassador and staff of the Dutch embassy in Budapest, to discuss preliminary findings and main issues.

Report:

- Draft country report according to standard format (introduction, overview of accession process, Dutch policy and bilateral relations, three sector chapters, and conclusions).
- Discussion of the draft country report with Dutch embassy staff in the countries selected.
- Discussion of the draft country report with the reference group and IOB peer reviewers.
- Submission of the draft country report for comments by main stakeholders.
- Finalisation of country case studies and publication as IOB working documents.

Field research in Hungary took place in the period 8 to 12 October 2003 (see annex 2 and 2 for details). The list of interviewed persons is presented in annex 10.

2 THE CONTEXT: HUNGARY'S ACCESSION PROCESS

2.1 Introduction

This chapter describes the process of Hungary's accession to the EU during the research period, which ended in 2003. The description of the accession process provides the background for the evaluation of Dutch policies on accession of one specific country.

The mechanisms and procedures of the EU enlargement with Central European countries are described in the main evaluation report. The main steps in Hungary's accession process can be summarised as follows:

- 1993: the Copenhagen European Council formulated three formal accession criteria: political and economic criteria and the adoption and implementation of the *acquis communautaire*;
- 1991-1996: Association or Europe Agreements signed with all ten Central European countries (Hungary signed this in December 1991, coming into force on 1 February 1994);
- 1994-1996: Submission of accession applications (Hungary applied for membership on 31 March 1994) followed by Accession Partnerships (Hungary concluded its first Accession Partnership on 13 October 1999, which was then revised in February 2000, and again on 13 November 2001);
- 1995-1996: Drawing up National Programmes for the Adoption of the *Acquis* (NPAA) (Hungary presented its first NPAA in March 1998 and subsequently presented updated versions);
- July 1997: Publication by the European Commission of its opinion (*Avis*) on all membership applications;¹
- December 1997: Decision of the Luxembourg European Council to start accession negotiations with five Central European countries (including Hungary) and Cyprus;
- December 1999: Decision of the Helsinki European Council to start accession negotiations with five other Central European countries and Malta;
- December 2002: Decision of the Copenhagen European Council to close accession negotiations with ten countries (eight Central European countries, including Hungary, and Malta and Cyprus) and prepare enlargement for 1 May 2004;
- April 2003: Signing of the Accession Treaty followed by ratification procedures in all acceding countries (including referenda) and EU Member States;
- May 2004: Actual enlargement of the EU from 15 to 25 Member States and continuation of accession negotiations with Romania and Bulgaria.

Hungary thus belonged to the first group of five Central European countries with which the EU decided to start accession negotiations. Hungary started its accession negotiations on 30 March 1998 and they were successfully concluded on 13 December 2002. The Accession Treaty was signed on 16 April 2003. In the referendum on 12 April 2003 a majority of Hungarian voters supported EU Membership. Hungary joined the European Union on 1 May 2004.

¹ Commission of the European Communities, *Agenda 2000 – Commission Opinion on Hungary's Application for Membership of the European Union*, Brussels, 15 July 1997.

2.2 Institutional Arrangements

In 1998 Hungary established the necessary structures to conduct negotiations on accession to the EU. The basic principles were:

- Ministerial responsibility: Each minister was responsible for the EU agenda in his own field of competence;
- Horizontal co-ordination;
- A single channel negotiation mechanism in order to speak with one voice in Brussels.

This meant that the most important actors in the negotiation process were:

- The ministry holding main responsibility for the given chapter;
- Ministries bearing horizontal responsibilities (Ministry of Foreign Affairs/ State Secretariat for Integration and External Economic Relations (SSIEER), Ministry of Justice, Ministry of Finance) participated in all expert delegations;
- The negotiation delegation was to evaluate and develop strategic issues for negotiation;
- Expert groups composed of ministries and authorities relevant to the given chapter. These groups were responsible for internal preparation of the screening round and negotiations during screening.²

In practice the Prime Minister's Office played a central co-ordinating role in Hungary's accession process. Important decisions were taken by the 'Integration Cabinet' which was chaired by the Prime Minister and also included those ministries most involved. Meetings were prepared by an inter-ministerial Committee for European Integration, chaired by the State Secretary for Foreign Affairs, and 31 working groups (one for each negotiating chapter). The Minister of Foreign Affairs was appointed delegation leader, the administrative State Secretary of Foreign Affairs chief negotiator. An Integration Strategy Group, chaired by a special advisor to the Prime Minister, was established to give strategic input to the negotiations. Following a government reshuffle in May 2003, a minister without portfolio responsible for European integration, was appointed to the Prime Minister's Office, thus consolidating the central role of the Prime Minister's Office for European integration affairs. The new Minister of EU Affairs had the task of supervising, inter alia, the National Development Plan, the preparations for the structural and cohesion funds, and the co-ordination of EU affairs across the Hungarian administration.

2.3 Progress of the Accession Process

Political criteria

Already in its 1997 Opinion (*Avis*) on Hungary's application for membership of July 1997 the Commission concluded that "Hungary presents the characteristics of a democracy with stable institutions guaranteeing the rule of law, human rights and respect for and protection of minorities." Indeed, in its 1998 progress report the Commission concluded that "Developments in Hungary confirm that Hungary meets the political Copenhagen criteria. Hungary's institutions continue to function smoothly. Elections have taken place in free and fair conditions and allowed a smooth transfer of power in 1998." In subsequent years the Commission continued to point at the need for focusing attention on public administration reform, judicial efficiency, the fight against corruption and improving conditions for the Roma.

² Website of the Hungarian Ministry of Foreign Affairs (<http://www.kum.hu>)

Economic criteria

In its 1997 Opinion on Hungary's application for EU Membership, the Commission concluded that "Hungary can be regarded as a functioning market economy, it should be well able to cope with medium term competitive pressures and market forces, provided the macroeconomic conditions for strong investment growth remain in place". In the following years the Commission confirmed this finding and macroeconomic conditions were considered to be overall sound. In October 2002 the Commission concluded that Hungary achieved robust economic growth and reduction of unemployment, in combination with sustainable external deficits. It also confirmed its earlier conclusion that "Hungary is a functioning market economy and that the continuation of its current reform path should enable Hungary to cope with the competitive pressure and market forces in the Union".

Hungary's accession negotiations

Hungary opened its first negotiation chapter in the second half of 1998 (see table 1) and was considered to be one of the best prepared countries amongst the Central and East European candidates.

Table 1 Progress of negotiations (1998-2002)

<i>Time Period and Presidency</i>	<i>Chapters opened</i>	<i>Chapters provisionally closed</i>
1st half 1998 British Presidency	-	-
2nd half 1998 Austrian Presidency	11	3
1st half 1999 German Presidency	15	8
2nd half 1999 Finnish Presidency	23	9
1st half 2000 Portuguese Presidency	29	11
2nd half 2000 French Presidency	29	14
1st half 2001 Swedish Presidency	29	22
2nd half 2001 Belgian Presidency	29	24
1st half 2002 Spanish Presidency	29	24 ½ *
2nd half 2002 Danish Presidency	31	31

See Annex 2 for specification

* The important dossier of veterinary and phytosanitary norms, a sub-chapter of the agricultural chapter, was closed in March 2002.

Hungary initially aimed for a swift and rapid accession with limited transition periods, with accession in 2002. Hence Hungary emphasised the speed of the accession process in order to gain as soon as possible the benefits of EU membership. As a part of this strategy the country was willing to adopt and implement the *acquis* at relatively high speed. Being one of the frontrunners of the Central European candidates at the start of accession negotiations, Hungary often expressed anxiety for having to wait until other candidates would be ready for accession. Consequently Hungary advocated from the start the principle of differentiation in the accession process. The principle was first introduced in 1997 by the Luxembourg European Council, which stated that "each of the applicant States will proceed at its own rate,

depending on its degree of preparation". Each acceding country would thus be judged on its own merits. When the Helsinki European Council of December 1999 decided to open negotiations with the other six candidate Member States, Hungary argued that this should not disadvantage the leading group, and re-emphasised the differentiation principle. However, soon the scenario of a big-bang decision became increasingly visible.

When the big-bang scenario became more viable, Hungary slightly changed its negotiation strategy. The Hungarian government in 2000 committed to meet the accession criteria by 31 December 2002. Subsequently negotiations on the more complicated chapters took longer than foreseen, especially chapters 6 (competition policy) and 7 (agriculture) (see below). Moreover, Hungary even re-opened some provisionally closed chapters and asked longer transition periods. This indicates that the initial emphasis on speed of accession was replaced by quality considerations. The 2002 parliamentary elections also influenced Hungary's strategy as the newly elected government, in the final year of negotiations, had to deal with fierce and critical opposition. As such the government had to prevent giving the impression of bargaining away Hungary's interests. The following issues were politically salient during the final stages of negotiations:

- State Support, especially fiscal benefits to foreign investors (see annex 4);
- Duties on Distilled Alcohol and Tobacco (private production of distilled liquors (Palinka) is quite large in Hungary).
- A longer transition period for the purchase of agricultural land (ten instead of seven years). This request resulted from a deal between the EU and Poland.
- Hungary's Net Position, as it did not want to be worse off financially during the first year following accession.
- Seats in the European Parliament: Hungary was disappointed with the provision on parliamentary seats made by the Nice Intergovernmental Conference. Based on population ratios Hungary should obtain 22 seats but only got 20. This issue was settled in the new European Constitutional Treaty.
- Free Movement of Persons: Hungary always assumed that after accession only a limited amount of its workers would emigrate to 'old' Member States, and as such accepted the transition period demanded by the EU. The country thereby thought that the EU Member States would later seek more favourable bilateral provisions, as they considered emigration primarily a German-Polish problem. Hungary was consequently very disappointed when Member States did not seem prepared to lift the transition period for Hungarian workers.
- Safeguarding Clauses that could be called upon for three years after accession by 'old' Member States. Hungary felt it was being punished for Member States' anxiety that other candidates would not upon accession adopt all *acquis* properly. Hungary objected that candidate countries were not differentiated.

Nevertheless, negotiations on Hungary's accession were relatively smooth. In its monitoring report on Hungary of October 2003 the Commission concluded that Hungary had reached a high level of alignment with the *acquis* in most policy areas and was expected to be ready for implementation. There were several areas where Hungary only partially met the commitments and requirements and needed to enhance its efforts to complete accession preparations. The Commission concluded that there were four issues of 'serious concern' where Hungary had to take immediate and decisive action if it was to be ready by the date of accession. This concerned the agriculture chapter, relating to Hungary's preparations to set up a paying agency,

implement the 'integrated administration and control system', prepare for the implementation of rural development measures and ensure public health standards in agri-food establishments.

The Hungarian government held a binding referendum on the accession on 12 April 2003. Although turnout was low at 46 %, 84% voted in favour. The Accession Treaty was ratified and on 1 May 2004 Hungary officially became a Member State of the EU.

2.4 Factors Influencing the Accession Process

Historical and political developments

Like all post-communist countries Hungary dealt with the legacy of a one-party system, a planned economy, etc. However, unique characteristics of Hungary's communist period and peaceful regime change were quite conducive to a successful democratic transition. Hungary's experience with communist rule was marked by several watersheds and unique precedents. The most important of these were the 1956 revolution and its bloody suppression; Kádár's leadership style; the implementation of the New Economic Mechanism (NEM) in 1968; patterns of semi-public and non-confrontational interaction between the regime and liberal democratic, populist, and socialist intelligentsia critics; and the negotiated transfer of power from Kádár's successors to the opposition in 1989-90. The onset of multiparty politics can be located halfway the 1980's, when independent Members of Parliament, not endorsed by the regime, took office.³

Hungary's transition accelerated after the nation's 'negotiated revolution', when in 1989-90 political agreements and understandings between outgoing and incoming political elites were concluded. The transition did not occur without setbacks and disappointments, but its speed and success clearly made Hungary one of the more solid democracies among post-communist states. Citizens were quick to embrace civil society's virtues and opportunities to improve their lives. The transition to a capitalist economy was built on experiments in the decades preceding 1989 with 'goulash communism' (effectively a series of economic liberalisation steps).⁴

Socio-economic situation

Table 2 (see next page) presents recent information on key Hungarian socio-economic indicators, relative to indicators for the Netherlands and the EU. Initially Hungary's economic performance was one of the strongest amongst former communist states. Nevertheless in 2003 Hungary's level of GDP per capita in purchasing power accounted for nearly 55% of the EU15 average. Economic growth was high, and unemployment not only below EU average, but also among the lowest in its region. High real wage increases in 2001 and 2003 led to labour layoffs. In 2003 social partners in tripartite negotiations agreed on more reasonable wage settlements for 2004, targeting nominal wage growth at 7-8%.

³ See Tökés, R.L., 'Party politics and political participation in post-communist Hungary', pp. 109-149 in Parrot B. and K. Dawisha (eds.), *The consolidation of democracy in East-Central Europe*, Cambridge: Cambridge University Press, 1999.

⁴ Freedom House, Nations in Transition 2003, report on Hungary, www.freedomhouse.org.

Table 2 **Socio-economic indicators of Hungary, the Netherlands and the EU, 2003**

	<i>Hungary</i>	<i>The Netherlands</i>	<i>EU15</i>	<i>EU25</i>
Population x 1,000	10,130	16,256	382,424	456,583
GDP per capita, Volume index (EU15 = 100)	29.7	114.8	100	87.7
GDP per capita, PPS index (EU15 = 100)	54.8	109.1	100	91.7
GDP per capita, market prices	7,227	27,946	24,345	21,386
GDP Growth %, national currency (for 1995 prices)	10.9 (3.0)	2.0 (-0.9)	3.1 (0.9)	3.3 (1.0)
Unemployment %	5.8	3.8	8.1	9.1

Source: Commission of the European Communities, *Statistical Annex of European Economy*, DG Economic and Financial Affairs, Autumn 2004, ECFIN/173/2004-EN, Brussels, 18 October 2004.

Administrative capacity

The development of adequate judicial and administrative capacity to implement and enforce the acquis was a general requirement for accession. In its 2001 progress report on Hungary the Commission found that "Hungary continues to make progress in aligning and implementing the acquis in many areas. In the reporting period, the country has moved steadily towards achieving the degree of administrative capacity needed to satisfactorily implement the acquis." The 2002 report concluded that Hungary was well advanced in achieving adequate administrative capacity to implement the acquis. It made continuous efforts to reform public administration aimed at functional, organisational and legal modernisation of the system.

Transformation vs. accession

The social and economic transformation process in Hungary started well before accession and was in an advanced stage when negotiations with the EU started. Although the end of transformation can not be clearly demarcated, its advanced state facilitated the accession process.

Foreign assistance to the accession process

From the early nineties onwards the EU, its Member States and other countries and donors such as the World Bank, IMF and UN organisations assisted the Central European countries with their transformation. The EU developed the Phare programme for assistance, which from 1998 onward, became almost exclusively focused on accession and the adoption of the acquis, with 30% of the budget earmarked for institution-building and 70% for investment support. Moreover, in 1999 the EU started two other support programmes: ISPA (Instrument for Structural Policies for Pre-Accession) to address environmental and transport infrastructure and SAPARD (Special Accession Programme for Agriculture and Rural Development). These programmes are part and parcel of the EU's accession strategies.

There is no complete overview of all donor activities to Hungary, but it is clear that the EU has been the main financial supporter of Hungary's accession. During the 1992-1999 period the Phare programme committed € 1.03 billion to Hungary. From 2000 onwards the Community envisaged a total, from the three Community instruments

combined, of about € 220 million annually of pre-accession assistance to Hungary. For the years 2000 to 2002, financial assistance to Hungary amounted to € 96 million annually from Phare, € 39 million from SAPARD and € 90 million from ISPA. Individual Member States were also active in Hungary, such as (apart from the Netherlands) Germany, Austria, France and the UK.

Table 3 EU grant aid to Hungary in 2003

<i>Programme</i>	<i>Budget</i>	<i>% of Total</i>
Phare	€ 120.7 million	48 %
ISPA	€ 94.5 million	37 %
SAPARD	€ 38.7 million	16 %

2.5 Conclusions

The context for the Dutch policy evaluation is provided by the Hungarian accession process which generally went smooth. Hungary initially aimed at concluding negotiations as soon as possible, as it was considered to be the frontrunner of Central European candidates. Hungary advocated differentiation in negotiations, fearing that it had to wait for other candidates before acceding to the EU. In order to reap the benefits of membership as soon as possible, Hungary did not ask for long transition periods and accepted compromises. But when a big-bang scenario became more apparent and other candidates were catching up, Hungary revised its strategy and reopened negotiations to achieve better results on some issues.

Initially Hungary's accession negotiations were characterised by the emphasis on speed. From 2000 onwards the process slowed down, due to a changing perspective on the accession date. The Commission's progress report of 2003 established four areas of serious concern in the agricultural chapter, where Hungary had to take immediate and decisive action if it was to be ready by the date of accession.

3 Dutch Policy on Hungary's Accession

3.1 Introduction

This chapter describes the status of Hungary within the Dutch bilateral and pre-accession policy framework. Taking into account the availability and deployment of Dutch policy instruments, it will clarify how Dutch-Hungarian relations at central government level in practice took shape. The focus in this chapter is on implementation of general policies of the Netherlands Ministry of Foreign Affairs.

In accordance with the methodological framework of evaluation three different policy channels can be distinguished in the Netherlands Ministry of Foreign Affairs policy concerning accession of the Central European countries to the EU: 1. the Dutch policy on EU enlargement, 2. Dutch bilateral policy and 3. Dutch pre-accession assistance policy (see also chapter 1). A methodological problem was already mentioned in the introduction of this report: the absence of country specific policies complicates the assessment of policies at country level.

3.2 Dutch Policy: Hungary as a Special Case

Dutch policy on enlargement

From the beginning the general Dutch position on enlargement has been characterised by the key concepts of 'speed' and 'quality'. This position acknowledged the need to maintain the momentum of accession, while also emphasising that the Copenhagen criteria had to be fully met before a country could become an EU Member State. This 'quality' approach implied strict monitoring of the adoption and implementation of the *acquis* by candidate Member States. The speed requirement was especially visible in the Dutch document *Helsinki and how to proceed* of November 1999, which urged the EU to establish a road map and accession dates for the candidate countries.⁵

It is interesting to note that during some period the Netherlands also advocated the principle of differentiation for Hungary. In line with the speed requirement, the Netherlands was of the opinion that each country's readiness to accede to the EU had to be assessed on its own merits and supported the so-called 'regatta-model' of accession. Later, the Netherlands for practical reasons acknowledged that accession had to take place in groups.

Bilateral policy

The policy document *Accents in a wider Europe* of 18 November 1999 was the first attempt of the Netherlands government to formulate an overall strategic view on bilateral relations with Central European countries in the context of EU enlargement.⁶ No explicit policy objectives were formulated, but our policy analysis makes clear that two objectives were pursued:

- to assist Central European countries with accession i.e. meeting the Copenhagen criteria; and
- to strengthen bilateral relations with candidate Member States.

⁵ Netherlands Ministry of Foreign Affairs, *Helsinki en hoe verder*, Tweede Kamer, 1999-2000, 21501 20, nr. 101, The Hague, 26 November 1999.

⁶ Netherlands Ministry of Foreign Affairs, *Accenten zetten in Midden-Europa*, Tweede Kamer, 1999-2000, 26 800 V, nr. 20, 18 November 1999.

The 'Accents' policy document distinguished three groups of candidate countries which were each granted different priority. Classification in these priority groups was based on a combination of political (political importance, safety interests) and economic factors (volume of Dutch exports and investment, intensity of economic relations), and affinity (established contacts, historical relations and perceptions). The assessment of the intensity of overall political, economic, cultural and historical bilateral relations served as an indicator for the different priorities to be established. The classification was also based on the priority Dutch line ministries accorded to various Central European countries. The first priority group included the Czech Republic, Hungary, Poland and Slovakia. Romania and Bulgaria became member of the second group. It was expected that Romania and Bulgaria would not yet accede to the Union, but could play an important role in the region due to their geographical location (neighbouring the Balkans). In addition, said countries belong to the Dutch electoral group within the IMF and the World Bank. The third group of countries, with the lowest priority, consisted of the Baltic States and Slovenia.

Hungary was thus classified into the first group, together with Poland, Slovakia and the Czech Republic. About this group the following was said in the policy document: "These countries offer the best perspective for an intensive relationship with the Netherlands. The countries have numerous contacts with the Ministries in The Hague and are regarded as the most important ones." The Netherlands would have a unique and exclusive relationship with Poland, for which the 'Utrecht Conference' was created, while for Hungary (and the Czech Republic and Slovakia) thematic partnerships would be the designated instrument. This in practice meant that funds to organise meetings on specific themes with experts of both countries would become available. Line departments would take the lead in these meetings. Moreover, themes for the partnerships and ministries involved could change annually.

It was underlined that Hungary would be one of the first countries ready to accede to the Union. Hungary was also considered to be of security-political interest, because of its membership to NATO and geographic location. Co-operation with Hungary ran relatively smoothly, because of important historical and social-cultural affinities and the fact, according to the Dutch policy document, that Hungary regarded itself as a medium-sized country.

In the policy document of 27 March 2002 *New Accents in a wider Europe* new priorities were developed.⁷ However, no changes were envisaged for Hungary. More emphasis was put on coalition formation within the EU and the need to constantly seek synergy between Dutch positions and those of new Member States. Thematic partnerships with Hungary (and other countries) would be continued.

Pre-accession assistance policy

In 1997 the Dutch government decided to set up new bilateral pre-accession programmes to complement existing social (Matra) and economic (PSO) transformation. All EU applicant countries were eligible for pre-accession assistance including Hungary. No country-specific guidelines were formulated. In 1998 and 1999 Dutch pre-accession programmes were detailed and implementation started.

⁷ Netherlands Ministry of Foreign Affairs, *Nieuwe Accenten in een groter Europa*, Tweede Kamer, 23 987 nr. 12, 27 March 2002.

Dutch pre-accession assistance programmes had the same objectives as bilateral policy:

- to contribute to the adoption and implementation of the *acquis communautaire*;
- to strengthen bilateral relations.

The Matra programme originally was directed at strengthening non-governmental organisations and local government in the post-communist states of Central and Eastern Europe. When the pre-accession component was added, the Matra social transformation programme (referred to as 'Matra-classical') continued to be implemented in addition to pre-accession programmes. In most candidate states, including Hungary, the PSO programme was terminated with the start of economic pre-accession assistance. The decision to end economic transformation assistance was based on an assessment of economic conditions and the need for assistance.

The Matra pre-accession component consisted of various sub-programmes (see table 2 in the ToR, annex 2). Each sub-programme delivered a specific product, such as bilateral projects consisting of short missions by Dutch civil servants to help Central European administrations (PUA), professional training for Central European civil servants in the Netherlands (ADEPT), or internships for Central European civil servants at Dutch governmental institutions (IMPACT). Each programme was implemented by a different Dutch agency.

3.3 Use of Bilateral and Pre-Accession Policy Instruments

Use of bilateral policy instruments

Bilateral policy instruments are communication-oriented, mostly aiming at dialogue with bilateral partners. In Dutch-Hungarian relations extensive use was made of these instruments, including a bilateral partnership.

- **The Netherlands Embassy in Budapest**

The Kingdom of the Netherlands is represented in Hungary by the Royal Netherlands Embassy in Budapest, a middle-sized embassy with six divisions: political affairs, general and consular affairs, justice and police affairs, economic affairs, agricultural affairs and a division for press and cultural affairs. The embassy's task is to focus on and stimulate an integrated bilateral approach towards the many Dutch-Hungarian activities, which mainly take place in connection with pre-accession. Agricultural, police and defence attachés served at the embassy.

- **Memoranda of Understanding**

From the start of the 1990's most Dutch and Hungarian Ministries strengthened ties through bilateral MoUs. The MoUs specify areas of co-operation often related to assistance programmes. Sometimes working programmes were attached to MoUs and/or were regularly updated. In 1990 the Ministries of Home Affairs signed the first MoU on police co-operation. In some cases the MoUs declined in significance, but in other areas such as agriculture the MoU and related work programmes functioned as an important strategic instrument (see chapter 4).

- **Bilateral Political Visits**

The friendly ties between the two countries were confirmed by a state visit of Queen Beatrix and Prince Claus to Hungary in May 1996. Hungary's Prime Minister Horn visited the Netherlands in October 1995 and January 1997. Many bilateral visits took place during 1999-2001 but their number declined in 2002, due to elections in both

Hungary and the Netherlands (see table 2). In October 2003 Dutch Prime Minister Balkenende visited Hungary in view of the Dutch EU Presidency during the second half of 2004.

Table 4 Bilateral political visits to and from Hungary 1998-2003*

	<i>To Hungary</i>	<i>From Hungary</i>
1997	1	1
1998	0	4
1999	8	1
2000	8	0
2001	6	3
2002	3	2
2003	2	0

* See Annex 5 for specification

- Thematic partnerships between Hungary and the Netherlands
Thematic partnerships were meant as strategic instruments to strengthen bilateral relations and were studied in more detail. In 2000 the Dutch and Hungarian Ministers of Foreign Affairs signed a partnership agreement as part of which thematic co-operation would be developed. Line ministries from both sides were supposed to take the lead. The first partnership revolved around transport and infrastructure, but is not included in this evaluation. What has been assessed, is co-operation in social dialogue, and justice and home affairs (see chapters 5 and 6).

Use of pre-accession support instruments

There is no complete overview of overall Dutch support to Hungary, nor of the contributions by other countries and multilateral organisations. In 1990 the Netherlands started to provide support to the social and economic transformation process through assistance programmes (Matra and PSO 'classical'), to which in 1999 pre-accession programmes were added. During the period 2000-2003 annual bilateral pre-accession support to Hungary was about € 2 million. Matra social transformation support is estimated at another € 2 million per year. Economic transformation support through PSO (average annual allocations of € 1 million during the period 1998-2001) was phased out in 2001. As such, Dutch government assistance to Hungary during the period 2001-2003 is estimated at about € 4 to 5 million annually. The Netherlands have been a relatively important bilateral donor to Hungarian transformation and accession. Other EU Member States, especially Germany, France and the United Kingdom, were also very active donors.

- Main Bilateral Pre-Accession Programmes
In this evaluation Matra and PSO pre-accession projects MPAP and PSO PA are emphasised as they are the core bilateral pre-accession assistance programmes. Both programmes are demand driven and implemented by Senter, an agency of the Netherlands Ministry of Economic Affairs. On the Hungarian side, the Prime Minister's Office acted as national co-ordinator. Each year this ministry invited line ministries to submit project proposals. The Hungarian Prime Minister's Office conducted preliminary selections. Subsequently Senter, after consultation of all stakeholders, selected the proposals eligible for implementation. The result of this selection process was documented in a so-called 'products plan', which went for approval to the Netherlands Ministry of Foreign Affairs (in the case of MPAP) and the Ministry of Economic Affairs (in the case of PSO PA).

Table 5 Overview of pre-accession support activities in Hungary 1999-2003

	<i>Average project budget</i>	<i>Agriculture</i>	<i>Justice and Home Affairs</i>	<i>Social Affairs</i>	<i>Total number of projects / missions</i>
MPAP projects	* € 330,000	4	3	0	12
PSO PA projects	** € 384,000	3	0	0	8
Phare Twinning projects with Dutch participation (incl. 1998)	€ 770,000	2 leading 3 junior	1 leading *** 4 junior	2 leading	6 leading 7 junior
ADEPT courses	€ 4,230	3 courses, 30 Hungarian participants	0	1 course, 19 Hungarian participants	13 courses, 164 Hungarian participants
PUA missions (2000-2002)	€ 4,860	4	3	0	28

* Average project budget for all countries: € 325,000

** Average project budget for all countries: € 353,000

*** Two projects were part of the Phare Twinning 1998 Programme

As activities were spread across various sectors and programmes, implementation of Dutch pre-accession activities in Hungary shows a rather scattered picture. A relatively large concentration of activities is found in agriculture (4 MPAP, 3 PSO PA and 5 Phare Twinning projects) and the justice sector (3 MPAP and 1 Phare Twinning project). In the social affairs sector no MPAP or PSO PA projects were implemented, but one bilateral project as part of the 'thematic partnership' was set up (see also chapter 6). Furthermore, the Netherlands acted as leading partner in two Phare Twinning projects, in respectively social affairs and employment (see also annex 6 and 7).

In total 13 out of 42 MPAP proposals and 8 out of 40 PSO PA proposals were selected (see annex 6). Although Senter's products plans listed the arguments on which the selection was based, the application of selection criteria was not always completely clear and transparent. According to Senter's products plans, the main reasons for rejection of proposals were: The proposal did not meet programme requirements, was not or less relevant to Hungary's accession, overlapped with other (Phare) projects, created doubts about the commitment or capacity of relevant parties, and inadequate feasibility or sustainability.

The quality of project proposals submitted to the Prime Minister's Office was often disappointing, as was confirmed by other donors. Some years the Prime Minister's Office had difficulty stimulating ministries to submit proposals and in consequence no selection was made before the proposals were forwarded to Senter. In 2000 not only the quality, but also the quantity of submitted proposals was disappointing. As was the case in many other acceding countries, project proposals were often quite broadly formulated and based on a basic idea of where assistance might be useful. Because of their undefined nature, some proposals were further developed after approval, by taking into account ideas from the relevant Dutch ministry as well as Dutch capabilities. This makes it sometimes hard to discern why some project proposals were rejected due to inadequate quality at an early stage because of a lack of quality, while others were apparently approved after reformulation.

In general Hungarian respondents appreciated Dutch bilateral pre-accession programmes, particularly because of their flexibility and relatively short procedures relative to EU programmes. However, demand from Hungary, especially for PUA missions, was very low.

Co-ordination of Dutch pre-accession support

Some remarks on the co-ordination of Dutch pre-accession sub-programmes can be made from an implementation perspective. Due largely to their design, implementation of sub-programmes was rather dispersed. Dutch implementing agencies, all with different working methods, were responsible for the identification, formulation and monitoring of activities. Furthermore, the non-existence of a complete overview of all Dutch pre-accession activities points at a lack of co-ordination. Information was often dispersed and not country-specific.

- **Dutch involvement in Phare Twinning in Hungary**

In 1999 the Accents policy document started an initiative to establish a National Contact Point (NCP) for Twinning at the Netherlands Ministry of Foreign Affairs, to stimulate and co-ordinate the lagging Dutch participation in the Phare Twinning Programme. According to the design of Phare Twinning, ministries had to compete for participation in implementation of planned pre-accession projects. Ministries in candidate Member States decided on partner selection. The Twinning programme thus clearly played a role in intensifying bilateral relations.

Established in 2000 the Dutch Contact Point generally succeeded in stimulating participation in Phare Twinning. This result was not immediately visible, but there was a clear peak in Dutch participation in Hungarian Phare Twinning projects in 2002, with 5 projects where the Netherlands was the leading partner, and one where it participated as junior partner (see also annex 7). Hungary ranked third in terms of Dutch participation in Phare Twinning projects (17%) after Poland (25%) and Romania (20%). This is generally in line with Dutch country priorities (the larger proportion of projects in Romania, placed in the second priority group, is explained by its size). Hungary's most important Phare Twinning partners were the UK, Germany, France, Austria and Spain.

3.4 Bilateral Relations

In the annual plans of the Netherlands Embassy in Hungary it was stated that bilateral relations between Hungary and the Netherlands were "deeply rooted and ramified". The Netherlands have been one of the most important foreign investors in Hungary. The accession process influenced bilateral relations positively. The fact that both countries were initially in favour of a differentiated accession process, the so-called 'regatta-model', to some extent intensified relations. However, the 'big bang'-decision of one enlargement with ten countries on 1 May 2004 did not please Hungary, but was considered at the time as inevitable. It was too early to assess whether bilateral coalitions were forged. Areas where Hungary and the Netherlands could be natural allies in an enlarged EU had yet by and large to be identified. Both countries are medium-sized, but this will probably not be a determining factor. The fact that the Netherlands provided important support to both Hungary's transformation and accession processes had a positive effect on bilateral relations. The Netherlands have definitely been among the most important bilateral donors to Hungary, as acknowledged by Hungary as well as other EU Member States.

3.5 Conclusions

In the nineties bilateral relations between the Netherlands and Hungary gradually intensified. The Netherlands have been amongst the most important foreign investors, as well as providing transformation and pre-accession assistance. In 1999 a policy document calling for a more strategic view on bilateral relations with acceding countries in Central Europe was formulated and approved by Parliament. Hungary was put in the first priority group of countries, i.e. Visegrád countries with optimal perspectives for intensive relationships. A specific policy instrument was created to intensify bilateral relations namely thematic partnerships between line ministries of both countries. Three such partnerships were established, transport and infrastructure, social dialogue, and justice and home affairs (see chapters 5 en 6). The budget available for pre-accession support to Hungary hardly depended on its priority ranking, as the same budget was allocated to all ten Central European countries. Hungary's priority status was not translated in detailed policy instruments.

During the evaluated period a number of bilateral activities were developed. Hungary was eligible for both Dutch pre-accession and transformation support, which consisted of many bilateral programmes encompassing scattered activities implemented by different agencies. A complete overview of all Dutch support to Hungary was not available, complicating the co-ordination of assistance. The Netherlands also provided pre-accession support through participation in the EU Phare Twinning programme, and was amongst the more important bilateral donors to Hungary. As during the period 2000-2002 the EU share of total foreign support to Hungary was about 90%, and no reliable information is available on the total, it is impossible to clearly rank bilateral donors. Since 2002 most donors have decreased their support to Hungary in view of its accession, while Dutch support decreased from 2004 onwards.

4 AGRICULTURE

4.1 Introduction

In this chapter a sector-specific analysis of the Dutch-Hungarian relations regarding agriculture will be presented. First, Hungarian agricultural conditions at the start of accession negotiations will be depicted, followed by a description of the negotiations on the agricultural chapter and specific issues which needed to be addressed. The focal point of the chapter concerns the development of Dutch-Hungarian agricultural bilateral relations in light of Hungary's accession to the EU, taking into account the role played by bilateral policy and assistance instruments. Next, bilateral pre-accession projects in the agricultural sector will be assessed. This chapter will form one of the building blocks for the Agriculture chapter of the final evaluation report.

4.2 Main Issues of Hungary's Accession in the Field of Agriculture

Despite large structural changes, agriculture in Hungary still played a significant role in both economic and social life, and in generating export revenues. In 2001 agricultural contribution to GDP was 4.1%, to employment 6.2% and to export revenues 7.5%.⁸ At that time the Netherlands were, after Germany, the most important exporter of agricultural products. Hungary's agricultural trade balance with the Netherlands was still negative, but the gap was gradually decreasing. The country's potential is visible in its ability to produce \$ 2 billion worth of agricultural export surplus annually under optimal conditions. However, in spite of some important achievements Hungarian agriculture still struggled with structural crisis phenomena in production, profitability, efficiency, competitiveness and sales.

Hungary's main endeavour for accession to the EU was to:

- get unlimited access to the enlarged EU single market to increase Hungarian agricultural exports and maintain Hungary's position as a net agricultural exporter;⁹
- get equal access to EU financial resources and funds, such as the EAGGF and Structural and Cohesion Funds with the aim to modernise and restructure Hungarian agriculture, increase competitiveness and profitability, increase income of agricultural producers and develop rural areas;
- enjoy all the 'blessings' of the EU's Common Agricultural Policy (CAP), e.g. higher agricultural tariffs for certain agricultural products, increased market protection, higher market stability and producers' prices, compensation payments, export refunds, supplementary CAP measures, regional and rural development programmes, etc.

The accession negotiations

The first phase of the accession process was the *acquis* screening for compliance with EU law. This related directly to negotiating chapters 7 (agriculture), 8 (fisheries) and 21 (regional policies and structural means), and indirectly to the free movement of goods, services and capital. During the process Hungary was screened to see whether it had incorporated all EU legal stipulations, directives, rules, resolutions and

⁸ Kiss, J., *A magyar mezőgazdaság világgazdasági mozgástere*, Akadémiai Kiadó, Budapest, 2002.

⁹ In 2003, Hungary was the only one among the Central and Eastern European countries with a positive agricultural trade balance.

decisions into its legal system, and whether after accession Hungary would be capable of applying them. Screening of the agricultural acquis occurred between September 1998 and November 1999, in nine rounds.¹⁰ During these rounds the Hungarian government requested very few transitional periods, as a delay was considered highly undesirable. At the same time it intended to conduct substantive negotiations on vital issues such as quotas, direct payments, reference areas and base years, all of which would determine the future of Hungarian agriculture after accession.

In order to start negotiations, Hungary submitted on 29 November 1999 its negotiation position paper. This stated its acceptance of the acquis and willingness to apply as of the time of accession all CAP rules and mechanisms. The main principle of Hungary's position was accession without a transitional period, based on full rights and obligations, with equal and full-fledged membership. The government expected the whole of CAP, including direct payments, to be extended to Hungary from the first day of accession. It believed that farmers should be fully entitled to direct payments, all the more as they had become permanent and substantial instruments of CAP. Full application of CAP was justified on legal grounds, and also considered imperative to ensure fair conditions of competition and non-discriminatory treatment. The situation of Hungarian farmers was largely similar to that of their EU counterparts. Costs of most production factors were largely determined by world market prices. The income from EU support schemes was according to the Hungarian government highly needed to ensure a fair standard of living for the Hungarian agricultural producers.

The quotas – determining production controlling measures and the amount of direct aid – were set by the Hungarian party on the basis of the country's national interest. They requested the acceptance of such 'reasonable' quota to:

- reflect actual Hungarian production potential,
- ensure utilisation of the country's favourable agricultural endowments,
- promote agricultural activity vital to the rural population,
- contribute to environmental and nature protection,
- meet long run domestic consumption, and
- boost agricultural exports where Hungary has comparative advantage.

To enforce these principles Hungary in most cases requested quota above current production levels. Especially high quotas were requested for milk (2.8 million tons as reference quantity), beef (300,000 suckling cows) and cereals (3.6 million hectares as reference area and 5.19 t/ha as reference yield).¹¹

As Hungary's main intention was to achieve early accession, the country asked for few derogations. Some were of a technical nature: Hungary would not be in a position to meet all requirements for animal protection, slaughterhouses and prerequisites for establishing fruit and vegetable-producers organisations. Concerning other derogations Hungary liked to maintain temporary regulations that were tighter than

¹⁰ On the details of the acquis screening, see Kiss, J., *The Agricultural Aspects of Hungarian Accession to the EU*, Working papers No. 115, Institute for World Economics of the Hungarian Academy of Sciences, May 2001.

¹¹ For details see: *Negotiating position of the government of the Republic of Hungary on Chapter 7, Agriculture*, Brussels, 30 November 1999, CONF-H 59/99.

those of the EU.¹² The third group of derogations referred to national state subsidies, as Hungary wished to maintain some schemes of national aid after accession. For instance, contracts were signed with farmers on interest subsidies for loans, easing or rescheduling of debt. Already concluded contracts for state guarantees supporting loan agreements were to remain valid. Hungary wished to respect these obligations also after accession.¹³

In June 2000 the European Commission officially delivered its common position on the Hungarian negotiating position.¹⁴ In this document the EU did not provide a clear-cut answer on vital issues such as base years, quotas, derogations and direct payments. Instead the EU invited Hungary to provide data on relevant quantities for the period 1995-1999 suggesting that the EU would take this as reference period rather than pre-transition production data. The Hungarian derogations were noted by the EU, but it declared that transitional measures were to be exceptional, and limited in time and scope. As far as direct payments were concerned (whether Hungarian producers would be eligible, and if so, from when and under what conditions), the Commission did at this stage not take a position. It held the opinion that this type of aid would not be provided to new Member States, as they would not suffer income loss after accession. Although the EU acknowledged that Hungary had made significant progress in applying the *acquis* and in legal harmonisation, it encouraged acceleration of the process, implementation and enforcement, and the strengthening of institutions and human resources.

The EU common position reflected clearly the interests of the EU and EU agriculture. The EU acted in all possible ways (for instance, in selecting reference years and determining quotas) to:

- prevent increasing agricultural production in new Member States,
- avoid increasing oversupply on the EU agricultural market,
- defend privileges (such as compensatory payments) enjoyed by incumbents' agricultural producers, and
- decrease the budgetary costs of enlargement.

From the above-mentioned two position papers the most vital issues of accession negotiations on agriculture are derived:

- the transition period: Hungary was interested in early accession, i.e. in accession without a transition period, while the EU was interested in a less expensive if delayed accession, or accession with a long transition period;
- base years, reference quantities and quotas: Hungary wanted the EU to accept the best yield years and highest quantities as reference,¹⁵ while the EU wanted to hold quotas down;
- compensatory payments: Hungary negotiated for full compensatory payments, while the EU argued for no payments;

¹² They refer to the animal health requirements of boars and bulls for service, to the phytosanitary regulations for weed seed and to the authorisation to market in Hungary drinking milk with a fat content of 2.8 per cent.

¹³ For further examples see: *Negotiating position of the government of the Republic of Hungary on Chapter 7, Agriculture*, CONF-H 59/99, Brussels, 30 November 1999.

¹⁴ Commission of the European Communities, *Common Position*, Enlargement MD 381/2/00 Rev 2, Brussels, 29 June 2000.

¹⁵ Meaning greater production possibilities and more support.

- derogations: both sides were interested in few derogations, as too many meant a lower level of conformity with the EU;
- agricultural prices: price differences: despite significant price-rapprochement, the EU claimed that significant price differences would obstruct agricultural accession;
- state subsidies: Hungary wanted to maintain certain state subsidies after accession, while the EU opposed enhancing acceding countries' agricultural competitiveness through national aid;
- agricultural land: due to significant land price differences, Hungary opted for a transitional period in opening up the market for land to foreigners; the EU was in favour of free movement of capital without transitional periods.

After two years of intense negotiations and exchange of positions Hungary in 2003 concluded the accession in 3 stages. On 21 March 2002 Hungary finalised negotiations on phytosanitary and veterinary issues. Transitional arrangements in the public health sector were agreed until December 2006 in the case of 44 red meat establishments and until December 2009 on the height and/or slope of hen cages.

On 9 December 2002 an agreement on the agrarian quotas was finalised between Hungary and the EU. Reference quantities (base areas, production quotas, ceilings, quantity of livestock) were partly based on recent production levels and partly on specific situations. Hungary managed to obtain relatively high quotas for cereals, sugar and beef, while milk and sheep-goat quotas were far below requested level.¹⁶ All in all the negotiated quotas did not curb Hungarian agricultural production radically.

On 12-13 December 2002 the financial aspects of agricultural accession were negotiated at the Copenhagen summit. As agricultural support, including direct payments, market measures and rural development support Hungary after accession would receive € 227.8 million in 2004, € 596.2 million in 2005 and € 685.8 million. This lower than expected sum was due to the fact that direct payments would in 2004 start at 25%, in 2005 at 30% and in 2006 at 35% of the present system, and thereafter increase to 100% of the then applicable EU level in 2013. Direct payments were allowed to be topped up each year by 30 percentage points, until reaching EU level. Direct payments could optionally be granted to farmers under either the standard direct payment system or the single area payment scheme (SAPS). Hungary chose the latter option.

As far as agricultural land was concerned, Hungary was granted a seven-year transitional arrangement during which it could maintain national legislation on the purchase of such land. The Commission can decide to extend this transition period by a further three years in case of serious market disturbances. Nationals of Member States who are self-employed farmers in Hungary are excluded from transitional period regulations.

Adoption and implementation of the acquis

As far as the adoption and implementation of the *acquis communautaire* is concerned, the 2003 Commission progress report found that Hungary had reached a

¹⁶ For further details see Kiss, J., *A magyar mezőgazdaság EU-csatlakozása az Európai Unió Koppenhágai Csúcstalálkozásának tükrében*, Európai Agrárpolitikai Tanulmányok, No. 41, February 2003.

high level of alignment.¹⁷ Hungary was expected to be in a position to implement the *acquis* in a number of horizontal areas, common market organisations, the veterinary field, and in the areas of animal disease control, trade in live animals and animal products, animal welfare, zootechnics and animal nutrition, and fisheries in general. However, in certain areas Hungary met commitments and requirements only partially and needed to make increased efforts to complete accession preparations. This particularly concerned trade mechanisms, common market organisations for sugar and wine and, in the veterinary field, transmissible spongiform encephalopathies (TSEs) and animal by-products, the veterinary control system, common measures, and certain phytosanitary issues. In addition, Hungary had to take immediate and decisive action to address four issues of serious concern in one specific chapter of the *acquis*. This concerned the agricultural chapter related to Hungary's preparations of its paying agency, implementation of the Integrated Administrative and Control System, preparation for implementation of rural development measures,¹⁸ and assurance of public health standards in agri-food establishments.

4.3 Use of Policy and Assistance Instruments in Agriculture

Background and bilateral policy instruments

During the nineties bilateral relations between the Netherlands and Hungary in the agricultural sector gradually intensified. In June 1996 the two Ministers of Agriculture signed the first Memorandum of Understanding in Budapest. The MoU already focused on EU integration as the objective was "to provide assistance during the pre-accession period to the Republic of Hungary in preparing its integration into the European Union". The instruments mentioned consisted of joint organisation of seminars and workshops, and study visits. Biannual working programmes which would be evaluated every two years were to be drawn up. Bilateral agricultural transformation projects under the PSO and/or Matra programmes were not specifically mentioned.

The ministers agreed to once a year visit each other. In practice, due to practical issues such as elections, the frequency of visits was lower (since 1996 the Dutch and Hungarian minister each visited the other's country twice). Because of the ministerial involvement in bilateral agricultural relations, the priority of the MoU and working programmes remained high, and considerable importance was attached to implementation of activities. The ministerial visits also provided an opportunity to exchange views on Hungary's accession process. The Netherlands wanted to contribute to Hungary's accession through activities aimed at adoption and implementation of the *acquis*. In general, the Netherlands agreed with the Commission's regular reports and statements made on agriculture. In one particular case – the acquisition of land – the Netherlands fundamentally disagreed with the Hungarian position. The issue was in 2000 discussed between the two ministers, when the Dutch Minister visited Hungary. Hungary for the first time showed some flexibility concerning the acquisition of land by foreign farmers.

Another issue discussed was the mechanism of direct income support within the framework of the CAP. The position of the Netherlands was that Hungary had to pay the full amount, pointing at the lump sum Hungary would receive. The Netherlands did not support Hungary's request for faster phasing in (100% direct payments in

¹⁷ Commission of the European Communities, *Comprehensive monitoring report on Hungary's preparations for Membership*, Brussels, 5 November 2003.

¹⁸ This task was accomplished during the time the monitoring report was being prepared.

2006 instead of 2013). The Netherlands wanted reform of the Common Agricultural Policy (i.e. direct income support to be phased out) and feared that granting full support to new Member States would lead to vested interests blocking future reforms. The Dutch position can be summarised as “no phasing in without phasing out”. Hungary stated its support for this reform, as its farmers should be competitive even without income support. However slow phasing in was considered as unequal treatment of Hungarian farmers hence harmful to Hungary’s competitive position. It preferred compensation on the income side (phasing in of contribution in parallel to phasing in of income support for farmers).

The start of accession negotiations with Hungary created a new momentum for intensifying bilateral agricultural relations. On 5 June 2000 a two-year working programme with reference to the MoU of 1996, was signed in the Hague. This programme listed seven concrete activities for mutual co-operation. On 25 February 2002 this working programme was renewed and signed in Budapest. The activities are summarised below, including activities realised in 2003.

Table 6 Working programmes on agriculture

Working Programme 2000	Working Programme 2002	Realised in 2003
Pig chain: <ul style="list-style-type: none"> I&R system Co-operation between Dutch and Hungarian farmers to develop the pig chain (demonstration project) 	Pig chain: <ul style="list-style-type: none"> demonstration project 	Pig chain: <ul style="list-style-type: none"> I&R system developed (demonstration project not realised because of fear of land acquisition by Dutch farmers)
	<ul style="list-style-type: none"> I&R system for sheep and goats 	Phare Twinning light with Dutch lead: I&R sheep and goats
<ul style="list-style-type: none"> Integrated rural development (pilot project) 	<ul style="list-style-type: none"> Development of a concept for land consolidation 	<ul style="list-style-type: none"> IRD-project in progress Land consolidation project in progress
<ul style="list-style-type: none"> Establishment of a paying agency 		<ul style="list-style-type: none"> AIC-project finalised CMO Phare Twinning project with Dutch leading partner
<ul style="list-style-type: none"> Assistance to Hungarian Veterinary Service 		<ul style="list-style-type: none"> Dutch veterinary expert
<ul style="list-style-type: none"> Legal framework for recognition of seeds a.o. 		<ul style="list-style-type: none"> HFVB project, related to 2 previous bilateral projects in this sector, to assist in the establishment of producer organisations
<ul style="list-style-type: none"> Dutch and Hungarian agri-business co-operation 	<ul style="list-style-type: none"> Dairy demo farm 	<ul style="list-style-type: none"> Dairy demo farm started
<ul style="list-style-type: none"> Joint organisation of workshops, seminars and study visits 	<ul style="list-style-type: none"> Participation of Hungarian experts in seminars and workshops concerning European decision-making 	<ul style="list-style-type: none"> Various activities, active participation
	Assistance related to the organisation structure of MARD in accordance with EU-practice	Not yet realised

The well-willing yet abstract intentions from 1996 clearly developed to concrete working programmes of 1999 and 2002. The sub-sector approach gradually changed to institution building and business-to-business projects such as demo farms. This reflected the changing orientation of the working programmes from pre-accession assistance-oriented to more mutually developed programmes reflecting common

interests as EU Member States. However, this change was still in an infant stage and most common interests had still to be defined.

The Dutch agricultural attaché and his office at the embassy in Budapest played an important liaison role in preparing and implementing working programmes. Direct contacts were maintained with the Hungarian Ministry of Agriculture and Rural Development (MARD) and related agricultural institutions, as well as the Netherlands Ministry of Agriculture, Nature Management and Fisheries.

Working programmes listed concrete projects. Finance was often sought from a variety of pre-accession support programmes. Projects were not ad-hoc based, but fitted well into a larger working programme. Although demand ought to be formulated by the Hungarian partner, they were on occasion initiated and stimulated by the Netherlands. Some of the activities proposed were clearly driven by Dutch interests such as the dairy demo farm and pig chain demonstration project, while for other activities Hungarian priorities were linked to Dutch supply opportunities. From the above mentioned overview it is clear that there are some important themes or sub-sectors of activities which could reinforce each other.

Assistance instruments

As already mentioned the Netherlands was very active in the Hungarian agricultural sector. It is the sector where most PSO PA and MPAP projects between 1999 and 2003 (4 under MPAP and 3 under PSO PA) were started. Also the number of accepted project proposals from MARD by Senter (50%) is unmatched by any other ministry. This reveals the high quality of proposals and importance attached to the issue. Furthermore, the Netherlands Ministry of Agriculture participated in 5 Phare Twinning projects, 2 in a leading and three in a junior role. Moreover, Hungarian civil servants participated in various courses, some of them pre-accession related, others of a more general nature. These activities stimulated contacts at various levels. However, it is impossible to assess the effectiveness of all training activities, especially as courses were organised by various institutions in the Netherlands (ministry, universities, agricultural agencies and ADEPT) and as such co-ordination was complicated. The Netherlands was clearly recognised as one of the more active EU Member States, though Germany was considered to be the most active partner.

Table 7 Project overview of Dutch pre-accession assistance to Hungary in the sector agriculture

Name of programme	Number of projects
MPAP	4
PSO PA	3
Phare Twinning	5 (2 leading, 3 junior)
ADEPT	3 courses, 30 Hungarian participants
PUA	4 missions

PSO and Matra transformation projects in agriculture are not included

Thematic clustering of activities

A great advantage of Dutch-Hungarian agricultural activities was that they almost always fitted into clear chains, i.e. relatively coherent sets of activities. As bilateral and multilateral agricultural projects involving the Netherlands were linked, they also stimulated complementarity. Dutch-Hungarian activities can be clustered around the following themes:

- **Animal Husbandry**

Dutch involvement in animal husbandry in Hungary started in the nineties. Already in 1996, Hungary expressed interest for a bovine registration system after having become acquainted with the Dutch system. The initial idea was to copy the Dutch system, but this proved unfeasible and adaptation to Hungarian conditions was required. PSO support was available. Before pre-accession assistance started, Hungary already had a good I&R bovine system in place. This experience led to demand for Dutch veterinary assistance. The Netherlands also provided assistance for the development of I&R systems for pigs (PSO PA project, see annex 8), sheep and goats (Phare Twinning light). The dairy and pig demo farms are an example of the pursuit of common Hungarian and Dutch interests.

- **Fruit and Vegetables**

In the early nineties the Netherlands provided assistance to the fruits and vegetables sector, through a demo apple farm and assistance for the establishment of a fruit & vegetables co-operation. From these contacts the idea originated to create a project (PSO PA) assisting in the establishment of a Hungarian Fruit and Vegetable Board. During his visit in 2002 to the Netherlands the Hungarian Minister of Agriculture expressed interest in establishing producers organisations.

- **Integrated Rural Development**

In rural development several initiatives were tried, but not all of them were successful. A first initiative was strengthening local government and provide it with assistance for rural planning (MPAP). From this first experience lessons were learned and an integrated rural development pilot project started (MPAP, see annex 8). Recently a land consolidation project was started taking into account lessons learned. As the three projects were implemented by the same contractor, previous experience could be more easily transferred. This was a new and complicated area, and was not yet a Hungarian top priority.

- **Common Market Organisations**

The Netherlands provided early support for the establishment of a Hungarian paying agency (PSO PA, see annex 8), but institutional conditions resulted in a less effective project. The Phare Twinning project on Common Market Organisation Procedures with the Netherlands in a leading role built on previous experience.

4.4 Assessment of the Bilateral Pre-Accession Projects

After studying and evaluating the four pre-accession bilateral projects accomplished by the Netherlands in agriculture and rural development, namely 'The Development of an Identification and Registration (I&R) System for Pigs in Hungary', 'The Practice of Integrated Rural Development (IRD) in Hungary', 'Strengthening the Hungarian Fruit and Vegetable Board' (HFVB) and 'Support to the Agricultural Intervention Centre' (AIC), the following are the main aspects of the evaluation (see annex 9 for methodology and more detailed project analysis).

Background of the projects

In two cases – namely the AIC and IRD project – the initiative primarily originated in the Netherlands, although the request was formally expressed by Hungary. In the two other cases, namely the HFVB and pigs project the request came from the Hungarian side, although based on previous projects which made Hungary aware of Dutch potential and capabilities. All projects were thus more or less jointly developed.

Generally, increasing bilateral contacts created an effective atmosphere for creating new jointly developed initiatives.

As far as could be established most projects – with the exception of the HFVB project, and to a lesser extent the AIC project – did not overlap with other bilateral projects.¹⁹ In practice, almost all projects were related to each other, and as such partners could more easily discuss how to avoid overlap and duplication. All four projects dealt with specific *niches* where Dutch assistance would have additional value. For example, the I&R pig-project was preceded by a bilateral Dutch bovine project including I&R aspects, and followed by a multilateral I&R sheep and goat Phare Twinning project. In the area of rural development the Netherlands developed a rather unique programme (only Denmark and Germany had developed a somewhat similar approach). The pilot character of the IRD-project also contributed to complementarity with other bigger communitarian projects.

Effectiveness A: support to Hungary's Accession

Three of the four projects evaluated addressed immediate accession requirements, mentioned in the NPAA and the Commission progress reports. The IRD-project however did not, and as such adding little to Hungary's accession process. Although the EU's agricultural policy put strong emphasis on rural development, it was not a priority for accession. During the initial stages of projects this resulted in a lack of ownership by Hungarian partners.

In the case of the two completed projects most of the planned activities were realised and the majority of objectives met. The most widely used methods for achieving objectives were: technical assistance, transfer of knowledge, training, study tours, and workshops. The effectiveness of some projects was weakened by the fact that proposals resided in different documents, project outcomes were not translated into practice, and knowledge accumulated was not fully utilised due to internal bottlenecks (re-organisation, lack of staff and time, transfers of participants). Absorption capacity problems in combination with limited Hungarian ownership negatively influenced project effectiveness.

The AIC project was complicated by non-accreditation at the end of 2003 of the Agricultural Intervention Centre as Hungarian paying agency. This was due to institutional problems. The outcome of Dutch bilateral projects was used as input to a new Phare Twinning project. A similar problem occurred with the HFVB project. Although results were achieved and the number of Producer Organisations rapidly increased, by the end of 2003 the Hungarian Fruit and Vegetable Board was not yet recognised as a Common Market Organisation.

Projects were moderately effective in contributing to Hungary's accession preparation. As they did not all address priority accession problems some could not be expected to be highly effective. Nevertheless, all four projects successfully did address some longer term accession issues. The projects assisted in the (pre-) establishment of the new institutions (paying agency, producers organisations) and new systems / strategies (I&R and IRD) required to implement the *acquis communautaire*.

¹⁹ As there is no inventory available on the accomplished bilateral agricultural projects, this statement should be handled accordingly.

Effectiveness B: strengthening bilateral relations

Each project enhanced co-operation and bilateral relations between Hungary and the Netherlands. Some projects resulted in additional business relations and contributed to the development of foreign trade. Others (like the AIC project) developed inter-firm, inter-institutional contacts (for instance, between Laser and the Hungarian AIC). The projects also led to intensified relations between the two ministries of agriculture, providing a firm basis for further co-operation. Most projects were related to the working plans in the two ministries and as such more structured, resulting in more effectiveness. The active role of the Netherlands Embassy in Hungary and personal relations developed during the course of co-operation also improved effectiveness. All these factors paved the way to a new type of co-operation, i.e. an alliance based on common interests between Hungary and the Netherlands in the enlarged EU.

Efficiency

In most cases, projects started quite slowly. Partners could not agree upon priorities (IRD project), communication problems emerged due to a lack of common language, the meaning of terms was not always clarified (AIC project); intermediaries stepped in (pigs project) etc. Long preparation periods led to failure to meet deadlines or rescheduling of activities.

Efficiency of Dutch projects was lowered mainly by the lack of financial and human resources, poor commitment, uncertainties concerning authority, lack of competent staff, high turnover of personnel and overextended staff, and time constraints. All this led to low attendance at workshops and meetings, and postponement/cancellation of certain activities.

The Dutch side mentioned no real bottlenecks. Moreover, the flexibility, adaptability, expertise and degree of preparations of the Netherlands were repeatedly emphasised in interviews. The active role of the Netherlands Embassy in Budapest, very efficient in supporting and promoting projects, was highly appreciated. Training, knowledge transfer and study tours were evaluated as very efficient by the Hungarians. The acquired knowledge was thought very useful, but under-utilised.

4.5 Conclusions

Hungary had a clear aim of what it wanted from accession: unlimited access to the internal market, equal access to the EU's financial resources and enjoying all the blessings of the CAP. In return it was willing to adopt and implement the agricultural acquis in full and was relatively cautious in asking for derogations and transitional periods as it did not want to slow down negotiations. Transition periods were granted for red meat establishments and hen cages. Contrary to Hungary's wishes, the Copenhagen European Council of December 2002 decided that financial agricultural support would be phased in, starting at 25% of direct payments to incumbents' farmers in 2004, up to 100% in 2013. However, Hungary was allowed to top up this aid to its farmers by 30 percentage points each year until reaching the EU-level. Hungary and the Netherlands occasionally held diverging interests and opinions, e.g. on the issue of acquisition of land by foreigners, and direct income support within the framework of the CAP. These issues were discussed at bilateral meetings.

During the 1990s bilateral relations in the agricultural sector between the countries evolved. In 1996 the first MoU was signed by the agricultural ministers. Bilateral relations were quite intensive, and structured through multi-annual working

programmes. The programmes identified areas for Dutch assistance, but also stated Dutch interests. Joint agricultural activities gradually developed from pre-accession assistance to jointly developed programmes reflecting common interests. Pre-accession projects with Dutch participation addressed priorities in the adoption and implementation of the agricultural acquis, such as the agricultural paying agency and identification and registration systems for the animal husbandry sector. Dutch-Hungarian activities fitted into clear chains of activity, which pointed at a strategic focus from both sides.

Most bilateral projects addressed immediate accession requirements. They were related to specific *niches* where Dutch assistance could have additional value. As relations became more and more intensified most initiatives were developed jointly. This clearly contributed to the effectiveness of projects. Overall the picture is that projects were moderately effective and efficient; some of them were very successful, but others were hampered by Hungarian institutional problems.

5 JUSTICE AND HOME AFFAIRS

5.1 Introduction

This chapter presents an analysis of Dutch-Hungarian relations in the justice and home affairs sector. First, the conditions of this sector in Hungary will be described, and followed by a survey of negotiations on justice and home affairs issues, including matters of particular importance. The development of Dutch-Hungarian bilateral relations in the justice and home affairs sector and the use of the available policy and assistance instruments form the focal point of this sectoral chapter. During the evaluated period one bilateral pre-accession project was implemented, which is assessed in the next section (see also annex 9). This chapter will form a building block for the Justice and Home Affairs chapter of the final evaluation report.

5.2 Main Issues of Hungary's Accession in the Field of Justice and Home Affairs

Transformation and reform in the field of justice and home affairs

Negotiation chapter 24 on justice and home affairs contained issues such as border control, illegal migration, drug trafficking and money laundering, organised crime, police and judicial co-operation, data protection and the mutual recognition of court judges. Relevant aspects however were not only found in negotiation chapter 24, but also in the political Copenhagen criteria for accession regarding the functioning of the judicial system, fight against corruption, respect for human, political and civil rights and protection of minorities. Among these issues, the following were often mentioned in the Commission's progress reports on Hungary: long duration of judicial proceedings; low budgetary resources for the judicial system; difficult access to state-provided legal aid, especially for criminal defendants; widespread public perception of corruption amongst police, tax and customs authorities and in the health system; discrimination of Roma citizens; police brutality against Roma and foreigners, and the overcrowded prison system. Further points that were mentioned in the 2003 monitoring report were the non-transparent procedures of selecting and promoting judges, the financial situation of the judiciary, restricted legal aid and corruption.

Concerns were especially raised by the EU and Hungary's neighbours on the 2002 law on Hungarian minorities living in neighbouring countries. The law was designed to improve the position of Hungarian minorities abroad and granted them certain rights and privileges in the areas of education and culture. This law was considered by the EU Council of Ministers to be in conflict with the *acquis* and good neighbourly relations. According to the Commission's monitoring report on Hungary's preparations for membership (October 2003) modifications of the law adopted by Parliament appeared to have brought it in line with the *acquis*.

EU accession negotiations in the field of justice and home affairs

Negotiations started on 26 May 2000 after Hungary's submission of its negotiating paper on chapter 24 on 30 November 1999.²⁰ The government accepted the *acquis* (including Schengen requirements) and was willing to apply the rules and procedures on the conditions laid down in the negotiation paper. The first condition concerned visa policy. Hungary assumed that by the time of its accession it would have been

²⁰ Government of the Republic of Hungary, *Negotiating Position of the Government of the Republic of Hungary on Chapter 24, Justice and Home Affairs*, CONF-H 61/99, Brussels, 30 November 1999.

removed from the list of countries whose nationals require a visa for entering the EU. If not, Hungary would have liked to revert to this issue at the final stage of negotiations. The second condition was Hungary's readiness to become party to conventions on co-operation in criminal and civil matters established on the basis of the EU Treaty, but only those in which incumbent Member States participated. On other matters, Hungary would decide case by case. No transition periods were requested for the justice and home affairs chapter. This chapter was provisionally closed on 28 November 2001, which was relatively quick compared to other candidate countries. In the Commission's progress reports (1999-2002) the following issues within chapter 24 received most emphasis.

- External Borders and Schengen

Probably the most notable component of the justice and home affairs acquis were the Schengen requirements. They would result in the lifting of EU internal border controls, though not immediately upon accession. The decision would be taken by a unanimous Council decision, after careful examination of the legal and practical readiness of new Member States. At the moment of accession Hungary would get borders external to the EU with Croatia, Ukraine, Serbia-Montenegro and – temporarily – with Romania. Borders with Slovenia and Slovakia would be internal to the EU. To apply the Schengen/EU acquis the effective border control and immigration services were required. This was achieved by modernising and upgrading infrastructure at external borders in line with Schengen/EU requirements. In addition border guard staff was increased and trained in acquis-specific issues as well as languages.

- Migration

In the field of immigration in January 2002 the 1993 law on admission, residence and immigration of foreigners was amended. It enabled foreigners to be self employed and provided a general framework for foreigners working in Hungary. In the same law illegal employment was defined as a criminal act. During the past years Hungary signed bilateral readmission contracts with several European countries. The Office of Immigration and Nationality (OIN) became the responsible body for migration matters, for which in January 2002 a central alien policing register was established.

- Asylum

The number of asylum seekers in Hungary considerably increased following the lifting of the geographical reservation on the Geneva Convention and the start of the Federal Republic of Yugoslavia crisis. Great efforts were made to improve the process of handling asylum requests. In 2000 a new Office for Immigration and Citizen's Affairs was charged with first instance refugee affairs, management of refugee facilities and second instance aliens affairs. Initial understaffing resulting in a huge backlog of applications was resolved by serial recruitment rounds. In 2002 overall conditions in reception facilities and living standards for asylum seekers were further up-graded, broadly to European standards. In addition preparation for joining the Dublin Convention determining State responsibility for examining asylum applications in one of the EU Member States started, and an appropriate IT system was developed.

- Police Co-operation and Organised Crime

Hungarian authorities became more effective fighting organised crime, through training police forces and the adoption of new laws on witness protection, informants and people leaving or denouncing criminal organisations. In 1999 participating in

criminal organisations became a criminal offence. As a result of bilateral agreements concluded with most neighbouring countries, foreign law enforcement bodies were allowed to carry out cross-border pursuits. Police co-operation with EU countries improved and exchanges of liaison officers and police attachés increased. To facilitate operations with Europol, an International Law Enforcement Co-operation Centre was set up at the National Police Headquarters. Its aim was to improve the fight against organised crime through exchange of data and information on the EU law enforcement network, and to strengthen co-operation with Interpol. In April 2002 deployment of liaison officers (one police and one customs officer) to Europol took place.

- **Fight Against Fraud and Corruption**

Further up-grading of equipment and intensified co-operation between police, customs and border guards were necessary, particularly setting up a system for information exchange between different services. Hungary also had to conclude co-operation and mutual assistance agreements with EU Member States and neighbouring countries in the field of customs. The Criminal Code was amended, penalising laundering of all financial gains realised from committing any criminal act. In 2001 an anti-corruption strategy with additional legislative and practical measures has been adopted. The Ministry of the Interior and the Ministry of Justice held responsibility for strategy implementation. Notably, in 2002 a special anti-corruption police unit was established to investigate allegations of corruption against police officers.

The Accession Treaty with the ten countries which concluded negotiations in Copenhagen (December 2002) contained a safeguard clause regarding judicial co-operation in civil and criminal matters. In case of inadequate transposition or implementation of any part of the relevant *acquis* during the first three years following accession, the application of these provisions might be temporarily suspended for new Member States.

As concerned chapter 24 issues the Commission's 2003 progress report on Hungary stated that improvement was required in visa *acquis* alignment (the 'positive' visa list); the Schengen Action Plan to prepare for lifting of internal borders; asylum policy (the length of detention of asylum applicants and measures for integration of refugees); creation of an accountable, reliable and fully co-ordinated police organisation to combat crime; and co-operation between law-enforcement agencies in the fight against fraud and corruption. Overall, Hungary was considered to be meeting commitments and requirements arising from the accession negotiations, and was expected to be able to implement the *acquis* upon accession.

5.3 Use of Policy and Assistance Instruments in Justice and Home Affairs

Home affairs

The Ministries of the Interior of Hungary and the Netherlands established bilateral relations very soon after the political changes of 1989. The first contacts between senior Dutch and Hungarian police officers dates from 1989. The following year the Ministers of the Interior of both countries signed a first Memorandum of Understanding, which was renewed in 1993. In November 1998 the Hungarian Minister of the Interior visited the Netherlands and a return visit was paid by the Dutch Minister in December 1999. On that occasion a Joint Statement was signed to enhance bilateral co-operation beyond police force co-operation. Differences in

mandates of the two ministries complicated co-operation. Police co-operation was earmarked as an obvious area for collaboration. The initiative was mainly left to the respective police forces, with limited ministerial involvement.

The 1999 Joint Statement not only mentioned police co-operation but also public administration and disaster management as areas for collaboration. No follow-up was given to the initiative on co-operation in public administration. Joint action in disaster relief / civil protection was initiated in the context of a Dutch programme encompassing the four Visegrád countries. Delays occurred due to disasters (floods in Hungary and the Enschedé fireworks disaster in the Netherlands) and capacity problems in both countries. Working programmes were made for 2002-2004. Activities include workshops, study visits, seminars, apprenticeships and other exchanges. The Netherlands Ministry of Foreign Affairs was informed about this programme, but did not provide financial support nor played an active role.

In the 1999 policy document *Accents in Central Europe* (see also chapter 3) the Netherlands Ministry of Foreign Affairs launched the idea of 'thematic partnerships'. The 2001 annual plan of the Netherlands Embassy in Budapest regarded justice and home affairs as a convenient area for partnership. As such the embassy in August 2001 consulted the Netherlands Ministries of Justice and the Ministry of the Interior about themes for co-operation. Subsequently their Hungarian counterparts were contacted. According to an internal note the Netherlands Ministry of the Interior expressed some concerns about its capacity to early implement the envisaged partnership. The embassy however went ahead as planned with the consultation of the Hungarian ministries. The Hungarian Ministry of the Interior suggested priorities for co-operation. However, their Dutch counterpart felt that these were all traditional JHA areas (e.g. mutual assistance in criminal matters and the fight against human trafficking) but did not include new issues such as disaster prevention. The Dutch capacity problem was brought up again. In April 2002 the embassy asked Dutch ministries to take additional action and appoint contact persons for the suggested themes. The Netherlands Ministry of the Interior then replied that they had no interest in new areas of co-operation, but only were ready to undertake new activities within existing pre-accession programmes. Apparently the ministry was not very keen to participate in the JHA partnership. In contrast, the Hungarian ministry showed clear interest, especially in crime prevention. The Hungarian Minister of the Interior wanted to visit the Netherlands at the end of 2002 together with the Minister of Justice to accelerate implementation of the partnership. However, once again capacity problems in the Netherlands impeded the visit.

The Netherlands Ministry of the Interior eventually did not sign the partnership agreement, though its Hungarian counterpart was included in the JHA partnership, albeit in a limited way. The selected themes did not fit the mandate of the Dutch ministry. Contacts were established on border management and human trafficking, and two study tours and seminars planned. The Hungarian Ministry of the Interior considered this partnership as one of many possibilities offered only. They did not want to exclude any possible form of assistance. Furthermore, it was clear that Hungarian absorption capacity was limited, and that the authorities had many projects to deal with.

During the research period two MPAP projects were implemented in the field of home affairs. In 2002 a project on the 'Integration of refugees' was selected, and under the 2003 programme the project 'New role and position of the probation service in the

legal system in Hungary' was selected.²¹ During the research period 8 project proposals were submitted of which two were selected for implementation. This is a success score of 25%, which is about the average. Under the 2003 Phare Twinning programme the Netherlands Ministry of the Interior won a tender to participate as junior partner in the Hungarian project 'Support to the police investigation capacity in the areas of organised crime, financial crime and corruption'. Germany would perform the role of leading partner. This was the first time this Ministry would participate in a Phare Twinning project in Hungary. There were no ADEPT courses in the field of home affairs. Two PUA missions were undertaken by the ministry of the Interior, one in 2001 and one in 2002 (see also annex 8).

The conclusion is that the Netherlands in the area of home affairs played a limited role as donor. Austria and Germany were the most important partners for the Hungarian ministry of the Interior, followed by France. Police co-operation was by far the most important and long-lasting form of collaboration. The JHA partnership hardly came off the ground in home affairs, because the Dutch ministry did not participate.

Justice

In 1993 the Ministers of Justice of the Netherlands and Hungary signed the first MoU, not renewed since. This MoU provided the formal framework for the development of several activities between both countries in the judicial sector. The MoU listed exchange of information on legislation, exchange of experts and delegations, training of the judiciary and harmonisation of legislation in view of Hungary's EU accession as areas of co-operation. Hence, already in 1993 pre-accession co-operation was envisaged. In the period 1997-2003 only one ministerial visit took place, i.e. in 1999 the Netherlands Minister of Justice visited Hungary. The Hungarian Minister of Justice wanted to visit the Netherlands in 2002, but the visit did not materialise.

Within the Netherlands Ministry of Justice a project team for Central and Eastern Europe co-ordinated bilateral activities. The team prepared annual plans for each Central European country and maintained close relationships with the JHA staff at embassies and Dutch implementing agencies such as the Netherlands Helsinki Committee, Asscher Institute and the Centre for International Legal Co-operation. The project team was often actively involved in preparing projects, as well as in their implementation and monitoring. Various ministerial departments were involved in the implementation of activities, but external agencies were also important in the development of judicial co-operation.

The idea for a thematic partnership in the field of JHA was launched, as already mentioned, by the Netherlands Embassy in Budapest. The agreement between the Netherlands Ministry of Justice and its Hungarian counterpart, as well as the Hungarian Ministry of the Interior, the Hungarian Prosecution Council and the National Council of Justice, was signed on 5 August 2003. It referred to the MoU on thematic partnership between the Netherlands and Hungarian Ministries of Foreign Affairs of July 2000, but also to the MoUs in justice and home affairs. The problematic preparation of the partnership was illustrated by the fact that the agreement was only signed two years after the initial decision to develop the partnership.

²¹ The proposal for this last project was submitted by the Hungarian Ministry of the Interior, but the Hungarian Ministry of Justice became the counterpart as a new combined probation service was set up under responsibility of that ministry.

It took a long time to identify areas of possible co-operation. This process did not run very smoothly due to the large number of actors on both sides. Moreover, the objectives, scope and financial means of the partnership were not clear from the start. Organisations in both countries suffered from capacity problems creating considerable delays. A budget of € 225,000 was made available by the Dutch side.

The following areas of co-operation were defined:

1. Civil and criminal judicial co-operation within the EU;
2. Preparation for the implementation of the European Convention of 29 May 2000 on mutual assistance in criminal matters;
3. Alternative conflict solving methods: arbitration, reconciliation and mediation;
4. Alternative legal aid systems;
5. Human resource strategies for the judiciary and public prosecution;
6. Court management and management of the Prosecutors Office;
7. Fight against trafficking of human beings, with specific attention to prevention of victimisation;
8. Police and prevention of drugs and drug addiction in police training schools;
9. System of after-care and resettlement of discharged prisoners;
10. Control of internal borders in an enlarged EU;
11. Exchange of experience in the field of anti-discrimination programs and activities, particularly legal aspects;
12. Management experience in community crime prevention.

Only few themes were clearly linked to existing areas of bilateral co-operation in the justice and home affairs sector. As the budget was limited and twelve themes were selected, co-ordination became complicated, especially when taking into account already mentioned capacity problems. Implementing the partnership proved problematic. Originally, the partnership was meant for the period 2002-2003. However, by end 2003 only some activities in a limited number of themes had been developed. In April 2003 the Hungarian Ministry of the Interior officially expressed its concern about the lack of progress and steps were taken on both sides to stimulate implementation of the partnership.

Of course, during field research it was still too early to assess the overall effectiveness of the partnership, as most activities had yet to start. Nevertheless, coherence was insufficiently addressed during preparation, and efficiency was suboptimal. Main problems were capacity problems rather than dispersed ownership and fragmentation.

Beside the thematic partnership the Netherlands Ministry of Justice also made use of most other available transformation and pre-accession assistance programmes. The ministry showed a clear preference for either the Matra transformation programme, the Phare Horizontal, or the Twinning programme. During the research period two Matra pre-accession projects in the area of justice were implemented, while five projects proposals were submitted to Senter. The MPAP project 'Dutch assistance to the new Civil Code in Hungary' is evaluated below. The Netherlands Ministry of Justice participated in four Phare Twinning projects (three times in a junior and one in a leading role). The ministry also made use of funds provided through Matra-DIP, especially for the preparation and follow-up of Phare projects in which the Netherlands was involved. Activities through the PUA programme were largely outside its scope. One PUA mission was undertaken to the Hungarian Prison Service in 2002 (see also annex 8).

The Netherlands was a relatively important partner for the Hungarian Ministry of Justice, but not regarded as one of the most important donors.

Thematic clustering of activities

Dutch-Hungarian activities in the field of JHA can be clustered around various themes:

- **Police co-operation**

The MoU of 1993 provided a framework for co-operation between Dutch and Hungarian police forces. In 1993 most of the police partnerships had taken off, involving 20 Dutch and 20 Hungarian police forces. These were partly financed through a Matra social transformation project, but the majority of costs was covered by the police forces themselves. In November 1999 a new Joint Statement was signed by the heads of the Hungarian and Dutch police forces. In December 2001 police academies in the Netherlands and Budapest signed an agreement. For a long time this longstanding relationship between the police forces of both countries was the most important area of collaboration in the field of justice and home affairs. Gradually co-operation in other areas of JHA developed, especially in the judicial area.

In the early nineties this type of police co-operation was rather unique, because of the direct district-to-district relation. The Dutch-Hungarian police partnership was rather positively evaluated by the IOB in the Matra programme evaluation covering 1994-1997.²² According to this report police co-operation contributed to the transformation of the Hungarian police force from a rather closed, not public-oriented to a more professional force. During the nineties other EU Member States started twinning relations with Hungarian police, making the Dutch relation less unique. Bilateral police co-operation changed in character and became less intensive, although the Netherlands was still involved in a Phare Twinning police project started in 2003 (see above). Because of the longstanding police relationship between Hungary and the Netherlands, the latter was specifically asked to be junior partner in this project, so as to use previous twinning experience. Police co-operation between Hungary and the Netherlands focused on transformation issues and was less accession-oriented. Other EU Member States played a more prominent role in police institution building for the accession process. Nevertheless, some specific new activities in line with previous co-operation efforts and in areas where the Netherlands held specific expertise were developed, such as 'Police and prevention of drugs and drug addiction in Police Training Schools' in the JHA partnership.

- **Strengthening of local authorities**

Dutch municipalities were also active in Hungary from the early nineties onwards. Many twinning relations were developed. Several Matra social transformation projects in the nineties focused on strengthening local authorities for instance of the introduction of more customer-friendly services and strengthening local authorities associations. In 1998 a special Matra pre-accession sub-programme for municipalities (GST) was created. Existing twinning relations formed the core of this programme and the pre-accession component was quite limited, as stated in an IOB-

²² IOB Policy and Operations Evaluation Department, *Diamonds and Coals. Evaluation of the Matra programme of assistance to Central and Eastern 1994-1997*, IOB evaluations no. 279, The Hague: Netherlands Ministry of Foreign Affairs, 1999.

evaluation of this programme.²³ Hence, the Netherlands supported public administration reform at local level and tried to include a pre-accession component. However support was rather dispersed and there was no link between pre-accession assistance at central and local level.

- Rule of law

Another significant activity in the JHA area was the implementation by the Netherlands of a Phare Horizontal project for 'Reinforcement of the Rule of Law'. In 2002 an analysis of the main aspects of the rule of law in the ten acceding Central European countries was published. In addition training activities related to rule of law issues were on the Dutch-Hungarian agenda from the start of co-operation. Several training projects were implemented and included both transformation and pre-accession aspects.

- Human rights and non-discrimination

Three Matra transformation projects focused on human rights and non-discrimination: 'Establishment of a Human Rights Information and Documentation Centre', 'Ethnic conflict prevention by co-operative problem-solving in six Hungarian communities', and 'Equal opportunities for Roma children'.

- Prison reform and after-care

Co-operation in this area was quite active. A typical Matra transformation project was the promotion of human rights in Hungarian prisons. In the context of city twinnings some relations between penitentiary institutes in Hungary and the Netherlands also developed. Through the PUA programme, consisting of missions by specialised former civil servants, assistance was also provided to the Hungarian Prison Service. A Phare Twinning project with the Netherlands in a leading role started in 2003 under the title 'Improving prison conditions for juvenile offenders'. According to the Hungarian Prison Service Dutch professional and financial support was very important and Dutch organisations were their most prominent counterparts.

- Asylum, immigration and integration

Other joint action between Hungary and the Netherlands related to asylum policy and integration of refugees and immigrants. A bilateral project on Integration of refugees started under the 2002 MPAP programme. Previous activities included a junior role for the Netherlands in two Phare Twinning projects on asylum and refugees (1998 and 1999).

Moreover other dispersed activities took place in areas such as anti money-laundering, synthetic drugs, crime fight and prevention (see annex 8).

Conclusions

It can be concluded that important areas of co-operation where the Netherlands were of additional value were developed with Hungary. These areas were not always considered priorities in the accession process as mentioned in the first part of this chapter, but were still important for Hungary's progress. In general justice and home affairs is a sector where it was difficult to distinguish between transformation and accession issues. This is reflected in both the Commission's reports and in joint

²³ IOB Policy and Operations Evaluation Department, *Over solidariteit en professionalisering: Evaluatie van Gemeentelijke Internationale Samenwerking (1997-2001)*, IOB Evaluations no. 297, The Hague: Netherlands Ministry of Foreign Affairs, 2004.

Dutch-Hungarian activities. The JHA partnership lacked coherence and was not explicitly related to previous activities.

5.4 Assessment of the Bilateral Pre-Accession Project

In this section one of the two MPAP projects undertaken in the field of justice and home affairs is evaluated. This project, 'Approximation of Hungarian civil law legislation to the requirements of the European Union', ran from 1 January 2000 till 31 December 2001 (planned end-date was 1 July 2001). The main objectives were to support Hungary in codifying its Civil Code, in particular incorporation of EU legislation relating to civil law, and to strengthen the Hungarian lawyers' knowledge of EU legislation relevant for the new Civil Code.

Background of the project

The Hungarian Ministry of Justice asked for Dutch support to the Hungarian Civil Law Codification Committee in drafting a new Civil Code. Prior to this official request for support, the possibility of assistance in areas where the Netherlands had a strong track record was already discussed during bilateral contacts. In 1998 the Hungarian government decided that a totally new Civil Code in accordance with EU law had to be prepared to fit the requirements of a market economy. Although changes in accordance with EU law, including parts of the Civil Code, were required as part of the accession process, neither the Commission's progress reports nor the Hungarian NPAA indicated codification of a complete new Civil Code as an immediate priority. When the project was formulated other foreign assistance was not envisaged. During project implementation also German and Austrian assistance to the Hungarian codification process was offered. In practice it proved impossible to adjust the various types of foreign assistance.

Effectiveness A: support to Hungary's accession

All planned project activities were executed and some planned outputs realised, such as enhanced knowledge of EU law and ways to incorporate the latter in the new Civil Code. It is, however, not clear to what extent the project contributed to the Hungarian civil codification process. For this reason and taking into account limited pre-accession relevance, this project is not considered to have effectively contributed to Hungary's accession.

Effectiveness B: strengthening of bilateral relations

The project did not visibly contribute to the strengthening of bilateral relations, although this was a project objective.

Efficiency

The project was inefficient. Explanatory factors were limited Hungarian ownership, frequent institutional changes in Hungary and overly tight project framework which did not allow deviations due to changes on the Hungarian side. As such, Hungarian participation lagged behind.

5.5 Conclusions

The accession process of Hungary as far as justice and home affairs is concerned, was relatively smooth compared to other acceding countries. In its 2003 monitoring report the Commission concluded that Hungary was essentially meeting the commitments and requirements arising from accession negotiations. Hungary was

expected to be able to implement the *acquis* in this area, despite shortcomings related to external borders and asylum where implementation needed to be strengthened.

Bilateral relations in the justice and home affairs sector were good and relatively intensive. Co-operation already started in the early nineties and for a long time police co-operation was the most important subject. Gradually areas of co-operation widened to include activities such as strengthening local government, human rights and minorities, asylum and integration, rule of law and prison reform. Bilateral relations focused primarily on transformation-oriented assistance. Because of this focus, it is too early to assess whether strategic alliances were forged for future negotiations in the enlarged EU. The Netherlands was not among the three most active EU Member States in this sector. Capacity problems on both sides hampered further intensification of bilateral relations, but also absorption of assistance problems were widely reported in this sector.

These capacity problems were also an obstacle to the development of the thematic partnership on justice and home affairs. Its objective was not clearly defined and no clear links were sought with previous activities. The partnership was dispersed across various themes and lacked strategic focus despite stakeholder implementation efforts. Another main problem was scattered ownership of the partnership, complicated by diverging ministerial competencies.

As it is very difficult to distinguish between social transformation and pre-accession assistance in this sector and as bilateral pre-accession activities were limited, it was impossible to assess the overall effectiveness and efficiency of bilateral pre-accession assistance. Over a longer period coherent activities were developed in some areas where the Dutch contribution was of added value. However, at a more strategic level bilateral relations were not intensive and the partnership meant to intensify relations had problems doing so.

6 SOCIAL AFFAIRS AND EMPLOYMENT

6.1 Introduction

This chapter presents an analysis of Dutch-Hungarian relations in the social affairs and employment sector. It starts with an overview of the accession process. In the next section the use of Dutch bilateral and pre-accession policy instruments is analysed (see also annex 8 for an overview of activities). Some remarks on the bilateral project undertaken in the framework of the bilateral thematic partnership on social dialogue are also included.

6.2 Main Issues of Hungary's Accession in the Field of Social Affairs and Employment

The negotiation chapter on social policy and employment (chapter 13) consisted of various sub-areas, some of which contained a substantial amount of secondary legal acquis (health and safety at work, labour law, anti-discrimination and equal treatment of women and men) while in other fields (such as social dialogue, employment and social protection) convergent policies were developed on the basis of the EC Treaty. In these areas there was no legal obligation to implement specific policy measures, although an important general obligation to co-ordinate policies so as to develop a homogenous social framework in line with the EU Treaty principles and rules existed (see box 1 on the next page for a summary of the acquis).

On 28 September 1998 screening of the first candidate Member States, including Hungary, on the social policy and employment chapter started. The objective was to achieve a maximum understanding of the acquis and obtain information on the quality of transposition and implementation and enforcement structures. Candidate Member States were asked to provide detailed timetables for adoption and implementation of all measures, especially health and safety directives. In May 1999 Hungary opened negotiations on social policy and employment after submission of its negotiating paper on chapter 13.²⁴ Herein the Hungarian government stated that it was ready to adhere to the Community acquis by the time of accession, except for the directive on the maximum tar yield of cigarettes for which a transitional period was requested.²⁵ On 26 November 2000 the chapter was provisionally closed.

In general chapter 13 was not the most difficult chapter to be dealt with during negotiations between Hungary and the EU. The Hungarian government considered employment issues to be important. Creating more jobs and making the labour market more flexible was a priority, while improving social dialogue was sometimes considered an obligation. However, during the negotiating process the European Commission put greater emphasis on the improvement of social dialogue. Occasionally the chapter almost failed due to inadequate progress on this issue. Employment is an issue that, by nature, is more politically sensitive. Political commitment to basic issues was robust, but interest to deal with labour topics and social dialogue varied greatly from one Hungarian government to another.

²⁴ Government of the Republic of Hungary, *Negotiating Position of the Government of the Republic of Hungary on Chapter 13, Social Policy and Employment*, CONF-H 25/99, Brussels, 18 May 1999.

²⁵ Hungary committed itself to comply with the Directive on 31 December 2005 while assuming that the date of accession was 1 January 2002. In the end no transition period was necessary.

Box 1 The acquis of negotiation chapter 13

- *Labour law:* To harmonise some aspects of labour law the EU has issued directives in the field of: collective redundancies, safeguarding of employment rights in case of transfer of undertaking, employer obligation to inform employees on the conditions applicable to the employment contract, guarantee for the employees in case of insolvency of the employer, posting of workers and organisation of working time.
- *Equality of treatment between women and men:* Since the Amsterdam Treaty equality between women and men is a Community objective: the Community must aim to eliminate inequalities and to promote equality (Article 141 EC lends greater support to this issue). The practical implementation of the policy is spelt out in the Community Framework Strategy on Gender Equality 2001-2005. Most of the current legislation to achieve equality relates to employment in the following fields: equal treatment in employment and occupation, social security, occupational social security schemes, parental leave, protection of pregnant women, women who have recently given birth and women who are breastfeeding.
- *Anti discrimination:* The Amsterdam Treaty (Article 13 EU) gives new powers to combat discrimination on grounds of racial or ethnic origin, religion or belief, disability, age or sexual orientation. Directive 2000/43/EC prohibits racial and ethnic discrimination in employment, education, social security and health care, access to goods and services and housing. Directive 2000/78/EC prohibits discrimination in employment on grounds of religion and belief, disability, age and sexual orientation.
- *Health and safety at work:* The considerable acquis in this field aims at harmonising, through directives, which fix minimum health and safety standards for the working conditions in the EU. To achieve compliance, transposition and implementation of EU legislation on health and safety at work must be accompanied by the effective operation of labour inspection institutions.
- *Social protection:* While the funding and organisation of social protection remain the responsibility of Member States, the EU requires that these systems have the capacity to develop and operate sustainable and universally applicable social protection systems in line with the Treaty objectives. The Lisbon European Council (2001) proposed to develop a new method of policy co-operation and to launch within this framework a European process on combating social exclusion and poverty. In the field of social inclusion, the Nice European Council endorsed a set of appropriate objectives to combat poverty and social exclusion.
- *Social dialogue:* The Treaty requires that social dialogue be promoted and gives additional powers to the social partners. Candidates must confirm that social partners are sufficiently developed in order to discharge their responsibilities at EU and national level, and to indicate whether they have consulted on legislative drafts relating to the taking over of the employment and social policy acquis. The development of tripartite structures but also of autonomous, representative bipartite social dialogue is an important aspect for the future involvement of candidate states' social partners in the social dialogue activities developed at European and national level. The Commission presented the social dialogue as a vital part of the Community acquis. It is broadly based (falling within many areas) and has many facets (built upon a dual basis, legislative and institutional). Social dialogue is part of the legal acquis as the requirement to consult the social partners but should also be regarded as an integral part of the institutional acquis. Employment was brought into the Amsterdam Treaty as a 'common objective', and it also incorporates the role expected of the social partners.
- *Employment:* Candidate countries shall work in co-operation with the EU on the follow-up of the Employment Policy Review. The following issues had been addressed: harmonisation of labour force and demand; preparation for the Single Market; preparation of the labour force (unskilled, inappropriately skilled workers, etc.); and readiness of the employment policy structure to implement the Employment Strategy.
- *Institutions explicitly required by the acquis:* Even if the enforcement is the responsibility of Member States and requires administrative and judicial structures at national level, the candidate countries are requested to effectively enforce the acquis through judicial and administrative systems similar to the one of the Member States. The acquis also covers the European Social Fund (ESF), public health (programmes and Tobacco directives), measures on the ECSC, a Council regulation on the European Monitoring Centre on Racism and Xenophobia and measures on the creation / management of the European Foundation for the improvement of living and working conditions.

Source: Commission of the European Communities, *Enlargement of the European Union, Guide to the Negotiations Chapter by Chapter*, June 2003, <http://europa.eu.int/comm/enlargement/negotiations/chapters/index.htm>.

A related negotiation chapter was chapter 2 on the free movement of persons, which included recognition of professional qualifications, free movement of workers and co-ordination of social security schemes. This chapter was opened by Hungary in May 2000 and provisionally closed in June 2001. In its negotiating paper on chapter 2 of November 1999 Hungary accepted the acquis in this field and was ready to apply the

rules and mechanisms for accession.²⁶ In its opinion on Hungary's accession of 15 July 1997 the European Commission already concluded that "the necessary structures in this area seem to be in place, but it is hard to assess their real effect and enforcement".

The focus of negotiations however was the opening of incumbent EU Member States' labour markets for workers of the new Central European Member States. The following transitional arrangement was agreed:

- A two year period during which national measures would be applied by incumbent Member States to new Member States. Depending on how liberal these national measures are, they may result in full labour market access.
- Following this period, reviews will be held, one automatic review before the end of the second year and a further review at the request of the new Member State. The procedure includes a report by the Commission, but essentially leaves the decision to the Member States whether to apply the *acquis*.
- The transition period should come to an end after five years, but it may be prolonged for another two years in those Member States with serious disturbances of the labour market or a threat of such disruption.
- Safeguards may be applied by Member States up to the end of the seventh year.

In response to the late restrictions by various incumbent Member States limiting the influx of workers from new Member States, Hungary decided in March 2004 to limit access by workers from incumbent Member States as well. Mirroring the policy of the incumbent Member States, Hungary would treat workers from these countries the same way as Hungarian workers would be treated by them.

The Commission's progress report of October 2003 stated that concerning chapter 13, Hungary was "essentially meeting the commitments and requirements arising from the accession negotiations [...] and is expected to be in a position to implement this *acquis* as of accession. Legal adjustments are needed in the fields of labour law, equal treatment of women and men, and health and safety at work. Implementation structures need to be further strengthened for equal treatment of women and men, health and safety at work and public health. Autonomous bipartite social dialogue should be improved." All in all, the negotiations on chapter 13 went relatively smooth and meeting the *acquis* in the field of social policy and employment did hardly create problems.

Institutional issues

Responsibility for negotiations and implementation of the *acquis* on social policy and employment in Hungary was spread across ministries. The department dealing with labour issues also was partly responsible for free movement of workers, while some other issues resided under the Ministry of Social and Family Affairs. Inter-institutional co-ordination was occasionally sub-optimal. Due to continuous reshuffling of ministries, responsibility for labour and employment issues repeatedly shifted. During the Horn government it was the responsibility of the Ministry of Social and Family Affairs. In 2000, under the Orbán government, the Department of Employment and Labour was transferred to the Ministry of Economic Affairs, because it was considered most suited to implement economic growth. Under the Medgyessy government, a new Ministry of Employment and Labour was established, independent

²⁶ Government of the Republic of Hungary, *Negotiating Position of the Government of the Republic of Hungary on Chapter 2, Social Policy and Employment*, CONF-H 58/99, Brussels, 30 November 1999.

from the Ministry of Economic Affairs and the Ministry of Health, Social and Family Affairs. The named governments did not always consider labour and employment issues as priorities.

6.3 Use of Policy and Assistance Instruments in Social Affairs and Employment

Background and bilateral policy instruments

In the early 1990's the Netherlands Ministry of Social Affairs and Employment strengthened ties with many counterpart ministries in Central Europe. When EU accession of the Central European countries became a realistic proposition, the ministry signed Memoranda of Understanding (MoUs) with most candidates. The Ministry did not particularly select candidates for tighter relations, although in practice most attention was given to the former Visegrád countries, which were considered the more natural partners for co-operation.

The policy of the Netherlands Ministry of Social Affairs and Employment on accession focused on developing institutional capacity for social dialogue (social-economic consultation among social partners) and occupational health and safety (labour inspection). In addition free movement of workers was a 'hot issue'. The Netherlands Ministry of Foreign Affairs and the Ministry of Social Affairs and Employment in a note on 17 May 2001 to the Dutch Parliament stated that the consequences of labour migration from new Member States to the Netherlands was expected to be low.²⁷ Moreover, they stated that implementation of the social acquis in candidate Member States would prevent migration. The initial Dutch position during negotiations was that the labour market would be opened immediately upon accession. Germany and Austria during negotiations applied for restrictions on free movement, while later on Member States such as Denmark and Sweden also decided to restrict the influx of workers from Central European Member States. Immediately prior to accession, the Netherlands government in February 2004 decided to restrict this influx to 22.000 per year. Later that month, after objections from the Dutch Parliament, the government decided to abandon this quota, but to allow workers from the new Member States in only those sectors with a shortage of employees and no Dutch jobs at stake. New Member States, including Hungary, were not pleased with these restrictions. Hungary responded by similarly restricting the influx of workers from 'old' Member States.

In December 1997, during a visit of the Netherlands Minister of Social Affairs and Employment to his colleague at the Hungarian Ministry of Social and Family Affairs in Budapest, two MoUs were signed on the exchange of practitioners, and on co-operation between the respective ministries. For the latter, areas of interest were formulated including: labour-market policy, employment policy, vocational training, professional training and mechanisms for collective labour agreements. This MoU was in December 1999 replaced by a new version, which listed labour market policy, labour law, social policy and safety and health at work as areas for further co-operation. Annual working programmes were attached. However these lists were too extensive to function as means to clearly identify areas for concrete co-operation. Since 1997 no bilateral political visits of ministers or state secretaries of social policy and employment have taken place, but the Netherlands Minister of Social Affairs and Employment visited Hungary on 1 May 2004 in the run up to the Dutch EU presidency of the second half of 2004.

²⁷ Netherlands Ministry of Foreign Affairs, *Regeringsnotitie 'vrij verkeer van personen in het EU-uitbreidingsproces'*, Tweede Kamer, 2000-2001, 23 987, nr. 5, The Hague, 17 mei 2001.

The thematic partnership

Following the bilateral agreement on thematic partnerships, and after a workshop on the Dutch model of social dialogue in February 2001 in Budapest it was decided to start a partnership on social dialogue. The Dutch partners were the embassy in Budapest, the Ministry of Foreign Affairs and the Ministry of Social Affairs and Employment. During a meeting on 11 May 2001 representatives of the Netherlands Ministry of Social Affairs and Employment and representatives of the Hungarian social partners agreed on a number of activities. It was decided that a project on social dialogue would be initiated, including a comparative study of Dutch and Hungarian social dialogue, a study visit of Hungarian civil servants to Dutch institutions involved in social dialogue, as well as training, workshops and seminars. This project is assessed in more detail in section 6.4. On 20 October 2003 the partnership was concluded with a conference in Budapest with participation of key actors in Dutch and Hungarian social dialogue.²⁸ The Netherlands Ministry of Foreign Affairs provided a budget of NLG 200,000 (around € 91,000) for bilateral co-operation on social dialogue.

Assistance instruments

Even during the early 1990's several activities under the Matra social transformation programme were undertaken by the Netherlands in Central and Eastern Europe, including Hungary. They were mostly directed at trade unions and social dialogue. However, for bilateral pre-accession programmes (PSO PA and MPAP) starting in 1998 hardly any Hungarian proposals in the field of social policy and employment (only one in 1999) were received. This can be partially explained by the continuous transfers of the department of labour and employment between ministries, and the lack of priority attached to the issue. Consequently co-operation in this sector developed through other channels, such as the Matra social transformation programme, Phare Twinning and the Dutch-Hungarian thematic partnership. In 1999 a Matra transformation project on the introduction of part-time labour in Hungary was initiated, as well as a Phare Twinning project on social security for migrant workers (implementation of Council regulation 1408/71). From 2000 to 2003 the Netherlands provided five ADEPT courses on social affairs and employment to civil servants from all candidate Member States, including Hungary. The courses aimed at transferring practical knowledge and skills on implementing the *acquis communautaire*. Attention was also given to the Dutch model of social dialogue. In 2002 the Netherlands became leading partner in another Phare Twinning project, on human resource development in occupational safety and health (see annex 8 for an overview of the activities).

Thematic clustering of activities

- Trade unions and social dialogue

The decision in 2001 to start a bilateral project on social dialogue within the framework of the thematic partnership, can be partially attributed to prior experience from earlier Dutch-Hungarian co-operation in the Matra transformation programme. Support was given to Hungarian trade unions and employer organisations. The immediate occasion was a seminar initiated by the Netherlands Embassy in Budapest on the Dutch model of social dialogue. In addition projects on social security of migrant workers and part-time labour were also related to the issue of social dialogue.

²⁸ On the Dutch side: the chairman of the Federation of Dutch Trade Unions (FNV), the chairman of the Dutch Employers' Union (VNO-NCW) and the chairman of the Social Economic Council (SER).

Interviews with Hungarian officials revealed that the Netherlands was considered to be an important partner in social and employment issues. Denmark was another important partner for Hungary, also in the field of social dialogue. Co-operation with the United Kingdom focused on legal issues and flexibility of the labour market. Other partners included Germany, Sweden, Finland, Ireland, Spain and Portugal.

6.4 Assessment of the Bilateral Partnership Project

The only sizeable bilateral pre-accession project in the field of social policy and employment actually occurred in the framework of the Dutch-Hungarian thematic partnership described above. This project was the core of the thematic partnership in this sector. As such the assessment of this project can be considered to be a proxy for the assessment of the entire partnership.

Background of the project

The project on social dialogue was jointly developed by the Dutch and Hungarian counterpart ministries and resulted from prior contacts. The initial offer came from the Netherlands, but the contents of the project were jointly determined. On 15 February 2001 following a seminar on the Dutch 'polder model' the parties involved organised a second meeting where opportunities to give substance to the partnership were explored. End 2001 both sides agreed on a plan of activities. A project plan was drawn up, targeting consultation between social partners (bilateral) and between the government and social partners (trilateral). The main objective was to prepare all parties for the application of EU regulations and mechanisms of consultation. Furthermore, the management of this project was entrusted to a Dutch consultant well known due to involvement in earlier projects, to the Netherlands and Hungarian Ministries of Social Affairs and Employment.

Social dialogue was an important part of the *acquis communautaire*. Although the issue was not politically salient, it was mentioned in the Hungarian NPAA and stressed by the Commission's progress reports as an important requirement. Article 136 (ex. 117) of the Treaty of Amsterdam explicitly mentions social dialogue as an instrument to improve social protection, employment and living standards. Furthermore social partners at national level can contribute by implementing directives (article 137, ex. 118) and article 138 (ex. 118A) on institutionalising consultation of social partners. Social partners must be able not only to operate at national, but also at European level, within the framework of the mentioned articles of the Treaty. The project focused on bilateral and trilateral consultation structures at national and European level, sectoral dialogue (development of sectoral collective labour agreements) and social dialogue on the work floor (company level).

Concurrently with the bilateral project on social dialogue a Phare Twinning project started. Hungary initially wanted the Netherlands to apply for the project, but the Netherlands Ministry of Social Affairs and Employment lacked capacity. Denmark eventually became the leading partner in the Twinning project. The Dutch-Hungarian project has tried to be complementary to the Phare Twinning project and as such optimised efforts for improving Hungarian social dialogue. Evidently there was some overlap, but in practice considerable streamlining occurred and regular contact between the Dutch project manager and Danish executives was maintained.

Effectiveness A: support to Hungary's accession process

Although activities under the partnership were implemented and expertise transferred, it is hard to measure whether social dialogue in Hungary really improved as a result thereof. The baseline situation was that trilateral bodies were in place,²⁹ but autonomous bilateral social dialogue was underdeveloped. Collective Labour Agreements (CLA's) were rarely concluded at sectoral level but rather at factory level. The government felt that bilateral social dialogue was very difficult to stimulate and too sensitive to interfere with. Trust among trade unions and employer organisations as required for good social dialogue was lacking. In addition, unions were not representative, with too many unions (no less than six federations of trade unions) and overall membership quite low. The partnership aimed at improving basic conditions for social dialogue. Among the implemented activities were a description of Hungarian and Dutch social dialogue; a study visit by the Hungarian delegation to the Netherlands (Social Economic Council, the Ministry of Social Affairs and Employment, and social partners); a seminar on 'sectoral work at European level'; a workshop on co-ordination of social security; negotiation training; a seminar on collective labour agreements (CLA's); and a comparative study on work councils (including a workshop). Planned outputs were realised, but their impact is far more difficult to assess. Even if there was improvement, it was hard to tell whether this was attributable to the Dutch project. The problems of Hungarian social dialogue may have been too structural to be corrected by these activities.

Effectiveness B: strengthening bilateral relations

Another objective of Dutch assistance, establishing and maintaining contacts between the Dutch and Hungarian ministries, was realised. According to interviewees from both sides, contacts were strengthened and also remained intense after the project.

Efficiency

It soon became clear that because of the multitude of conferences, workshops and other matters, Hungarian participants were overburdened and unable to attend all project activities. Noticed at an early stage by the project co-ordinator, activities were spread over a longer period. As the project was managed by the same consultant as the Phare Twinning project on implementation on Directive 1408/71 (social security for migrant workers), the participants' personal contacts and knowledge of the Hungarian labour market may have contributed to efficiency. Financing of the final conference in Budapest mentioned above was drawn from project resources, due to efficient budget management.

6.5 Conclusions

Hungary was ready to accept the *acquis* in the field of social policy and employment. Negotiations on chapter 13 did not give rise to serious problems. They started in May 1999 and were provisionally closed in November 2000. The negotiations on the issue of free movement of workers (chapter 2) were only finalised in 2002, but became an issue of contention between old and new members during the run up to the actual accession. Some incumbent Member States, including the Netherlands, used their negotiated right to keep their labour markets partially closed to workers from new

²⁹ In 1990 a 'Council for the Reconciliation of Interests' was established in which 6 national trade unions and 9 employer organisations were created. Early 1999 the Government introduced a new structure for national trilateral consultation and negotiations; a Labour Council, Economic Council, and Social Council were established.

Member States (up to a maximum of seven years after accession). Hungary did not acquire transition periods for social affairs and employment, but responded to incumbent Member States' policy by limiting labour migration from their countries of its own.

In the field of social policy and employment, in itself not a priority issue for Hungary during the accession process, the Netherlands Ministry of Social Affairs and Employment attached significant importance to the development of institutional capacity for social dialogue and occupational health and safety. Close contacts were established between the Ministry of Social Affairs and Employment in The Hague and the Ministry of Labour and Employment in Budapest. At the political level however, contacts were limited. By concentrating on social dialogue and labour market policy issues, as well as by building on earlier contacts, some coherent sets of activities were implemented despite limited capacity.

The bilateral project on social dialogue within the framework of the thematic partnership addressed an important section of the social policy and employment acquis. The project was initiated by the Netherlands and subsequently developed in conjunction with Hungary. Well established professional relations stimulated and facilitated matters. The project actively pursued complementarity with a Phare Twinning project in the same area. To reduce the burden on participants project planning was adapted. The project enhanced knowledge on social dialogue and was managed efficiently.

7 CONCLUSIONS

Hungary started accession negotiations in 1998, and was at the time considered one of the top performing countries. In its Opinion (*Avis*) on Hungary's accession (1997) the EU already considered Hungary a functioning market economy. In 1998 Hungary met the political criteria. Hence, the accession process for Hungary started smoothly and Hungary aimed for a speedy accession procedure. Hungary, as the Netherlands, was in favour of differentiation i.e. every acceding country should be judged on its own merits, thereby resulting in a gradual EU-enlargement process. However, this approach proved unfeasible for both practical and political reasons. When a big-bang scenario became ever more likely, lagging candidates joined. In response Hungary changed its negotiating strategy. Outcome of negotiations became more important than speed. Hence, negotiations on chapters such as competition policy and agriculture took longer and some provisionally closed chapters were reopened. In the Commission's monitoring report of November 2003, Hungary was still ranked as one of the better performing countries, although in agriculture four areas of serious concern were identified.

During the nineties bilateral relations between the Netherlands and Hungary developed rapidly. From the beginning the Netherlands strongly supported Hungary's EU-accession aim. This was much appreciated. According to Dutch policy documents Hungary was among the first category of priority countries in Central Europe, as were Poland, Slovakia and the Czech Republic. The main instrument to implement the priority status were thematic partnerships. Three such partnerships were developed with Hungary, i.e. in transport and infrastructure (not evaluated), social dialogue and justice and home affairs. The priority status had hardly any influence on the budget allocated, as the annual bilateral assistance budget for each Central European country was set about € 4 million. With this amount the Netherlands was amongst the more significant bilateral donors, although by far the most important one was the EU, which provided over 90% of all foreign assistance during the period studied.

Most Dutch pre-accession assistance was organised in a very decentralised fashion with ten sub-programmes and several Dutch implementing agencies. As such Dutch assistance reveals a rather scattered picture and it is difficult to measure the overall effectiveness and efficiency. Analysis of bilateral relations in three selected sectors (agriculture, justice and home affairs, social affairs) shows that pre-accession activities were most effective when built on effective bilateral relations between line ministries which proceeded to jointly identify activities of mutual interest. The Netherlands were reasonably effective in assisting Hungary in adopting and implementing the *acquis communautaire* through bilateral pre-accession assistance. The effect was most visible in the agricultural sector, but to some extent also in the field of social dialogue. The second policy objective, strengthening bilateral relations, proved difficult to realise. As is clear from the sector studies, particularly from the analysis of agricultural relations, a strategic approach by line departments including joint identification of projects resulted in more effective projects. Complementarity to EU pre-accession programmes was often an issue of concern, due to the size and importance of the programmes and the absorption capacity problems of Hungary.

Thematic partnerships, such as on social dialogue, contributed to the strengthening of bilateral relations if line departments took ownership of the partnership, both partners perceived common interest, and themes addressed were related to jointly developed strategic working programmes and/or earlier joint activities. In agriculture, no official thematic partnership was established, but bilateral relations in this sector nevertheless took on the characteristics of a successful joint enterprise, including regular involvement of the respective ministries. Bilateral co-operation in agriculture was a good example of how assistance became transformed into a more strategy oriented mindset with both countries trying to identify common interests in an enlarged EU and searching for additional partners. However, in general it was premature to assess whether and in what areas the Netherlands and Hungary would be natural allies and whether Dutch future interests were sufficiently addressed in past bilateral pre-accession relations with Hungary.

ANNEX 1 MAIN FINDINGS AND ISSUES FOR THE FUTURE

Background

The enlargement of the European Union (EU) has been an important issue in Dutch politics and policy in the past few years. The enlargement was one of the main EU policy objectives of the Netherlands Ministry of Foreign Affairs. Besides Cyprus and Malta, eight Central European states joined the EU on 1 May 2004. In 2007 two more Central European countries, Romania and Bulgaria, will also accede to the Union. Since 1990 the Netherlands has been supporting these ten former communist countries, first in their transformation and then in their accession process. During that same period, bilateral relations with these countries have gradually grown closer. In view of the political, social and policy-related importance of this accession process, the Policy and Operations Evaluation Department (IOB) decided to evaluate the Dutch policy on the accession of Central European states to the EU during the period 1997-2003.

Dutch policy in this area is complex, as the title of this publication, 'An Enlarged Europe Policy', suggests. The Netherlands Ministry of Foreign Affairs co-ordinates the Dutch policy as a whole and each of the line ministries is responsible for developing and implementing sectoral policy. The policy consists of four components:

- a. the Dutch policy on EU enlargement;
- b. bilateral policy on accession;
- c. pre-accession assistance policy; and
- d. sectoral policy.

The research questions focus on the cohesion, co-ordination, effectiveness and efficiency of policy. Due to the complex nature of the policy area, not all the components were studied separately. The analysis does not describe how the Netherlands negotiated enlargement within the EU. Because, as the analysis shows, the questions on effectiveness and efficiency cannot be answered for the policy as a whole, the study of those aspects focuses on the pre-accession assistance policy pursued in the Dutch pre-accession programmes. The total expenditure on those programmes from 1997 to 2003 was € 96 million. During that period, the Netherlands was also involved in the implementation of 112 EU pre-accession projects (Phare Twinning) with a total budget of € 108 million.

For this evaluation, IOB conducted research in four of the ten candidate Member States in Central Europe: Hungary, Lithuania, Poland and Romania. In each country, IOB examined three sectors: agriculture, justice and home affairs (JHA), and a third sector (social policy in Hungary, health care in Lithuania, transport and water in Poland and environment in Romania).

Main findings

1. The coherence of the policy was limited due to compartmentalisation

Initially (1997-1998) the Netherlands Ministry of Foreign Affairs pursued a coherent policy vision. The policy-making process was politically driven during that early period. The Netherlands felt it was important for the candidate countries to achieve compliance with the stringent requirements for accession quickly. Actively assisting these countries also served Dutch interests, notably by creating goodwill that would benefit coalition forming in the enlarged EU. The Netherlands' efforts therefore

focused on the transformation of the candidate countries and on compliance with the accession requirements.

The original coherent nature of the policy was gradually lost. This is most evident from the fact that the policy principle of country differentiation was never developed into concrete guidelines. When assistance was divided up among the candidate countries, the country priorities were ignored. Poland, by far the largest of the ten countries and the highest priority in Dutch bilateral policy, received no more pre-accession assistance from the Netherlands than, for example, Slovakia or Bulgaria.

The coherence that had once characterised the policy disappeared as the three policy divisions of the Netherlands Ministry of Foreign Affairs and the line ministries continued to develop and implement the four policy components. The focus of the political steering gradually shifted towards the EU-level negotiations on enlargement, i.e. to only one of the four policy components. After 1999 bilateral policy and pre-accession support received little political attention, which resulted in disharmony among the policy components.

The loss of coherence between the policy components was not merely due to the limited management of the policy area as a whole. Compartmentalisation also played a role. This applied first and foremost to the policy divisions within the Netherlands Ministry of Foreign Affairs, which failed to work together sufficiently and were never forced to do so. They each concentrated on their own policy component. It also applied to the relationship between the line ministries and Foreign Affairs. Each of the parties was pursuing different interests and all were convinced of the necessity of coherent policy, but there were no standards or mechanisms in place to achieve it. There was a decided lack of management.

2. The co-ordination of bilateral policy and Dutch pre-accession assistance was unsatisfactory

The Netherlands Ministry of Foreign Affairs is responsible for co-ordinating policy. Each of the three policy divisions, which fall under two Directorates-General within the Ministry, bears individual responsibility for the interministerial co-ordination of its policy component. Around 2000, the Netherlands Ministry of Foreign Affairs observed a lack of internal harmonisation and co-ordination. Organisational changes were made in 2000 and 2001, but the division for pre-accession assistance was left out of consideration, in part because of the Ministry's policy of distinguishing between diplomatic work (enlargement negotiations and bilateral policy) and assistance management (pre-accession support and transformation assistance).

The interministerial co-ordination of the first policy component, the EU-oriented policy on enlargement, was based on clear procedures that were followed in specific consultation committees. The Netherlands Ministry of Foreign Affairs also co-ordinated the Dutch participation in the EU pre-accession programme Phare Twinning. That co-ordination task was performed well and in accordance with clear procedures. The line ministries appreciated that, particularly because they had a clear decision-making role in these processes.

By contrast, the interministerial co-ordination of the other policy components, and in particular pre-accession support, was minimal. The line ministries defended their policy autonomy and were not always willing to harmonise or set joint strategic priorities, and Foreign Affairs had no adequate response to that.

The large number of Dutch programmes providing support to the Central European countries complicated co-ordination. The line ministries were involved in an advisory rather than a decision-making capacity, and co-ordinating assistance had been a low priority at Foreign Affairs for some time. This was one of the main reasons why the overlaps between the accession-oriented programmes and those aimed at social transformation remained undetected. Most of the overlaps arose in the areas of justice, home affairs and health care.

3. The effectiveness and efficiency of the policy as a whole cannot be assessed because the policy was not formulated in a result-oriented way and implementation was highly fragmented

No clear objectives for the bilateral policy or the accession support policy were laid down in writing. The policy reconstruction shows that, in fact, two general objectives were pursued: a) supporting the accession process and b) strengthening bilateral relations in order to serve Dutch interests. Since no concrete targets were set for these objectives, the parties involved were at liberty to interpret them in their own way.

The bilateral policy relied on communicative policy instruments, such as visits by ministers and civil servants, diplomatic representation, agreements for specific sectors or themes, and partnerships. Under the pre-accession assistance policy, ten support programmes were established and implemented by numerous different bodies. This led to a highly fragmented process, undermining efficiency at the policy level. It is difficult to assess the impact of this policy because of the large number of small-scale, heterogeneous interventions, many of which were not clearly related to the policy objectives.

The findings described below show that it was possible to determine the extent to which the two policy objectives were achieved for a few of the components and sectors.

4. The pre-accession programmes brought about virtually no demonstrable change in bilateral relations

The policy objective of strengthening bilateral relations with the new Member States at the level of central government was barely pursued. Opinions on whether this objective was achieved vary, but are not substantiated by concrete indicators. Optimists claim that the Netherlands generated goodwill by providing bilateral assistance and making other efforts. Sceptics argue that there is no evidence that any goodwill was created or that the Netherlands' prospects for forming coalitions with the new Member States have improved.

Because this objective was not actively pursued it is difficult to demonstrate whether the various instruments helped to strengthen bilateral relations. When concrete indicators such as the frequency of contact, intensity and nature of bilateral relations are examined, there is little evidence to suggest that bilateral relations at the central government level have improved as a result of the assistance efforts. The partnership with Poland, the 'Utrecht Conference', has proved that certain interventions can indeed foster more frequent and closer relations at central government level.

Dutch assistance contributed to the formation of several professional networks between implementing bodies in the candidate countries and the Netherlands. It was not possible, however, to determine the extent to which these contacts helped to improve bilateral relations in certain sectors within central government.

5. At the activity level, the Netherlands made a positive contribution to the accession process involving the candidate countries, but in most cases that contribution is not visible at national or sectoral level

The Netherlands made a positive contribution to the accession process of the candidate countries by conducting activities geared towards amending legislation, establishing new institutions, and helping institutions that implement the *acquis communautaire* (EU legislation) to function more effectively. In many cases, the Netherlands was only one of the many donors involved. Effectiveness at activity level varied from over 60% to 90% for the programmes that were evaluated.

In view of the sheer magnitude of the changes required, the Dutch contribution towards helping the candidate countries through the process was obviously limited. In most cases, its support was too small-scale and fragmented to allow for aggregation at country or sector level (less than 1% of the total aid to candidate countries, spread over nearly all of the sectors).

6. The efficiency with which the activities were carried out was satisfactory

Approximately two-thirds of the assistance activities were carried out efficiently. The factors that aided efficiency were the flexibility of the Dutch effort, which was mentioned by several respondents in the countries concerned, and the fairly low cost of many of the activities. The factors that impeded efficiency were mainly related to institutional problems in the candidate countries, such as reorganisations within recipient organisations. The activities suffered due to the lack of commitment and responsibility in the candidate countries, frequent staff changes and absorption problems.

7. A coherent policy was pursued in the agriculture sector. This produced good results that were also visible at the sectoral level in the candidate countries

The agriculture sector pursued a uniquely coherent accession policy. When the policy was developed, the line ministry took the lead and the Netherlands Ministry of Foreign Affairs played a modest role. There are economic reasons – notably the expansive Dutch agricultural industry's interest in ensuring it is competing with Central Europe on a level playing field – for the highly active role the Netherlands played in the agricultural accession processes. The line ministry's long experience in EU matters was also an important factor. The agriculture sector took a proactive approach, thanks to the efforts of the line ministry, which had access to sufficient resources and capacity. Most of the other line ministries did not meet this precondition.

Issues for the Future

The issues for the future ensue from the main findings:

1. Clarity regarding policy coherence and the required management

In complex policy areas in which the individual components are interrelated, policy management needs to be given adequate attention. For the EU negotiations, this management was determined at both political and official level. However, this was not done for the other policy components or for the policy area as a whole. The strategic planning of the Dutch effort in the new Member States and the candidate countries, in consultation with those countries, remains largely undeveloped. There are opportunities to make improvements by setting clear priorities in order to develop more country-specific and sector-specific policies.

2. Development of better co-ordination mechanisms, not just for EU negotiations, but also for bilateral policy and the pre-accession and transformation support

The co-ordination mechanisms used for the EU policy could be applied to the bilateral policy and the assistance policy for Central Europe, possibly after some adjustment if necessary. Careful harmonisation and co-ordination on many levels are essential in this complex policy area in which many parties are active. All the parties involved have policy autonomy in their own area, but they also have an interest in achieving harmonisation and co-ordination because this will increase the effectiveness and efficiency of the policy. The Netherlands Ministry of Foreign Affairs should take the lead in shaping these mechanisms.

3. For policy to be result-oriented, clear objectives, consistent prioritisation, the logical use of policy instruments, proper steering and monitoring are required

When new policy is being developed, the 'what question' (What is the aim of the policy?) should precede the 'how question' (How can it be achieved?). New policy should be developed on the basis of policy objectives, rather than the existing set of instruments. When priorities are set, for instance, they need to be incorporated into the set of instruments. When the policy objectives are put into practice, indicators can be identified and used to evaluate the execution of the policy, which can then be adjusted if necessary.

4. Learning from positive examples (best practices), such as the co-operation in the agricultural sector

The agricultural sector stood out in a positive sense, in part because the line ministry had more capacity than others. This gave the sector a head start, but the advantage should not stop others from learning from the experiences gained here. Other sectors (e.g. water and social dialogue) also did well, but on a more limited scale. This shows that with the right priorities and the right set of policy instruments, good results can be achieved in various areas.

5. Streamlining the support programmes and preventing overlap

The fragmentation of the Dutch assistance to Central Europe into a large number of programmes undermined effectiveness and efficiency. The programmes need to be streamlined, and the first step in that direction has already been taken. This applies not only to the pre-accession and post-accession programmes, but also to the transformation support.

ANNEX 2 GENERAL TERMS OF REFERENCE

Terms of Reference, final version

Evaluation of the Dutch policy concerning the accession of countries from Central Europe to the European Union

IOB, 16 September 2003

1. Introduction

European integration is one of the Ministry of Foreign Affairs' most important policy areas. In recent years, the *Explanatory Policy Document* has referred to the enlargement of the European Union to include ten new members in Central Europe as one of the three main objectives in this area, alongside the deepening of integration and the strengthening of the Union's external policy. Ten new Member States will join the EU in May 2004. The decision-making process regarding their accession is complete, and the process of ratification is now in progress, so this is a good moment to assess Dutch policy on the accession process in order to draw lessons for future enlargements, and for our relations with the new Member States.

2. Background

The accession process

The fall of the Berlin Wall in 1989 not only brought the Cold War to an end. It also heralded a new era in which confrontation made way for co-operation between the European Union and Central Europe. One co-operation proposal tabled in the early days was that the countries of Central Europe should join the European Union. The Copenhagen European Council in 1993 drew up criteria with which candidate Member States would have to comply to qualify for membership of the EU. The Copenhagen criteria state that new Member States:

- *must have achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for, and protection of minorities (political criteria);*
- *a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union (economic criteria);*
- *an ability to take on the obligations of membership, which means among other things that they must have adopted and implemented the *acquis communautaire* by the time of their accession.*³⁰

In 1997 the European Commission issued an opinion (*Avis*) on the possible accession of each country that had applied to join the EU. These *Avis* assessed the countries on the basis of the Copenhagen criteria. The Luxembourg European Council in 1997 decided that at that time accession negotiations could be launched with six countries: five in Central Europe (Estonia, Hungary, Poland, Slovenia, the Czech Republic) and Cyprus. The 'Luxembourg six', with which negotiations had already been opened, were joined in 1999 by the 'Helsinki six' – another five countries in Central Europe (Bulgaria, Latvia, Lithuania, Romania and Slovakia) and

³⁰ The EU also stipulated that the Union itself must have the capacity to absorb the new Member States, which in the literature is referred to as the fourth (informal) Copenhagen criterion.

Malta. Turkey was also confirmed as a candidate Member State at the Helsinki meeting. In the end of 2004 the EU will decide on when to start the negotiations with Turkey. Croatia submitted an application for EU membership in 2003. The European Commission is preparing an 'Avis' on its application.

The accession negotiations cover the adoption and implementation of the *acquis communautaire* – the entire corpus of legislation and agreements that the EU Member States have put in place since the beginning of European co-operation, plus the case law of the Court of Justice. The *acquis* comprises over 80,000 pages of legislation and is constantly being amended and revised. For the purposes of accession, the *acquis* is divided into 31 chapters covering different themes, including the free movement of goods, persons, services and capital; competition (the foregoing all concern the internal market); agriculture; and justice and home affairs. The European Commission and the Member States are monitoring the adoption and implementation of the *acquis communautaire* chapter by chapter. They are also monitoring the candidate Member States' compliance with the Copenhagen criteria.

On the basis of progress reports issued by the Commission, the European Council in Brussels decided in October 2002 that ten candidate Member States would be expected to be ready to join in 2004. These countries are Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia and Slovakia. At the Copenhagen European Council in December 2002 the accession negotiations with these ten countries were officially closed, and an accession date of 1 May 2004 was set. Negotiations are continuing with Romania and Bulgaria. The accession treaty was signed in Athens in April 2003, and is awaiting ratification by the Member States. Procedures for the ratification of the treaty have been launched in the Netherlands. The Council of State has already issued an advisory report on the treaty. The accession treaty itself, the accompanying explanatory policy document, the Council of State's advisory report and a further report were submitted to parliament before the summer recess.

Details of the 2004 enlargement

The planned enlargement to 25 Member States in 2004 is the fifth enlargement in the EU's history. Previous enlargements since the start of European co-operation in the 1950s occurred in 1973 (when Denmark, Ireland and the United Kingdom joined), 1981 (Greece), 1986 (Spain and Portugal) and 1995 (Finland, Austria and Sweden). The forthcoming enlargement differs significantly from these earlier enlargements, however. First and foremost because of the large number of countries joining, but also because of the major income differences between the current Member States and the ten candidate Member States in Central Europe (CE), which are former Communist countries.³¹ Although the population of the EU is set to rise by 28% when they join, GNP will increase by barely 5%.

³¹ Cyprus and Malta have an entirely different history and their economic and geographical position is also different. These two countries will therefore not be considered here.

	<i>Population in millions</i>	<i>Per capita GNP</i>	<i>Inflation (%)</i>	<i>Unemployment (%)</i>
EU 15	378.4	22520	2.1	8.2
10 CE candidate countries	104.4	3600	16.6 (8.6 without Romania)	12.7
Bulgaria	8.2	1600	10.0	16.4
Estonia	1.4	3800	4.0	13.7
Hungary	10.0	5000	9.8	6.4
Latvia	2.4	3300	2.6	8.0
Lithuania	3.7	3300	1.0	15.4
Poland	38.6	4400	10.1	15.0
Romania	22.4	1800	45.7	10.8
Slovenia	2.0	9800	8.9	7.0
Slovakia	5.4	3900	12.0	18.6
Czech Republic	10.3	5400	3.9	8.8

Source: WRR working document 131, Hobza, October 2002

There are also considerable differences between the candidate Member States. Poland has a population of 39 million, followed by Romania with 22 million, but four of the countries (Estonia, Latvia, Lithuania and Slovenia) have fewer than five million of a population. Income is highest in Slovenia (GNP: €9,800 per capita), followed by the Czech Republic (€5,400) and Hungary (€5,000), with Romania (€1,800) and Bulgaria (€1,600) bringing up the rear. The ten countries' accession processes have also differed. This is the first enlargement that has been so extensively and consistently monitored.

Dutch policy

Dutch policy on the enlargement of the European Union is reflected in a number of documents. The positions the Netherlands has taken as a member of the EU in the negotiations on enlargement are part of its multilateral policy. Shortly after the fall of the Berlin Wall a debate began in the European Union about its relations with the countries of Central Europe. In the early 1990s the Netherlands opted for both 'widening' of the Union – enlargement to encompass the countries of Central Europe – and 'deepening' – closer co-operation between the Member States and the completion of the internal market, Economic and Monetary Union and the Common Foreign and Security Policy (CFSP), among other things. Since the start of the accession negotiations, the Netherlands has *'always called for speed and quality to go hand in hand in the enlargement process'* (State of the European Union, 17 September 2002).

As has been said, the Dutch position in its multilateral policy and in the accession negotiations has always been that speed and quality are equally important; bilateral policy also has the same emphasis. The Netherlands therefore developed instruments at an early stage for helping the candidate Member States meet the conditions for accession. This policy of support was launched in the regional policy document on Central Europe and discussed with the Permanent Committees of the parliament on Economic Affairs and Foreign Affairs in 1997. It announced the creation of a set of pre-accession instruments. These were worked out in further detail in 1998, and most of the actual programmes were launched in 1998 and 1999 (see page 5 for details). The bilateral pre-accession instruments can be regarded as an extension of bilateral policy. To enhance the consistency between multilateral policy and bilateral accession support, special policy documents (the 'accents policy documents') were drawn up in 1999 and 2000. They took stock of the Dutch contribution to the EU enlargement process from a bilateral point of view.

Policy on the enlargement of the EU and pre-accession policy are devised and implemented through four channels:

Multilateral

Letters and policy documents from the Minister of Foreign Affairs and Minister for European Affairs on the enlargement of the European Union and the Netherlands' viewpoint: amongst others six policy documents between November 1999 and October 2002, prepared by the European Integration Department (DIE) of the Directorate-General for European Co-operation (DGES).

Bilateral and regional

Letters and policy documents on regional policy, such as the 1999 accent policy document and 'New Accents in an Enlarged EU', drafted in 2002 by the regional department, currently the Directorate-General for European Co-operation's Western and Central Europe Department (DWM), previously the Central Europe Department (DEU/ME) of the former Directorate-General for Regional and Country Policy (DGRB).

Assistance

Letters and policy documents on the progress of pre-accession programmes, often combined with progress reports on traditional transformation programmes, such as the Matra policy letter of 2000, and the progress report on the implementation of the Matra programme 1999-2001, 8 January 2002, drafted by the Directorate-General for Regional and Country Policy and Consular Affairs' Southeast and Eastern Europe and Matra Programme Department, which is responsible for Matra (formerly DEU/UM at the former DGRB).

Individual ministries

Letters and policy documents drawn up by the other ministries concerning their role in the enlargement of the EU. They refer to their part in the accession negotiations, bilateral relations with counterparts in the candidate Member States and the pre-accession aid in which they have been involved.

The Ministry of Foreign Affairs bears official responsibility for co-ordinating the Dutch contribution to European decision-making. According to the Explanatory Memorandum, this includes interministerial co-ordination on issues related to European integration. The European Integration Department (DIE) plays an important role in this. Since 1997 it has been responsible for co-ordinating the work of the individual ministries related to EU enlargement, and regularly chairs meetings of the Enlargement Task Force (TFU). Since 2000 the regional department (first DEU, later DWM) has co-chaired the Task Force. The Matra department (DZO/UM) regularly holds talks with the various ministries that have an advisory role in the different programmes running under Matra. Since 1999 DZO/UM has regularly convened meetings to discuss Matra pre-accession activities which are attended by the organisations implementing the programmes. Most of the ministries concerned have set up divisions that focus on enlargement and/or pre-accession assistance. Some have their own budget, but most of them are dependent on the Ministry of Foreign Affairs' and the Ministry of Economic Affairs' pre-accession programmes and the Community programmes.

Pre-accession programmes

Since 1998 the Dutch government has supported candidate Member States through a number of pre-accession programmes. They are intended primarily to support candidate Member States' efforts to adopt and implement the *acquis communautaire*. Their second objective is to enhance bilateral relations. These programmes are:

- **the Matra pre-accession instruments**, special programmes specifically geared towards accession under the Social Transformation Programme for the non-economic sectors (via the Ministry of Foreign Affairs, total expenditure 1999-2002 €31.7 million);³²
- **the Eastern Europe Co-operation Programme (PSO) pre-accession instruments**, a continuation of the traditional economic transformation programme for the economic sectors geared specifically to accession (via the Ministry of Economic Affairs, total expenditure 1998-2002 €39.5 million).³³

A number of Matra pre-accession programmes have a broader aim, in that they are intended to promote good governance as well as help prepare countries for accession.

Matra and PSO pre-accession programmes consist of the following:

³² The Matra programme itself, which traditionally focuses on strengthening civil society, has also been continued in the candidate countries, with the exception of Slovenia.

³³ The PSO itself ceased operations in most candidate countries when the pre-accession PSO was launched, except in Romania and Bulgaria.

Type of activity	Name of programme	Implementing agency	Expenditure 1998-2002 (in million €)
Matra Pre-Accession:			31.7
Projects (mainly technical assistance)	Matra Pre-Accession Projects Programme (MPAP)	Senter	16.7
Training	Accession-oriented Dutch European Proficiency Training Programme (ADEPT)	Cross	6.9
Local authority co-operation	Local Authority Co-operation with Candidate Countries Programme (GST)	VNG (Association of Netherlands Municipalities)	3.3
Internships	Internships Matra for Pre-accession Training Programme (IMPACT)	NUFFIC	0.9
Secondment of Dutch former civil servants	Advisory Missions to Governments Programme (PUA)	NMCP	1.2
Partnerships	Partnership funds	Ministries and DWM	0.2
Departmental initiatives	Departmental Initiatives Programme (DIP)	Ministries and DWM	1.9
Various (including support desk, to promote and co-ordinate Dutch participation in Phare Twinning programme)	Various	DGES/AP and others	0.6
PSO Pre-Accession			39.5 *
Projects (mainly technical assistance)	PSO Pre-Accession Programme (PSO PA)	Senter	33.2
Exchange of expertise through working visits, conferences etc.	PSO short	Senter	3.6
TOTAL PRE-ACCESSION			71.2

* Including €2.7 million for PSO PA in 1998.

Most activities are very small-scale (such as internships lasting a few days or a week, a few days' training, secondment of a civil servant for a few weeks, a workshop etc.) and spread among eleven countries (i.e. the ten countries in Central Europe plus, since 2001, Turkey) and across eleven different sectors.³⁴ By way of comparison: the EU gave a total of some € 13.6 billion in pre-accession aid to the candidate Member States over the same period. It is therefore difficult to evaluate the Dutch effort in the light of the complex system of accession aid and the huge EU efforts in this area. The projects financed through MPAP and PSO PA and some ADEPT courses are larger in scale (with average expenditure of approximately € 350,000). A total of 70 MPAP projects and 81 PSO PA projects were undertaken in 1999-2002.

Alongside the bilateral instruments, there are also specific Community pre-accession programmes such as the Phare Twinning programme (since 1998), ISPA (since 2000,

³⁴ Cyprus and Malta do not receive Dutch support under the bilateral pre-accession programmes.

structural instrument to help with preparations, particularly in the fields of transport and environment) and SAPARD (since 2000, to help with structural adjustment in the agricultural sector). The Phare Twinning programme is a continuation of the Phare transformation programme in the form of pre-accession aid for the candidate Member States. It involves institutional support to help them adopt and implement the *acquis communautaire*. National governments in the Member States can register for Twinning projects, after which the candidate Member States select partners. The Netherlands has been involved in the implementation of 88 of the 687 Phare Twinning projects to date (as leading partner in 55, and co-operating partner in the other 33). Dutch efforts in the framework of the Twinning programme are co-ordinated and supported by a support desk set up especially for the purpose at the Ministry of Foreign Affairs (DGES/AP).

From the moment they accede, the pre-accession programmes and transformation programmes for the first group of acceding countries will be phased out over three years. In other words, no new projects will be approved and existing projects will be implemented as stated in the contract. The EU is to make a Transition Facility available to the new Member States for the first three years after accession to help them tackle any final problems and to consolidate the institutional strengthening they have already achieved. The debate on a new form of bilateral 'post-accession' co-operation or a transitional fund is already under way, but no decisions have yet been made.

Evaluation of pre-accession programmes

The PSO and Matra pre-accession projects programme (PSO PA and MPAP) are the subject of a joint, decentralised evaluation by the Ministry of Economic Affairs and the Ministry of Foreign Affairs. IOB is involved in an advisory capacity, as a member of the supervisory committee. Its remit is to safeguard standards in terms of the ToR, the tendering procedure, prior communication with those implementing the projects, and assessment of the inception report, interim reports and the final report. This evaluation has already been seriously delayed and the results are unlikely to become available in 2003.

IOB is evaluating the international activities of the Association of Netherlands Municipalities (VNG) and individual local authorities in the Netherlands funded through the Ministry of Foreign Affairs. The evaluation is also considering local authority co-operation under the Matra pre-accession programme, and is expected to be complete before the end of 2003.

An evaluation of the secondment of civil servants under the PUA programme began in June 2003. IOB was involved in the design of the evaluation and is monitoring its quality. The results should be available well before the end of the year.

Fairly detailed self-evaluations of the Matra training programme ADEPT and internship programme IMPACT are available.

The Phare Twinning programme was evaluated in 2000. The evaluation looked at a selection of projects approved in 1998, and focused on methodology and on the registration and implementation process. It looked to a lesser extent at the effectiveness of the programme. No new evaluation of this programme is planned.

3. Objective and key questions

This evaluation is taking place at a strategic moment, just before ten new Member States join the EU in May 2004, and at a time when the existing Member States are in the process of ratifying the Treaty of Accession. Referendums approving accession have been held in most candidate Member States. Further enlargement is likely in the future, when Romania and Bulgaria – with which negotiations continue – join the EU. Negotiations have not yet started with Turkey, and Croatia has submitted an application. The evaluation of the Dutch policy concerning the accession of Central European countries to the EU should allow us to draw important lessons for our relations with the new Member States, including any post-accession aid, and for any reorientation as regards ongoing and future accession processes. This can be regarded as the functional aim of this evaluation.

The following key questions will be addressed during this evaluation:

1. What coherence is there between the Dutch policy on the accession of Central European countries, our bilateral relations with those countries and the pre-accession aid supplied by the Netherlands?
2. How effective has the policy been? In other words, to what degree has the Netherlands helped the candidate Member States adopt and implement the *acquis communautaire* and strengthened its relations with those countries?
3. How efficiently has the policy been implemented? In other words, how do the results relate to the costs and the resources deployed?

1. Coherence

The policy itself clearly states the need for coherence between the four channels of policy and the actors associated with them (multilateral and bilateral policy, policy on accession aid and the policy of individual ministries). A key element of this evaluation will therefore be the assessment of coherence in policy and its implementation. A number of indicators will be used. They have largely been drawn from the policy documents themselves, and concern:

- The number and substance of references to other policy channels in the policy documents.
- Information on decision-making in the EU regarding accession and changes to Dutch policy in response to these decisions.
- The form and frequency of consultations within and between ministries on matters related to enlargement.
- Co-ordination procedures and compliance with them.
- Ministry of Foreign Affairs co-ordination activities and the Ministry's actual input.
- Regular exchange of general information between the main Dutch actors concerned with accession.

2. Effectiveness

The assessment of the effectiveness of policy will focus mainly on bilateral policy on enlargement, including pre-accession aid, and will be concerned with the degree to which the results of activities have helped achieve the specified policy objectives. Appendix 1 contains an evaluation matrix of indicators for pre-accession activities and their outputs and effects. The decision-making on the accession of ten new Member States is more or less complete, a signal that a judgement has been made as to their ability to meet the requirement that they adopt and implement the *acquis* in 2004. However, the debate on the safeguard clauses continues, and this indicates the extent to which problems remain with the adoption and implementation of the *acquis*.

It is no simple matter to determine in retrospect what contribution the Netherlands has made to the accession process with its support for pre-accession activities. After all, it is not easy to distinguish the Netherlands' efforts from those of the many other donors, particularly the EU itself. To assess the Netherlands' contribution to the adoption and implementation of the *acquis*, attention will first be focused on the effectiveness of the activities. In other words: were pre-accession activities geared to problems the European Commission (in the *Avis* and progress reports) and/or the governments of the candidate Member States (*National Plans for the Adoption of the Acquis*, and their response to the progress reports) regarded as priorities at that particular point in time? After the relevance of the activities has been assessed, the effects of the Dutch effort on the accession process can be evaluated (see evaluation matrix in appendix 1).

The evaluation matrix also contains indicators of effects related to the second policy objective – the strengthening of bilateral relations.

The matrix does not include any indicators of impact, as it is too early to assess this. However, the study will consider whether impact indicators can be identified so that it can be measured in two or three years' time. The present evaluation could then serve as a baseline measurement.

3. *Efficiency*

The assessment of efficiency will focus on the degree to which the results achieved are proportionate to the costs of the resources chosen, and particularly the way in which they were deployed. It will consider the choice of pre-accession programmes, the management of these programmes, and co-ordination between them, and between bilateral and Community pre-accession programmes.

4. **Scope and representativeness**

The preliminary study showed that there is no shortage of written material about enlargement. This, and the plethora of information available, mean that the scope of the evaluation has to be clearly defined. Its added value must therefore lie in increasing knowledge and understanding, with a focus on the Dutch perspective.

There are various ways of defining the scope of an evaluation. The first explicit choice was *not* to restrict the evaluation to one area of policy, but in fact to study the multilateral and bilateral aspects of policy *in conjunction with* pre-accession aid. At the same time the choice has been made to study all four policy channels and their coherence, while *no* separate analysis will be made of the course of the negotiation process within the European Union and the Dutch position in these negotiations. After all, these negotiations take place in another arena - that of the current EU15 - and these negotiations do not directly concern the Dutch relations with the new Member States. Yet, the key questions concerning coherence, effectiveness and efficiency can only be answered if they are placed within the wider context of the outcomes of the negotiations and the Dutch positions in these negotiations. In short, the outcomes of the negotiations will serve as the framework for the answering of the key questions, while the negotiation process itself within the European Union will be left out of consideration. The scope of the evaluation has furthermore been limited in other ways: time period, countries, sectors and pre-accession programmes.

Period

Although the accession process officially began in 1993, when the Copenhagen criteria were laid down, it was not until 1997 that further steps were taken towards launching accession negotiations with a small number of candidate Member States. The evaluation will therefore focus on the period from 1997 (when the Luxembourg European Council took the decision to start negotiations with six candidate Member States) to 2002 (when the Copenhagen European Council decided that ten new Member States should accede in May 2004). Developments prior to 1997 and new developments in 2003 will of course be mentioned where relevant.

Countries

The selection of countries for field studies was based on a number of considerations. Negotiations have been held with twelve countries in recent years – ten countries in Central Europe, Cyprus and Malta. Dutch policy on Cyprus and Malta has clearly been less intensive than that on Central Europe. Cyprus and Malta have received no bilateral pre-accession aid, for example. These two countries will not, therefore, be included in the evaluation. The two countries with which negotiations have not yet started (Turkey and Croatia) will also be excluded. The choice of countries in which to conduct a field study was made from the remaining ten, based on the following criteria:

- a balanced representation of countries with which negotiations were launched at different times – the Luxembourg six from 1997 and the Helsinki six from 1999. Without Cyprus and Malta, only five remain from each group;
- a balanced representation of countries with different economic backgrounds and performances (with per capita GNP, economic growth and unemployment as indicators);
- a balanced selection of small and large countries (with population as indicator);
- at least one country with which negotiations have started but which will not join in May 2004 (Romania or Bulgaria);
- a preference for countries with which the Netherlands has close cooperative ties in several areas and/or on specific themes (with partnerships, and number of MPAP, PSO-PA and Phare Twinning projects as indicators) and/or where IOB has carried out previous evaluations;
- a balanced selection of countries with which negotiations progressed differently (with rate at which chapters opened and closed, and transitional arrangements as indicators);
- the opinion of stakeholders (policy departments and/or individual ministries).

The following four countries were selected on the basis of these criteria (see appendix 2):

- *Poland*, one of the Luxembourg six, the largest country acceding to the EU, mediocre economic performance, special cooperative ties with the Netherlands via the Utrecht Conference, fairly difficult negotiation process.
- *Hungary*, also one of the Luxembourg six, fairly good economic performance, medium-sized in relation to the other candidate Member States, previous field study as part of the IOB Matra evaluation, smooth negotiation process.
- *Lithuania*, one of the Helsinki six, mediocre economic starting position, reasonably good progress with negotiations, most populous of the Baltic states, preferred by stakeholders.

- *Romania*, one of the Helsinki six, will not join in 2004, poorly performing economy, very difficult negotiation process, preferred by stakeholders.

Strangely enough, the 'close cooperative ties with the Netherlands' criterion had little bearing on the choice, except in the case of Poland, as a result of the Utrecht Conference. A number of projects are being carried out in all the countries, and there are no country priorities in the bilateral programmes. There is therefore little variation in the distribution of bilateral pre-accession activities among the ten countries. In several cases stakeholder preference and previous IOB evaluations therefore determined the choice between virtually equally eligible countries (Hungary or the Czech Republic, Lithuania or Latvia, Romania or Bulgaria).

Areas/sectors

Given the huge range of subjects covered by the negotiations, as illustrated by the 31 chapters in the *acquis*, two areas or sectors have been selected for further analysis in the four country studies. These are the Common Agricultural Policy (CAP) and Justice and Home Affairs (JHA). The CAP is an important part of the *acquis* on which the Netherlands has very definite views, and has also been the subject of many pre-accession projects. JHA gained more and more importance during the negotiations, and new *acquis* has also been created in this area. Both agriculture and justice and home affairs are suitable for further analysis in each of the four countries selected. The possibility of adding one more sector to each of the country studies is being considered.

Pre-accession programmes

The final narrowing down involves the selection of pre-accession programmes that can be evaluated separately and in more depth. Given the scale and diversity of these programmes (not so much in financial terms, more in terms of the number of activities in different countries and sectors), it will not be possible to examine them all in detail. The two biggest MPAP and PSO PA programmes are currently the subject of a joint evaluation under the direction of an independent supervisory committee on which IOB is represented. This initiative runs parallel to this IOB evaluation of the Netherlands' role in the enlargement of the EU, but could be effectively tied in with it. IOB will therefore use the findings of these programme evaluations. The two other evaluations of Matra programmes – PUA and GST – are not of immediate importance to the research questions, given the scale and significance of these programmes. The fact that both these evaluations were undertaken for other reasons does not, however, mean that they cannot provide input for the IOB evaluation. These three programme evaluations together cover 85% of expenditure on bilateral pre-accession activities.

The Netherlands has also provided substantial input to the Phare Twinning programme. For IOB to conduct a separate evaluation of the effectiveness and efficiency of this input would be problematic not only in methodological terms, it would also be beyond its mandate. However, it will be considered in the assessment of whether policy and policy implementation have been coherent.

Representativeness

The area to be studied is huge, and the design of the study combines a broad-ranging consideration of policy with more in-depth field studies. It has been decided that the in-depth studies should be systematically narrowed down to a particular time (1997-2002), and to four countries, two sectors and a number of specific programmes. This combination of broad-ranging and in-depth studies, which will be examined in more

detail in the next section, gives a sufficiently representative view of the object of the evaluation to be able to address the research questions.

5. Strategy and phasing

Three studies are planned, combining an analysis of policy and the negotiations with in-depth studies designed to provide an actual insight into the implementation of policy and the results achieved. The first will look at Dutch policy and the accession negotiations, outlining the context for the implementation of policy and providing hypotheses that will be examined further in the implementation studies. The other two studies will look at the implementation process from two different perspectives: the country and the programme. The table below shows which of the studies will address the key questions outlined above.

Study → Key issue	Analysis of policy and negotiations	Country studies	Programme evaluations
1. Coherence	X	X	---
2. Effectiveness		X	X
3. Efficiency		X	X

The table shows that each of the key questions will be addressed on the basis of the findings of at least two studies. In only one case will a key issue explicitly be overlooked in one of the studies; the programme evaluations will not look at the issue of coherence. The table does not indicate the more indirect relationships between the studies and the key issues. For example, it will be possible to assess effectiveness and efficiency as part of the country studies only on the basis of the analysis of multilateral and bilateral policy. These links will become apparent when the studies are planned in more detail. The final report will of course elaborate on the links between the findings of the studies.

Study 1: Analysis of policy and accession negotiations

This study consists of a policy analysis of the four policy channels described before. The main issue examined here will be coherence, though the study will also provide material for the assessment of effectiveness and efficiency in the country studies (study 2) and the programme evaluations (study 3).

The study will take the form of a retrospective process evaluation, examining the coherence between multilateral policy, bilateral policy, policy on accession aid and the policy of the individual ministries concerning accession. It will therefore look not only at the different elements of policy, but also, and more especially, at the methods applied, including the way in which the Ministry of Foreign Affairs played its co-ordinating role. The reconstruction of the policy will also set out the main assumptions underlying policy so that they can be verified in the country studies and, to some extent, in the programme evaluations. This study also involves a reconstruction of the intervention logic of the pre-accession instruments.

The methodology will be as follows:

- Analysis of bilateral policy on acceding countries, including priorities in terms of countries, themes and/or sectors and interaction between the ministries;
- Analysis of policy on pre-accession aid, with a reconstruction of the intervention logic;

- Analysis of multilateral policy and interaction between ministries.
- Institutional analysis;
- Compilation of a database on pre-accession activities for the selected countries and for the selected sectors or themes;
- Formulation of hypotheses to be tested in interviews conducted in the Netherlands and during field studies.

Study 2: Four country studies

The table shows that the country studies are key to the study design, because they will provide a partial answer to the three main questions to be addressed in the evaluation. Each of the four studies – in Hungary, Lithuania, Poland and Romania – will follow roughly the same pattern. The country studies will focus particularly on coherence in the implementation of multilateral EU policy, bilateral relations and pre-accession aid policy. They will be based on insights and information acquired during the first, policy-oriented study and will test the hypotheses formulated. To this end, against the background of the outcomes of the negotiations, the process of policy implementation and interaction between the actors will be examined for each of the four selected countries. The focus will be on the candidate Member States' perception of the Dutch position in the negotiations, the policy pursued by the Netherlands and pre-accession aid. There will be a more specific focus on agriculture, justice and home affairs and a third sector to be chosen specifically for each country. IOB will draw up specific terms of reference for each country study.

The four country studies will consider the following:

- Inventarisation of the outcomes of the accession negotiations and relevant European decision making. The focus will be on the system of opening and closing the various 'negotiation chapters', in general and for each of the four countries. There will also be made an inventory of specific Dutch positions concerning certain chapters, which can be derived from Dutch multilateral policy;
- The progress of the accession negotiations with the country in question, from the perspective of the candidate Member State;
- Bilateral contacts in connection with accession (e.g. reciprocal visits by ministers, conferences, regular meetings);
- Pre-accession activities with Dutch input (both bilateral projects and Phare Twinning projects run by the Netherlands).

Given the diversity and generally limited scale of pre-accession activities, it will not be possible to fully assess their effectiveness in this study. They will therefore be examined from a thematic perspective (CAP, JHA and a third sector), which will limit the scope of the assessment of their effectiveness and efficiency. Particular attention will be given to typical bilateral activities such as partnerships (Utrecht Conference with Poland, thematic partnerships with Hungary). In terms of the effectiveness of policy, the focus will be on the extent to which the various activities have helped build up bilateral contacts that will benefit European decision-making and coalition-forming in the enlarged EU. The study will also look at the extent to which the activities really have helped the candidate Member States adopt and implement the *acquis*. The evaluation matrix in appendix 1 contains indicators for measuring such effects. The third study will assess the overall effectiveness of selected pre-accession programmes.

Study 3: Programme evaluations

The design of the country studies means it will not be possible to assess the effectiveness and efficiency of the various programmes for pre-accession aid in a sufficiently representative way. A separate programme evaluation would be desirable, certainly for the biggest of the pre-accession programmes (MPAP and PSO PA), to allow the issues of effectiveness (particularly their contribution to the adoption and implementation of the *acquis*, see evaluation matrix) and efficiency to be thoroughly addressed. Three separate programme evaluations are planned, covering five bilateral pre-accession programmes mentioned above:

- A joint decentralised evaluation of the Matra Pre-Accession Projects programme (MPAP) and the PSO pre-accession instruments (PSO PA and PSO short).
- A decentralised evaluation of the Matra Advisory Missions to Governments programme (PUA).
- A central IOB evaluation of the GST programme.

IOB will be involved in the first two in an advisory capacity. This will allow it to co-ordinate the decentralised evaluations with its own policy evaluations. The programme evaluations will also be based on the evaluation matrix in appendix 1. One methodological complication lies in the fact that a number of Matra pre-accession programmes such as PUA and GST have a broad objective – to promote good governance and transformation (in both central and local government), including institutional capacity-building and the adoption and implementation of the *acquis communautaire*. The programme evaluations will be based on this broad objective, but this IOB evaluation will be limited to the objectives more specifically connected with pre-accession.

6. Organisation

IOB-evaluator Anneke Slob will be responsible for designing the study, supervising its implementation and producing the final report. Together with Anneke Slob, IOB-evaluator Gerard van der Zwan and research assistants Merel Wielinga and Bas Limonard will form the core team for this evaluation.

Researchers from the selected countries will be taken on for the four country studies. Along with the Dutch researchers, they will bear joint responsibility for the analyses at country level.

A reference group of external experts and stakeholders, representing Ministry of Foreign Affairs policy departments and other ministries, will meet several times to monitor the progress of the evaluation and comment on the draft final report. The members have already provided comments on the draft terms of reference.

7. Products

The final report, incorporating the results of all the individual studies, will be submitted to parliament in accordance with the usual procedures.

The individual studies themselves will culminate in interim reports: policy analysis and four country studies, that might be published as an IOB working document.

If there is sufficient response to the publication of the report, IOB will organise a workshop to explain its findings.

8. Planning

IOB aims to publish the final report of this evaluation before the new members actually accede on 1 May 2004. This is a fairly ambitious target and whether it is achieved will depend to some extent on other actors. The third individual study is to comprise two decentral programme evaluations, whereby IOB will be responsible for monitoring quality. The most important of these – the evaluation of MPAP and PSO PA – has already been delayed, and it is unclear when the results will be available. If the programme evaluations experience further delay, and additional research becomes necessary to guarantee sufficient quality, IOB might consider producing a working document on policy analysis before May 2004. The publication of the full final report would then have to take place later in 2004 according to a revised timetable.

The current timetable is as follows:

	July 03	Aug. 03	Sept. 03	Oct. 03	Nov. 03	Dec. 03	Jan. 04	Feb. 04	Mar 04	April 04
TOR	X									
Study 1 Analysis of policy and negotiations	xxx	xxxX policy	xxxxx	xxxxx	xxxX					
Study 2 Poland			xx	xxxxx	X					
Study 2 Hungary		xx	xxxxx	X						
Study 2 Lithuania					xxxxx	xxX				
Study 2 Romania				xx	xxxxx	X				
Study 3 Programme evaluations	xxx	xxxxx	xxxxx	xxxX GST ?	xxxX PUA ?	xxxxx	X PSO and MPA P?			
Final report						xxxxx	xxxxx xx	X draft		X final
Reference group						x		x		

X Document: TOR, interim or final report
 x implementation of research activity

Appendix 1. Evaluation matrix for assessment of pre-accession activities in studies 2 and 3

	Type	Indicator	Methods and sources
Activities	Experts for long and short term, secondments, training, internships, workshops, courses, conferences	Number and duration of activities, number of participants	Desk study, database of Dutch pre-accession activities (MIDAS)
Outputs	Transfer of knowledge on adoption and implementation of <i>acquis</i>	Workshops and conferences: agenda, quality and participation, focus on <i>acquis</i> Courses: type, content and participation, focus on <i>acquis</i> Experts: length of secondment, job description, expertise, recipient organisation Internships: background of interns, content of internship and recipient organisation, focus on <i>acquis</i> Courses, publications: content, standard, focus on <i>acquis</i>	Desk study Interviews
Effects	Positive impact on accession process Intensification of bilateral contacts	New legislation: adoption of <i>acquis</i> Enhancing capacity to implement <i>acquis</i> : <ul style="list-style-type: none"> - Knowledge/advice translated into plans of action; - Commission progress reports: identified improvements in implementation; - References to Dutch recommendations in reports and documents; - Contribution to functioning of new institutions; - Improvements in working methods of existing institutions Contact/consultation with NL on specific accession issues raised during negotiations Contact/consultation with NL on decisions concerning future of Europe and constitution (IGC etc.) Contact/consultations with NL on future operations of candidate Member States in Brussels Participation in international knowledge network	Desk study Interviews
Impact	Functioning of candidate Member States as fully-fledged Member States and functional bilateral relations comparable to those with other Member States	None Possible identification of impact indicators that can be used in a follow-up study in 2-3 years, with this evaluation as baseline measurement	

Appendix 2. Indicators for choice of countries

	Bulgaria	Estonia	Hungary	Latvia	Lithuania
Inhabitants (millions) ¹	8.2	1.4	10.0	2.4	3.7
Per capita GNP 2000 ¹	€ 1600	€ 3800	€ 5000	€ 3300	€ 3300
Econ. Growth (% , 2001) ²	4	5.4	3.2 (2002)	7.6	5.5 (2002)
Unemployment (% , 2001) ²	17	12.6	5.8 (2002)	7.7	11 (2002)
Start of negotiations	Helsinki 1999	Luxembourg 1997	Luxembourg 1997	Helsinki 1999	Helsinki 1999
Accession	January 2007?	May 2004	May 2004	May 2004	May 2004
Progress of negotiations ³	-	+	++	+	-/+
No. of MPAP projects ⁴	8	6	9	3	6
No. of PSO PA projects ⁵	7 (+1)	9	7 (+1)	6 (+1)	7(+2)
Country study for evaluation of MPAP and PSO PA	yes	yes	no	no	no
No. of Phare Twinning projects with Dutch involvement ⁶	8 (5)	5 (4)	12 (6)	2 (2)	4 (3)

	Poland	Romania	Slovenia	Slovakia	Czech Rep.
Inhabitants (millions) ¹	38.6	22.4	2.0	5.4	10.3
Per capita GNP 2000 ¹	€ 4400	€ 1800	€ 9800	€ 3900	€ 5400
Econ. Growth (% , 2001) ²	1.1	4.4	3.1 (2002)	3.3	3.6
Unemployment (% , 2001) ²	16	6.6	11.5 (2002)	18.6	8.5
Start of negotiations	Luxembourg 1997	Helsinki 1999	Luxembourg 1997	Helsinki 1999	Luxembourg 1997
Accession	May 2004	January 2007?	May 2004	May 2004	May 2004
Progress of negotiations ³	+/-	-	++	-/+	+
No. of MPAP projects ⁴	8	5	4	10	5
No. of PSO PA projects ⁵	11 (+1)	6 (+1)	8 (+2)	9 (+1)	7
Country study for evaluation of MPAP and PSO PA	no	no	no	yes	no
No. of Phare Twinning projects with Dutch involvement ⁶	20 (11)	13 (6)	5 (3)	8 (6)	13 (9)

1 Data from WRR, *CEE Countries on the Way to the Eurozone*, 2002.

2 Data from Ministry of Foreign Affairs website, country files.

3 Preliminary IOB analysis based on quick scan of files.

4 Number of Matra pre-accession projects (MPAP) 1999-2002.

5 Number of PSO PA projects 1999-2002, with number of Ministry of Housing, Spatial Planning and the Environment pre-accession projects developed in 2002 in brackets

6 Number of Phare Twinning projects 1999-2002 with Dutch involvement, at 22 January 2003, with number of projects where the Netherlands is leading partner in brackets (no short-termers included).

ANNEX 3 TERMS OF REFERENCE HUNGARY

IOB - Evaluation of the Dutch Policy concerning the Accession of Countries from Central Europe to the European Union Terms of Reference for the Country Study Hungary

September 2003

Background

The design for the overall evaluation is presented in the general Terms of Reference. Four country case studies are planned for which specific Terms of Reference will be drawn. This document contains the Terms of Reference for the country study Hungary. The general Terms of Reference are attached in Annex 2 and form an integral part of this document.

Design of the country study

The country studies will seek to provide an answer to the three main research questions to be addressed on coherence, effectiveness and efficiency. Three sectors in each country are selected in order to answer these research questions. In Hungary the following sectors have been selected:

- Agriculture;
- Justice and Home Affairs (JHA);
- Social Affairs.

Next to the general overview of the Hungarian accession process and an overview of Dutch policy and the Dutch-Hungarian bilateral relations, for each sector the Dutch supported pre-accession activities in Hungary will be listed and a selection of these activities will be assessed in detail. An overview of Dutch supported pre-accession activities is provided in Annex 8.

Approach

A joint Dutch-Hungarian team of independent evaluators will carry out the evaluation. The country case study will start with preparatory research in the Netherlands and in Hungary. At the start of the field research all information will be put together, hypotheses for the field research will be formulated and the methodology will be elaborated in detail. On the basis of the preparatory reports and the results of the joint mission a concise case study report will be prepared and submitted for comments to the main stakeholders. During all phases of the research communication and interaction with the stakeholders are the key to a successful outcome of the evaluation.

Research activities

Preparations in the Netherlands

IOB/Dutch researchers:

- Provide a general overview of the Dutch policy concerning EU-enlargement including hypotheses to be tested during field research;

- Provide an overview of major developments in the bilateral relation (list important Dutch political visits to Hungary and vice-versa during the period 1997-2002, partnerships, etc.);
- Provide an overview of Dutch pre-accession activities and projects in Hungary in the three selected sectors (see Annex 8);
- Make a preliminary analysis of selected activities to be included in the evaluation (project fiche for each of the selected activities);
- Hold interviews with main stakeholders in the Netherlands (Ministries, Hungarian Embassy);
- Hold interviews with pre-accession programme and project contractors.

Preparations in Hungary

IOB:

- Make a preparatory visit to select Hungarian researchers and to discuss the research with the Embassy.

Hungarian researchers:

- Provide an overview of the main issues in the Hungarian accession negotiations from the Hungarian perspective (approximately 5 pages);
- For each of the selected sectors: provide an overview of the main accession issues for Hungary in the chapters concerned (approximately 5 pages for each sector);
- Provide an overview of general pre-accession support to Hungary by the European Union and the most important EU Member States in order to assess the importance of the Dutch contribution;
- For each of the selected sectors: list the contribution of the EU and EU member states to Hungary's preparation for accession.

Joint field research IOB/Dutch researchers and Hungarian researchers:

- Hold a workshop for all researchers to discuss results of preparations and formulate hypotheses to be tested during final research; elaborate methodology in detail;
- Hold interviews with Dutch Embassy;
- Hold interviews with PMO, MFA, Ministry of Justice, Ministry of Interior, Ministry of Agriculture, Ministry of Labour and Employment
- Hold interviews with PAA's a.o.;
- Hold interviews with delegation of the EU and representatives of other member states;
- Hold interviews with research persons;
- Debriefing at the end of the mission at the Embassy.

Report

At the end of the research a country case study report for Hungary (approx. 40 pages) will be made by the research team and submitted to the main stakeholders and the reference group for comments.

Organisation and responsibilities

IOB bears the overall responsibility for the evaluation. Anneke Slob, IOB-evaluator, co-ordinates the evaluation, including the Hungary case study. The Dutch core team for the evaluation is involved in the preparations in the Netherlands. Also Hungarian researchers have been contracted to participate in the research: for the Agriculture

sector Dr. Judit Kiss, for general accession issues and Justice and Home Affairs Mr. István Tussai and for Social Affairs Mr. Péter Cseri.

Planning

Preparations will take place during the period August-September 2002. The preparatory visit to Hungary by Anneke Slob has taken place in the period 8 to 11 September 2003. The joint field research will take place from 8 to 12 October 2003.

ANNEX 4 SURVEY OF THE ACCESSION NEGOTIATIONS

Chapters	opened	Provisionally closed (all chapters were finally closed in December 2002)	transitional arrangements
1. free movement of goods	June 1999	May 2001	None
2. freedom of movement for persons	May 2000	June 2001	One, of 5 or 7 years, requested by the EU for all candidates except for Cyprus and Malta
3. freedom to provide services	July 1999	February 2001	Exclusion of 2 specialised banks; lower level of investor compensation until end 2007
4. free movement of capital	autumn 1999	Spring 2001	- a 5 year transitional period for the acquisition of secondary residences, excluding EEA citizens who have resided at least for 4 years in Hungary from the scope - a 7 year transitional period for the acquisition of agricultural and forestry land, excluding self employed farmers who have been residing for 3 years and active in farming from the scope. Possibility to extend this transitional period by 3 years if Hungary invokes safeguard clause.
5. company law	September 1998	June 2001	Hungary has accepted the EU's proposal on pharmaceutical products and Community Trademark
6. competition policy	May 1999	December 2002	- Phase-out of incompatible fiscal aid for SMEs by the end of 2011; - Conversion of incompatible fiscal aid for large companies into regional investment aid; the aid will be limited to a maximum of 75% of the eligible investment costs if the company started the investment under the scheme before 1 January 2000, and to 50% if the company started the investment after 1 January 2000; in the motor vehicle industry the aid is further limited; - Phase-out of incompatible fiscal aid for off-shore companies by the end of 2005 - Phase-out of incompatible fiscal aid granted by local authorities by the end of 2007
7. agriculture	June 2000	December 2002	Several transitional

			arrangements regarding the financial and market related aspects and the veterinary and phytosanitary aspects of agriculture are provided for for all candidates.
8. fisheries	April 1999	April 1999	None
9. transport	November 1999	December 2001	- gradual increase of axle-load limits on national road network - access of non-resident hauliers to the national road transport market of other Member States to be phased in gradually - access to Hungarian rail market to be phased in gradually - phasing out the operation of noisy aircraft from third countries
10. taxation	November 1999	June 2001	- Reduced VAT rate on heating until 31 December 2007. - Turnover threshold to exempt SMEs from VAT set at € 35 000 - Reduced VAT rate on electricity, gas for one year after accession - Reduced VAT rate on restaurants until 31 December 2007. - VAT exemption on international passenger transport - Special excise regime for fruit growers' distillation for personal consumption - Lower excise duty rate on cigarettes until 31 December 2008
11. economic and monetary union	first half of 1999	End of 1999	None
12. statistics	March 1999	June 1999	None
13. employment and social policy	September 1999	November 2000	None
14. energy	Second half of 1999	Second half of 2000	None
15. industrial policy	Second half of 1998	First half of 1999	None
16. small and medium sized enterprises	October 1998	November 1998	None
17. science and research	Second half of 1998	October 1998	None
18. education and training	Second half of 1998	October 1998	None
19. telecommunications IT and postal services	October 1998	May 2000	None
20. culture and audio-visual policy	November 1998	July 2002	None
21. regional policy and co-ordination of	April 2000	July 2002	-

structural instruments			
22. environment	December 1999	June 2001	- recovery and recycling of packaging waste until 2005 - treatment of urban waste water until 2015 - air pollution from large combustion plants until 2004 - incineration of hazardous waste until 2005
23. consumer protection	April 1999	June 1999	None
24. justice and home affairs	May 2000	November 2001	None
25. customs union	May 1999	First half of 2001	- Hungary has been granted a three-year transitional period for the import of aluminium, not alloyed (CN Code 7601 10 00), with a progressive schedule of implementation involving a decreasing import quota and an increasing <i>ad valorem</i> duty: a quota of a maximum of 110 000 tonnes of aluminium not alloyed, at a rate of 2% <i>ad valorem</i> , during the first year; a quota of a maximum of 70 000 tonnes of aluminium not alloyed, at a rate of 4% <i>ad valorem</i> , during the second year; a quota of a maximum of 20 000 tonnes of aluminium not alloyed, at a rate of 4% <i>ad valorem</i> , during the third year.
26. external relations	first half of 1999	Second half of 2000	None
27. common foreign and security policy	first half of 1998	First half of 2000	None
28. financial control	first half of 2000	First half of 2000	None
29. finance and budgetary provisions	first half of 2000	December 2002	-
30. institutions	first half of 2002	December 2002	Transitional arrangements relating to the Parliament and Council
31. others	-	December 2002	-

ANNEX 5 OVERVIEW OF BILATERAL POLITICAL VISITS

30-01-1997	Visit by Hungarian Prime Minister to the Netherlands
12/13-01-1997	Visit by Dutch Minister of Social Affairs and Employment to Hungarian to Hungary
24/25-02-1998	Visit by Hungarian Minister of Transport to the Netherlands
08-05-1998	Visit by Hungarian State Secretary of Defence to The Netherlands
09-11-1998	Visit by Hungarian Minister of Transport, Telecom and Water Management to The Netherlands
02-11-1998	Visit by Hungarian Minister of Home Affairs to The Netherlands
1999	Visit by Dutch State Secretary of Agriculture to Hungary
1999	Visit by Dutch standing parliamentary committee on Agriculture to Hungary
1999	Visit by Hungarian Minister of Agriculture and Regional Development
02/04-02-1999	Visit by Dutch Minister of Foreign Affairs to Hungary
16/17-03-1999	Visit by Dutch State Secretary of Economic Affairs to Hungary
01/03-06-1999	Visit by Dutch Minister of Defence to Hungary
06/07-07-1999	Visit by Dutch State Secretary of European Affairs to Hungary
09-12-1999	Visit by Dutch Minister of Home Affairs to Hungary
13/14-12-1999	Visit by Dutch Minister of Justice to Hungary
13/14-01-2000	Visit by Dutch Minister of Transport and Water Management to Hungary
06/09-02-2000	Visit by Dutch Minister of Transport and Water Management to Hungary
08-05-2000	Visit by Dutch Minister of Foreign Affairs to Hungary
15-05-2000	Visit by Dutch Prime Minister and State Secretary of European Affairs to Hungary
20/22-08-2000	Visit by Dutch Minister of Agriculture, Nature and Fisheries to Hungary
03-09-2000	Visit by Dutch Minister of Health, Welfare and Sport to Hungary
08/09-10-2000	Visit by Dutch State Secretary of Transport and Water Management to Hungary
08/10-11-2000	Visit by Dutch State Secretary of Defence to Hungary
2001	Visit by Dutch State Secretary of Transport and Water Management to Hungary
2001	Visit by Dutch State Secretary Agriculture, Nature and Fisheries to Hungary
2001	Visit by Dutch Minister of Foreign Affairs to Hungary
06-03-2001	Visit by Hungarian Minister of Economic Affairs to The Netherlands
03-2001	Visit by Dutch standing parliamentary Committee on Health Care to Hungary
20-03-2001	Visit by Hungarian Minister of Foreign Affairs to The Netherlands
21-05-2001	Visit by Dutch Minister of Finance to Hungary
22/23-05-2001	Visit by Hungarian Prime Minister to The Netherlands
15/16-10-2001	Visit by Dutch Minister of Economic Affairs to Hungary
2002	Visit by Dutch State Secretary of Agriculture to Hungary
20-02-2002	Visit by Hungarian Prime Minister en Head of negotiations to The Netherlands
25/28-02-2002	Visit by Dutch Minister and State Secretary of Agriculture, Nature and Fisheries to Hungary (conference on Food safety and Bio-diversity)
01/03-10-2002	Visit by Hungarian Minister of Agriculture and Regional Development to the Netherlands
26/26-11-2002	Visit by Dutch State Secretary for European affairs to Hungary
07-04-2003	Visit by Dutch Minister of Foreign Affairs to Hungary
28/29-10-2003	Visit by Dutch Prime Minister and State Secretary of European affairs to Hungary

Source: Netherlands Ministry of Foreign Affairs

ANNEX 6 OVERVIEW OF MPAP AND PSO PA PROJECT PROPOSALS 1998-2003

Project identification MPAP, 1999-2003

	Agriculture	Home Affairs	Justice	Education	Environment and Water	Water and Transportation	Youth, Children and Sport	Health	Social and Family Affairs	Culture	Foreign Affairs	Office of the Prime Minister	Other	TOTAL
1999														
proposals	1	-	1	-	-	1	-	1	1	-	-	-	1	6*
accepted	1	-	1	-	-	-	-	-	-	-	-	-	-	2
rejected	-	-	-	-	-	1	-	1	1	-	-	-	1	4
2000														
proposals	-	-	-	1	1	1	-	1	-	-	-	-	1	5
accepted	-	-	-	-	1	1	-	1	-	-	-	-	-	3
rejected	-	-	-	1	-	-	-	-	-	-	-	-	1	2
2001														
proposals	1	1	-	-	1	-	1	2	-	3	2	-	-	11
accepted	1	-	-	-	-	-	-	1	-	-	-	-	-	2
rejected	-	1	-	-	1	-	1	1	-	3	2	-	-	9
2002														
proposals	4	2	1	-	1	1	-	1	-	-	-	1	-	11
accepted	2	1	-	-	-	-	-	-	-	-	-	-	-	3
rejected	2	1	1	-	1	1	-	1	-	-	-	1	-	8
2003														
proposals	1	5	-	-	1	-	2	-	-	-	-	-	1	10
accepted	-	1	-	-	-	-	1	-	-	-	-	-	1	3
rejected	1	4	-	-	1	-	1	-	-	-	-	-	-	7
TOTAL														
Proposals	7	8	2	1	4	3	3	5	1	3	2	1	2	43
Accepted	4	2	1	-	1	1	1	2	-	-	-	-	1	13
Rejected	3	6	1	1	3	2	2	3	1	3	2	1	1	30

*In 1999 22 project proposals were submitted, but in a pre-selection phase 16 projects were transferred to other PA-programmes.

Project identification PSO PA, 1999-2003

	Agriculture	Economic Affairs	Transportation and Water	Environment and Water	Finance	Information and Communication	Other	TOTAL
1999								
proposals	1	1	1	-	-	-	1	4*
accepted	1	-	-	-	-	-	-	1
rejected	-	1	1	-	-	-	1	3
2000								
proposals	3	1	-	-	-	-	1	5
accepted	1	-	-	-	-	-	1	2
rejected	2	1	-	-	-	-	-	3
2001								
proposals	3	1	8	-	5	-	1	18
accepted	1	-	-	-	-	-	-	1
rejected	2	1	8	-	5	-	1	17
2002								
proposals	-	1	3	-	4	-	-	8
accepted	-	1	1	-	-	-	-	2
rejected	-	-	2	-	4	-	-	6
2003								
proposals	-	1	-	2	1	1	-	5
accepted	-	-	-	2	-	-	-	2
rejected	-	1	-	-	1	1	-	3
TOTAL								
Proposals	7	5	12	2	10	1	3	40
Accepted	3	1	1	2	-	-	-	8
Rejected	4	4	11	-	10	1	3	32

*In 1999 19 project proposals were submitted, but in a pre-selection phase 15 projects were transferred to other PA-programmes

Annex 7 OVERVIEW OF PHARE TWINNING PROJECTS WITH DUTCH PARTICIPATION 1998-2003

Phare Twinning projects in Hungary in all sectors with the Netherlands as leading/junior partner

	Agriculture	Fisheries	Health and consumer protection	environment	Regional development	Justice and home affairs	Employment and social affairs	Taxation and customs union	Internal Market	Audit and control	Competition	Public expenditure management projects	Statistics	Enterprise	Telecommunication	Transport and energy	Public administrative reform	Total
1998 leading junior	- -	- -	- -	- -	- -	- 2	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- 2
1999 leading junior	- -	- -	- -	- -	- -	- 1	1 -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	1 1
2000 leading junior	- -	- -	- 1	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- 1
2001 leading junior	- 1	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- 1
2002 leading junior	2 1	- -	1 -	- -	- -	1 -	1 -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	5 1
2003 leading junior	- -	- -	- -	- -	- -	- 1	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- 1
Total Leading Junior	2 2	- -	1 1	- -	- -	1 4	2 -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	6 7

ANNEX 8 LIST OF EVALUATED ACTIVITIES IN THE SELECTED SECTORS 1998-2003

In italics: Activities not included in the evaluation of effectiveness and efficiency

	AGRICULTURE	JUSTICE AND HOME AFFAIRS	SOCIAL AFFAIRS
Phare Twinning and horizontal (NL leading partner)	HU02/IB/AG-01/TL Sheep and goat registration HU02/IB/AG-01 Common market organisation procedures	Phare-horizontal: Rule of Law Synthetic drugs Anti Money Laundering Phare Twinning: Asylum and refugees (junior role, 1998) Fight against organised crime (junior role, 1998) Capacity improvement in the fields of fair and efficient refugee status determination, and reception and care/maintenance of asylum-seekers (junior role, 1999) Improving Prison Conditions for Better Resocialisation of Juvenile Offenders (Leading role, 2002)	HU99/IB/CO-01 Council regulation on the social security of migrant workers HU02/IB/SO-01 Human resources development in occupational safety and health
PSO PA	PSO99/HU/9/1 Identification and registration system for pigs PSO00/HU/9/1 Support to the Agricultural Intervention Centre PPA01/HU/9/1 Strengthening of the Hungarian fruit and vegetable sector		
MPAP	MAT01/HU/9/1 The practice of integrated rural development MAT02/HU/9/2	MAT99HU/9/2 Approximation of Civil Law legislation to EU-requirements MAT02/HU/9/3	

	Land consolidation	Integration of Refugees MAT03/HU9/1 New role and position of the Probation Service in Hungary 1 mission to the Hungarian Prison Service 2 missions to the Ministry of the Interior	
PUA	4 missions to MARD		
ADEPT	Chain Management in Agriculture: 4 Hungarian participants Food Safety First 8 Hungarian participants		Course 'Social Affairs and Employment' (2000, 2001 2x, 2002, 2003) including Hungarian participants
IMPACT			
Partnerships		JHA partnership 2002 with 12 themes of which three operationals: • Civil co-operation with Justice (1) • Crime prevention (12) • Prosecutors (5 and 6)	Seminar social dialogue, February 2001 Bilateral project social dialogue, 2001 High level meeting social dialogue, October 2003
DIP	2001: Hungarian delegation, conferences, courses and missions 1992-1998 PSO support to the cattle sector Matra, Structure planning in Pest county, 2000, DLG	Preparations Phare projects; -support Radio C (2002)	Preparations Phare Twinning etc.
Matra and PSO: economic and social transformation projects		<ul style="list-style-type: none"> • Training in human rights legislation (horizontal) • Promotion of human rights in Hung. Prisons, 2001, NHC • Professionalisation of Hungarian penitentiary service, 2001, NHC • Police partnership, 1989 • Human rights information centre, 1997, NHC • Strengthening of public administration, 2001, VNG • Quality control in local gvt., RADNAI, 2001 	<ul style="list-style-type: none"> • Training project for trade union representatives of transnational companies, 2002-2003, TIE • Setting up of social partnership and structure in the Hungarian road sector, 2001-2004, SPOET • preparing trade Union and workers councils within the confectionery industry in EE countries for further integration in the EU 2002-2003 • The introduction of part-time Labour in Hungary, 2001

ANNEX 9 PROJECT EVALUATION METHODOLOGY AND PRE-ACCESSION PROJECT EVALUATIONS

Methodology

Selection of Pre-accession Activities and Projects

For this country case study an overview of all pre-accession activities with Dutch involvement in the three policy sectors was compiled. This overview serves two purposes:

1. Insight in the concentration of policy instrument deployment in various sectors for the purpose of coherence analysis;
2. Selection of activities to assess effectiveness and efficiency.

The following criteria were applied for selection of pre-accession activities for the evaluation:

- Countries

Only activities in the four countries selected in the ToR.

- Sectors

Activities fitting in the sectors that were selected in the ToR as well as activities that go beyond and are focused on bilateral co-operation and/or the accession process in a more general sense.

- Suitability for evaluation in relation to the sub-programme

Minor activities such as certain internships (IMPACT programme) or two week courses (ADEPT programme) have not been evaluated, because measuring their effectiveness is virtually impossible. Phare twinning projects with Dutch participation have also not been evaluated, because this falls outside the mandate for IOB. For the evaluation three sub-programmes have been selected: MPAP, PSO PA and Partnerships (for Hungary only the first two).

- Finalised or nearly finalised activities

Activities just started or at their height of implementation did not qualify for selection.

For Hungary five projects (one MPAP and four PSO PA) have been assessed in terms of effectiveness and efficiency.

	<i>Agriculture</i>	<i>JHA</i>	<i>Social Affairs</i>	<i>General</i>
PSO PA	3	1	-	-
MPAP	1	-	-	-

Criteria en indicators

Appendix 1 of the ToR for the general study already contained an evaluation matrix with indicators to measure effects. These indicators are related to two policy objectives: contribution to the accession of candidate Member States and

strengthening bilateral relations. This matrix also forms the basis for evaluation. In the assessment of projects and partnerships, effectiveness of each policy objective has been measured using a four-point scale. Two points on this scale qualify as 'sufficiently effective' and two as 'insufficiently effective'. Initially the criterion of pre-accession relevance was also assessed. However, this partly coincided with the assessment of the policy objective concerning contribution to the accession process of the candidate member state. Consequently, projects not relevant for accession were considered 'not effective', even when objectives were realised.

Furthermore, for each project demand and supply conditions and possible overlap with other projects were checked. No scores were attached to these factors. Because of time and scale related problems it is not possible to assess the impact of the activities.

In the assessment the following definitions and scores were applied:

- Effectiveness A: Support to the accession process

In the evaluation matrix attached to the ToR several indicators are defined to measure contribution to the adoption and implementation of the acquis. Score 1 activities have visibly contributed to the adoption (e.g. new legislation) and/or their implementation (e.g. new institutions, better functioning of institutions). Score 2 activities have contributed to a lesser extent and follow up is necessary. Score 3 projects have contributed to a limited extent. Score 4 activities have not visibly contributed to this policy objective.

- Effectiveness B: Strengthening bilateral relations

Score 1 activities have clearly contributed to strengthening bilateral relations at government level, and concrete examples of the intensified relations are given. Score 2 projects are characterised by intensive dialogue between professionals of the two countries supported to some extent by their central government organisations. In score 3 projects central government organisations are not involved, although exchange between professionals of both countries may be quite intensive during and after the finalisation of the project. Score 4 projects have not led to professional or government contacts after finalisation of the project. Exchange of views between professionals remained limited to the project period.

- Efficiency

Also here a four-point scale has been applied. Indicators for efficiency of activities relate to planning (time and finance), costs and changes in the project team. Score 1 projects have been very efficient, i.e. no time delays have occurred, the outcome is reasonable in relation to the costs, technical assistance has been used in a flexible way, intermediate project results were clear and the project was well planned. Score 2 projects do also well on these indicators, but to a lesser extent. In Score 3 projects, some important efficiency problems have occurred related to one or more of the mentioned indicators (e.g. either time delays, technical assistance was not perceived to be flexible, the absorption

capacity of the recipient organisation was problematic, etc.). Score 4 projects show important problems on two or more efficiency indicators.

The Development of an Identification and Registration System for Pigs

PSO PA, Agricultural Sector

PROJECT SYNOPSIS

Project title	The development of an identification and registration system for pigs in Hungary
Programme	PSO PA
Project number	PSO99/HU/99/1
Budget and expenditures	NLG 896.403 (€ 407.000)
PA-objective	To assist Hungary in implementing and developing an I&R-system for pigs in order to meet EU-legislation requirements
Counterpart	Ministry of Agriculture and Rural Development (MARD)
Beneficiary	National Institute for Agricultural Quality Control (OMMI), Country Health Service for Animal Public Veterinary Service
Executing agencies	Research Institute for Animal Husbandry (Praktijkonderzoek Varkenshouderij, PV)
Duration	1 January 2000 – 31 December 2001
Overall-term objective	<ol style="list-style-type: none"> 1. To support Hungary in the implementation and development of an I&R system for pigs that meets EU-legislation; 2. To contribute to institutional enhancement of the Hungarian institutions responsible for the supervision on and management of an I&R-system for pigs; and 3. To improve co-operation between Dutch and Hungarian organisations within the pig-sector.
Short-term objectives	<ol style="list-style-type: none"> 1. To assist Hungary in implementing and developing an I&R-system for pigs meeting EU-legislation requirements; 2. To contribute to enhancement of Hungarian institutions responsible for the supervision and management of an I&R system for pigs; and 3. To improve co-operation between Dutch and Hungarian organisations within the pig sector.
Planned activities	<ol style="list-style-type: none"> 1. To carry out a pilot in the Csomgrád and in Szabolcs-Szatmár-Bereg county 2. To update the Herd Information System (HIS) 3. To realise a Logical System Design for an I&R system for pigs 4. To establish draft technical hardware architecture 5. To establish a proposal for the implementation of I&R legislation 6. To establish recommendations for implementation of the national system 7. To stimulate and improve co-operation between Dutch and Hungarian organisations
Realised activities	All activities have been carried out.
Planned outputs	See activities
Realised outputs	All outputs have been realised. An extra output has been realised: development of a software programme for a I&R Reporting System for small slaughterhouses.
EU-accession related effects	The I&R-system was successfully implemented meeting Regulation 92/102/EEC requirements.
Effects related to strengthening of bilateral contacts	In Hungary suspicion continued concerning the motivations of Dutch firms to co-operate. Especially the private sector feared foreign firms would take over Hungarian farms. The project contributed to better co-operation among Hungarian and Dutch pigs sector public institutions.
Bottlenecks during implementation	<ul style="list-style-type: none"> • The Hungarian counterpart was initially (until just before the start of the project) critical about the execution of the project (e.g. because of too little hardware and too little input from Hungarian experts); • The pilot was delayed by two months, without any negative impact on implementation; • The testing of the ear taps (outside the project) has not taken place due to judicial struggles in Hungary

The project synopsis is prepared by the evaluation team. It is based on available documentation and interviews with stakeholders. It reflects how the evaluators understand the intervention logic of the project.

Main documents: ToR for the project, Inception Report, minutes PAC-meetings, Progress Report 8/ Final Report.

Background of the project

Prior to the above-mentioned project, there was a similar bovine I&R system project, which was also executed by the Netherlands. The previous project was finalised successfully in 1999 and raised Hungarian demand for a similar project for pigs. In both cases the Hungarian beneficiary was the National Institute for Agricultural Quality Control (OMMI). The difference between the two projects relates mainly to priority-setting. For the first project, identification and registration was a prerequisite to be eligible for EU funds. For the pigs project however identification and registration was merely done for veterinary reasons as the sector is not subsidised by the EU. Consequently, although a prerequisite for EU accession, identification and registration in the pig sector was not top priority.

As the project aimed at building a nation-wide identification and registration system, there was no overlap with other bilateral or multilateral projects in the field.³⁵ It was in fact complementary to other Dutch projects, such as the Bovine I&R system project and the Phare Twinning project 'Sheep and Goat I&R System'. The three projects showed a high level of internal coherence, as they were part of the same system, the animal identification and registration system which was a prerequisite for Hungary's successful EU-accession.

Effectiveness A: support to Hungary's accession

The outputs of the project (the updating of the Herd Information System, realisation of the Logical System Design for the pig I&R system, establishment of a proposal for the implementation of I&R legislation and national system) contributed to the adoption and implementation of the *acquis communautaire*, with special reference to meeting the requirements of Regulation 92/102/EEC and building the necessary institutions. The requirements of animal identification and registration were also mentioned in the Commission's progress reports and the Hungarian National Programme for the Adoption of the *Acquis*. The project was highly effective, since all objectives and outputs were realised.

Effectiveness B: strengthening bilateral relations

The evaluated project contributed to the development of bilateral relations between Hungary and the Netherlands in animal husbandry. The pig-project was a continuation of the former bovine-project and was followed by the 'Sheep and Goat Identification and Registration System' project under Phare Twinning, in which the Netherlands was the leading partner. Since the finalisation of the bovine identification and registration system project, Hungarian import of Dutch breeding cattle and interest of Dutch farmers in Hungarian agriculture increased. From the perspective of future co-operation, the pig sector was a special case.

³⁵ This was confirmed by the National Institute for Agricultural Quality Control (OMMI).

The Netherlands was the second biggest pig producer in the EU15, struggling with competition, while Hungary had good endowments, although struggling with low efficiency and poor market access. It cannot be excluded that in future distribution of labour will be established between Hungary and the Netherlands in the pig sector. Contacts existed mainly between professionals, but these were explicitly supported by central government in both countries.

Efficiency

Efficiency of the project varied over time. In the beginning it took some time before the project reached full speed due to insufficient hardware and too little input from Hungarian experts. Later on, results achieved were proportionate to costs and the degree of project implementation was satisfactory.

Interviewees felt the project was not co-ordinated as well by Senter as the previous bovine I&R-project was directly co-ordinated by the Netherlands Ministry of Agriculture. Although Senter employees seemed knowledgeable, it took time for them to get acquainted with Hungarian conditions and identify objectives and tasks, resulting in a longer preparatory phase. The beneficiaries were more satisfied with the direct bilateral links between ministries than with co-operation through intermediates. At the same time however, the active role of the Dutch Embassy was highly appreciated as it was very efficient in supporting and promoting the projects.

The success of the projects in animal identification and registration was highly dependant on Dutch willingness to invest money, although they also expected co-financing. This could hinder project implementation. The Netherlands started with the well-known 'sending experts and transfer knowledge' approach, but later turned to more materialised forms of co-operation, like financing software.

Support to the Agricultural Intervention Centre

PSO PA, Agricultural Sector

PROJECT SYNOPSIS

Project title	Support to the Agricultural Intervention Centre (AIC) in Hungary
Programme	PSO PA
Project number	PSO0/HU/9/1
Budget	Budget € 300,000,-
Counterpart	Ministry of Agriculture and Rural Development (MARD)
Beneficiary	Agricultural Intervention Centre (AIC)
Executing agencies	DLV Agriconsult and Laser (Dutch paying agency)
Duration	1 January 2001 – 30 April 2002 (changed into 31 July 2002)
PA-objective	To assist the MARD of Hungary in establishing a paying agency of the European Agricultural Guarantee and Guidance Fund (EAGGF) (EU-requirement)
Overall objective	To assist the MARD of Hungary in its obligation to establish a paying agency to operate those functions, required for proper administration and management of EAGGF funds
Short-term objectives	<ol style="list-style-type: none"> To assist the MARD in fulfilling obligations concerning the establishment of a paying agency of the EAGGF according to EU-requirements; To assist the MARD to operate those functions of the paying agency required for administration and management of the EAGGF.
Planned activities (project TOR)	<ol style="list-style-type: none"> Training, transfer of knowledge by Dutch paying agency, introduction QA/QC and MSS; Client study, communication manual, international conference, liasing; Training programme.
Realised activities	Most planned activities have been realised, but often rescheduling was required and less time was available (from Dutch and Hungarian side), no international conference.
Planned outputs	<ol style="list-style-type: none"> Improved internal efficiency of AIC; Improved external collaboration and communication between AIC and beneficiaries/users; Strengthened management and human development.
Realised outputs	<ol style="list-style-type: none"> Attention given to audit and QA/QC system, design of MSS, manuals real cases; Communication strategy and manual developed; Competence management system designed and training programme developed; Letter of satisfaction states awareness has increased, but implementation lags behind.
EU-accession related effects	At the end of the project the AIC was not accredited yet as paying agency.
Effects related to strengthening of bilateral contacts	Follow-up Phare twinning project with Netherlands as leading partner
Bottlenecks during implementation	<p>Overburdening of AIC staff leading to participation problems.</p> <p>Because of legal problems required software could not be bought and installed</p> <p>Missing link with previous Phare Twinning project (see below)</p> <p>Unclear relation to SAPARD agency and regional offices</p> <p>Communication problems in the beginning between the Dutch and the Hungarians</p>
Related project activities	PhareTwinning 1999-2001 (HU98/IB/AG01): CAP implementation (Germany, France) Phare Twinning : CMO (Netherlands)

The project synopsis is prepared by the evaluation team. It is based on available documentation and interviews with stakeholders. It reflects how the evaluators understand the intervention logic of the project.

Main documents: ToR for the project, Inception Report, minutes PAC-meetings, Final Report, Letter of Observation

Background of the project

Although the Netherlands initiated the project, its content was mostly formulated by Hungary. In 1998, the Agricultural Intervention Centre (AIC) was nominated by the Ministry of Agriculture and Rural development (MARD) as the paying agency of the European Agricultural Guarantee and Guidance Fund (EAGGF). To appropriately handle all tasks and get formal accreditation as a paying agency by the EU, the AIC had to be properly structured, efficiently managed and have good communication lines with beneficiaries/users (export-import companies, registered farmers, primary producers and other agro-business companies). Consequently, Hungary looked for advice and support, and sought co-operation with paying agencies of EU Member States, like Laser in the Netherlands. Hungarian ownership of the project was however rather limited.

The acquis on which the project focused was top priority for Hungary. Establishing a paying agency was considered a priority in the Commission's progress reports and the Hungarian National Programme for the Adoption of Acquis also put emphasis on the establishment and functioning of a paying agency in the Integrated Administrative and Control System. At the time of project realisation it was most likely that MARD would give the mandate to AIC to carry out this function.

The project did not overlap with other bilateral projects in this field. On the contrary it fitted smoothly into different multilateral projects. In November 1999 a German-French-Hungarian Phare Twinning project (HU98/IB/AGO1) started, to prepare Hungary for implementation and management of the Common Agricultural Policy (CAP). One of the foreseen results was the creation and making operational of an accredited paying agency. The Dutch project could build on the results of the Phare Twinning project by complementing the output. This complementarity was continued as outputs of the Dutch PSO PA project could be utilised as inputs for another Twinning project (HU/2002/AG01), entitled 'Pre-accession introduction of CMO procedures'. This project aimed to upgrade capacity of agricultural administration and complete preparations for the practical implementation and enforcement of the CAP, including the operation of CMO schemes, the Integrated Administration and Control System and the Paying Agency.

Effectiveness A: support to Hungary's accession process

The European Union prescribed every Member State to have at least one accredited paying agency that could take on national responsibility of controlling and managing the EAGGF funds from the European Union after accession.

The following results were achieved through technical assistance, training, study tours, internships, workshops and transfer of knowledge:

- Internal efficiency of the AIC was improved by determining requirements for establishing a Quality Assurance/Quality Control (QA/QC) system in AIC, developing a tailor-made management support system for AIC, transferring the knowledge gained with the information and internal audit system of Laser (the Dutch paying agency) and designing parameters for the Hungarian

information system to be used for the EAGGF administration. These results made the AIC better suited to administer and manage the paying and auditing function of the EU funds.

- External co-operation and communication between the AIC and beneficiaries/users was also improved by preparing a study on present and potential client groups of the AIC, developing a medium and long-term PR strategy for the AIC, and liaising with other main actors at the national, country and regional level. These results led to increasing knowledge amongst beneficiaries on the use of EU funds.
- Management of the AIC was strengthened and human resources were developed by developing an educational/training programme related to different functions of the AIC. These results helped to build appropriate competencies in specific areas of the functioning of the AIC.

Although most planned activities were realised, effectiveness of the project was weakened by the fact that proposals of different documents were not put into practice in certain cases. Interviewees regretted accumulated knowledge was not utilised fully due to different internal constraints, such as permanent re-organisation under pressure.

The project was only partially effective. Although most objectives were achieved, the final goal, agency accreditation, was not. This was not to blame on the Dutch project, but rather due to institutional problems, frequent reorganisations and other internal bottlenecks. In its 2003 monitoring report the European Commission was very concerned about Hungary's preparations for setting up its paying agency.³⁶ A new Phare Twinning project started which would use the outcomes of the Dutch project as inputs.

Effectiveness B: Strengthening of bilateral relations

The project promoted the development of bilateral relations between Hungary and the Netherlands, and between the AIC and Laser. It was not by chance Laser was selected by the AIC as leading partner for the new Phare Twinning project. The bilateral project paved the way towards a new type of co-operation, which however took a long time.

Efficiency

The efficiency of the project was complicated by many factors. At the beginning there were a great number of uncertainties concerning the status of the AIC. There was no clear decision by the MARD to mandate the AIC as the national paying agency and provide proper financial resources to develop itself as a paying agency. Furthermore, due to on-going restructuring of MARD personnel, competition and conflicting interests existed among staff.

³⁶ "The preparations for the new Paying Agency will need to be urgently accelerated, in particular as regards the development of the IT system, the establishment of administrative procedures and the recruitment and training of staff." (Comprehensive monitoring report on Hungary's preparations for Membership, EU Commission, 6 November, 2003, p. 27.)

The start of the project was hindered by communication problems, as it took time to find a 'common language' and clarify the meaning of different terms. Another problem was a lack of competent staff, high turnover and overburdening of available staff (the Dutch bilateral project ran in parallel with a Phare Twinning project). These obstacles led to low attendance or postponement/cancellation of planned activities, and under-spending of the budget. Due to time constraints the schedule of different components could not be maintained, the structure of the project had to be reorganised, leading to the postponement of the deadline to the end of July instead of April 2002.

Acquired knowledge was considered very useful. The ratio of utilisation was however not satisfactory. Some who had accumulated knowledge, are no longer working at the AIC. Although results of different parts of the project proved to be very useful and efficient, internal factors were not conducive. The results of the project could not be fully put into practice due to understaffing and reorganisation.

The Dutch partner was appraised for its flexibility and adaptability. All in all, good and efficient co-operation was developed between the Hungarian and Dutch partners.

Strengthening of the Hungarian Fruit and Vegetable Sector

PSO PA, Agricultural Sector

PROJECT SYNOPSIS

Project title	Strengthening of the Hungarian fruit and vegetable sector
Programme	PSO PA
Project number	PPA01/HU/9/1
Budget and expenditures	NLG 800.000 (€ 360.000)
PA-objective	Producer organisations are considered as one of the basic elements in the common market organisation by the Commission. More specifically, there is European legislation on control mechanisms, quality standards and organisational requirements of fruit and vegetable sectors.
Counterpart	MARD, Office of Agricultural Market Regime (OAMR)
Beneficiary	Hungarian Fruit and Vegetable Board (HFVB)
Executing agencies	Food Industries Research and Engineering Holland B.V.
Duration	1 January 2002 – 31 December 2003
Long-term objective	To strengthen the institutional structure and chain performance of the Hungarian fruit and vegetable producing sector.
Short-term objectives	<ol style="list-style-type: none"> 1. To restructure the organisation of the HFVB with a clear EU accession-focused strategy, integrating changes necessary to create the possibility of Common Market Organisation (CMO) recognition in the future. 2. Partnerships established between the four Product Councils and the HFVB focusing on their potential future integration and common interests representation. 3. Improved (market) information network, better standardisation of supply and more efficient distribution achieved through increased transparency of the Hungarian and European fruit and vegetables markets.
Planned activities	<ol style="list-style-type: none"> 1. Client study; 2. Training, transfer of knowledge Dutch Productschap Tuinbouw; 3. Seminar; 4. extra study tour to the Netherlands.
Realised activities	At the end of 2003 not all activities were completed yet, due to delays in project implementation.
Planned outputs	<ol style="list-style-type: none"> 1. Strengthening the internal structure of the HFVB; 2. Strengthening the external structure of the HFVB; 3. Establish a partnership among 5 existing Producers Organisations (PO's); 4. Standardisation of Produce and Market Information; 5. Strengthening PO's.
Realised outputs	<ol style="list-style-type: none"> 1. Strengthening the internal and external structure of the Hungarian fruit and vegetable sector, and that of the HFVB, as an inter-branch organisation; 2. Clarification of the role of the HFVB and its relationship with the PO's; 3. Establishment and recognition of different PO's in the sector ; 4. Improvement of information flow, data collection and production information analyses; 5. Strengthening of knowledge and skills of representatives of the fruit and vegetable sector.
EU-accession related effects	It helped Hungary to adopt and implement the <i>acquis communautaire</i> in institution building with regard to the fruit and vegetable sector.
Effects related to strengthening of bilateral contacts	The project contributed to co-operation between the Dutch and the Hungarian agricultural sectors. Contacts at government level beyond this project were not reported.
Bottlenecks during implementation	<ul style="list-style-type: none"> • Low attendance of working group meetings • Lacking time availability HFVB slowed the pace of the project • Uncertainty about the willingness of the four other (sectoral) PO's to co-operate, and in what structure (umbrella or matrix)

The project synopsis is prepared by the evaluation team. It is based on available documentation and interviews with stakeholders. It reflects how the evaluators understand the intervention logic of the project.

Main documents: ToR for the project, Inception Report, Letter of Approval, minutes PAC-meetings, Progress Reports

Background of the project

In the late nineties Hungary realised the importance of producer organisations after accession and looked for external help through internet. The Hungarian Food and Vegetable Board (HFVB) looked for a partner whose EU-conform model could be utilised to strengthen the Hungarian fruit and vegetable sector. The Netherlands had already supported two other projects in the sector (the establishment of a model apple farm in Zala and the setting up of a fruit and vegetable co-operative in Kwaliko). There was a direct link between the previous projects and demand for this project. Co-operation was also included in working plans of the Dutch and Hungarian Agriculture ministries. The visit of the Hungarian Minister of Agriculture to fruit and vegetable producer organisations in the Netherlands increased Hungarian interest as well.

There was a great deal of EU legislation in fruit and vegetables in which control mechanisms and quality standards were laid down. Furthermore, there were some regulations which focused on organisational requirements of the sector:

- Council regulation (EC 2200/96) of 28 October 1996 on the common organisation of the market in fruit and vegetables;
- Council regulation (EC 2201/96) of 28 October 1996 on the common organisation of the markets in processed fruit and vegetable products;
- Council regulation (EC 449/69) of 11 March 1969 on the reimbursement of aid granted by Member States to organisations of fruit and vegetable producers.

During the second half of the nineties Hungary realised the importance of producer organisations and inter-branch organisations in the EU. Even in 2000 Hungary was significantly lagging behind EU practice. Only three producer organisations received preliminary recognition. The Hungarian NPAA also called for provision of support to institutions established by producers and traders, and made it clear that without introducing common market regulation and establishing the appropriate institutional framework, the Hungarian fruit and vegetable sector would not be eligible for EU funds.

The Hungarian government supported Producer Organisations' (PO's) activities by providing training to leaders and granting financial support to establish further PO's. Financial support was planned for 2004 as PO's would only get access to EU funds after full EU recognition.

Although the Netherlands played a leading role in restructuring the HFVB and promoting the emergence of producer organisations, the experience of other countries (Austria, Belgium, Denmark, France, Germany and Spain) was utilised in other projects. However, if the Dutch project proves to be mutually beneficial,

there is a possibility for further co-operation. The Hungarian Fruit and Vegetable Board had the opportunity to study the organisational and market systems in several EU Member States through study tours, exchange of views, seminars, exchange of experts. The aim was not to copy the system of a specific country, but to learn lessons and adopt certain elements.

In Hungary the share of fruit and vegetable production was around 20% of total agricultural production. Hungary is the leading fruit and vegetable producer among the Central European candidate countries. Although the Dutch share was lower (around 10%), the Netherlands had a significant role in the trade and food industry, which could rely on output of the Hungarian fruit and vegetable sector (see the example of the Unilever). Personal and business contacts developed during bilateral projects contributed to making use of the available opportunities.

Effectiveness A: support to Hungary's accession process

The effectiveness of the project could not be evaluated fully, as the project was not finalised by the end of 2003 (the deadline was postponed until mid-2004). The project was effective in that it promoted Hungary's preparation for EU accession: it helped Hungary to adopt and implement the acquis on institution building with regard to the fruit and vegetable sector. Furthermore, it contributed to meeting the requirements mentioned in the Commission's progress reports and NPAA. Though the HFVB had not been recognised yet as a CMO, the project contributed to:

- Strengthening of the internal and external structure of the Hungarian fruit and vegetable sector and HFVB, as an inter-branch organisation;
- Clarification of the role of the HFVB and its relationship with the PO's,
- Establishment and recognition of different PO's in the sector;
- Improvement of information flow, data collection and production information analyses;
- Strengthening of knowledge and skills of representatives of the fruit and vegetable sector.

The project contributed to an increased number of Producer Organisations (PO's). At the start of the project there were 10 PO's, which gradually increased to 25. In the second quarter of 2003, there were about 75. The PO training programme especially led to an increase. The HFVB offered support to the new PO's, who needed support, thereby hoping that they join as members. The relationship between the PO's and HFVB was still not without problems, but there was a clear understanding that there would be no survival without co-operation.

Effectiveness B: strengthening bilateral relations

The project contributed to the development of bilateral (inter-sectoral) relations between the fruit and vegetable sectors of Hungary and the Netherlands. As the co-operation was mutually beneficial, established personal contacts formed the basis for further co-operation. Structural contacts at government level were not established.

Efficiency

Although a clear understanding existed between the partners on the main objectives and means, the project did not develop at the desired pace. This was mainly due to bottlenecks on the Hungarian side. There was still uncertainty about the willingness of the four sector producer councils to co-operate with the HFVB and the organisational structure of co-operation had not been decided on yet. As these pre-accession years were very hectic and busy periods for Hungary, time constraints were permanent, leading to low attendance of working group meetings.

No real bottlenecks were mentioned for the Dutch side. Moreover, the flexibility, adaptability, expertise and preparedness of the Dutch partner was appreciated. Training and knowledge transfer was found very efficient by Hungary.

The Practice of Integrated Rural Development in Hungary

MPAP, Agricultural Sector

PROJECT SYNOPSIS

Project title	The Practice of Integrated Rural Development in Hungary
Programme	MPAP
Project number	MA01/HU/9/1
Budget and expenditures	€ 385.713 (NLG 850.000)
PA-objective	No direct PA objective. Rural development as a general goal. To improve the capacity of local and regional organisations to generate and implement programmes for rural development (funded by Sapard).
Counterpart	Ministry for Agriculture and Regional Development (MARD)
Beneficiary	Hungarian Public Non-Profit Company for Regional Development and Town Planning (VÁTI)
Executing agencies	DLG, in co-operation with Alterra, IAC, Stoas and the Province of Groningen
Duration	1 January 2002 – 31 December 2003 (probably mid 2004, due to bottlenecks)
Long-term objective	To facilitate the integrated development of rural areas to EU accession standards.
Short-term objectives	To build institutional capacity at all administrative (especially regional and local) levels to empower the rural population.
Planned activities	<ol style="list-style-type: none"> 1. Study of existing micro-regional programmes 2. Training (incl. 'train the trainer'), workshops 3. Institutional orientation mission
Realised activities	In progress, but with delay (see bottlenecks)
Planned outputs	<ol style="list-style-type: none"> 1. Developing IRD-demonstration (pilot) projects in at least two rural areas; 2. Training of local and regional authorities, as well as VÁTI, on methodologies for the implementation of IRD-projects and fund raising (Sapard and Leader); 3. Based on the demonstration projects, dissemination of a developed working method for the implementation of IRD-projects.
Realised outputs	
EU-accession related effects	No information
Effects related to strengthening of bilateral contacts	No information
Bottlenecks during implementation	<ul style="list-style-type: none"> • The dual role of VÁTI as main beneficiary and provider of expertise • Local elections in October 2002 delayed the first implementation • Access to resources (human and financial) by local partners in the two micro-regions. Although basic commitment was available, proved a risk for the project (as already acknowledged in the inception phase). Local partners are willing but unable. MARD initially could not help financially, because this would fall outside the commitment in the letter of approval. Activities had to be suspended in the first half of 2003. Finally MARD contributed HUF 2 million and the activities could be taken up again.

The project synopsis is prepared by the evaluation team. It is based on available documentation and interviews with stakeholders. It reflects how the evaluators understand the intervention logic of the project.

Main documents: ToR for the project, Inception Report, Letter of Approval, Progress Reports.

Background of the project

The initiative for this project came from the Netherlands and reached Hungary through personal contacts. Although Hungary was aware of the EU Common Agricultural Policy's strong emphasis on rural development, the concept of Integrated Rural Development was quite new to Hungary. No widely accepted definition of IRD existed and knowledge of viable methodologies and strategies lacked. The Hungarian Ministry of Agriculture and Rural Development was more engaged in solving every-day problems and immediate tasks of EU-accession than in formulating and realising a rural development strategy. Hungarian ownership indeed appeared to be problematic during the initial phases of the project.

Although integrated rural development was not a precondition for EU-accession, the following regulations and policies of the EU made the project relevant:

- The SAPARD Programme (Council Regulation EC 1268/1999), which lays down rules for Community support regarding pre-accession measures for agriculture and rural development in the pre-accession period;
- The Agro-environment Programme (Council Regulation EC 2078/1992), the development and implementation of which has been a legal requirement for all EU Member States since 1992;
- Support for Rural Development from the EAGGF (Council Regulation EC 1257/1999), which aims at helping rural areas pursue a policy which supports the development of new activities and sources of employment;
- Community Initiative for Rural Development (Commission Notice 2000/C 139/05): the aim of the LEADER+ programme is to encourage and help rural actors think about the longer-term potential of their area (enhancing the natural and cultural heritage, reinforcing economic environment to create jobs, and improving the organisational ability of their communities).

As there was a concentration on two pilot projects in two Hungarian micro-regions (Paks and Kiskőrös), there was no danger of overlap with other ongoing projects. However, the danger existed that future projects with different strategies and methodologies could cause confusion about the concept of integrated rural development. Nevertheless, coherence could be increased by channelling these projects into SAPARD, and later the LEADER+ programmes. Prior to the project a Dutch project on local government development was ongoing, in which MARD was also the responsible ministry. This project was however not very efficient and overlapped considerably with a Phare Twinning project. Lessons were learned from this project and taken into account in the formulation of the IRD project. A new Dutch project, with the same contractor, on 'land consolidation' started under the MPAP 2002 programme, which was partially complementary with the IRD project.

Effectiveness A: support to Hungary's accession process

The effectiveness of project activities could not be evaluated fully, since the project was not yet finalised at the end of 2003. The project's deadline was postponed until mid-2004. As the project did not deal with strict EU requirements for accession, it was not very effective. The project contributed to Hungarian knowledge and experience in integrated rural development programmes. It took time for the Hungarian partner ministry, and especially for the rural communities, to grasp the meaning of the concept and understand the importance of participation. This explains why at the beginning there was unclear commitment from the micro-regions towards the project. The transfer of knowledge, skills – especially in the framework of study tours – was very useful and memorable to the rural people. They were given an idea of how people live in other countries, what problems they encounter, and what type of solutions are available. Training and workshops were also found useful, although participation sometimes was a problem.

Effectiveness B: strengthening bilateral relations

Not only contacts between professionals of both countries became more intensive, but central government level contacts also increased. If the present project is successful, Hungary intends to apply it to other rural areas. All the more, as there are over 200 micro-regions in Hungary. It is worthwhile to continue and extend the developed methodology to other Hungarian micro-regions but as well.

Efficiency

The project started quite slowly, as the partners could not agree upon priorities: the Dutch partner wanted to include land consolidation in the project, while Hungary did not consider this very important. Instead, Hungary wanted to make agricultural development, tourism and agri-environmental issues priorities. There was a long preparation period which resulted in deadline postponement. The start of the project was also hindered by the fact that foreign experts could not start work without the help of local staff and it took time for them to understand that local experts were indispensable.

Furthermore, the Dutch project appeared to be quite flexible. It adapted itself to local circumstances, changed priorities according to Hungarian needs and made efforts to include and mobilise local people. However, this was complicated as the rural people were busy in the fields during the season. In winter time they were more willing to participate, although whole-day engagements proved too much for them.

Another important obstacle was the lack of access to human and financial resources by local partners in the two micro-regions. Although Hungary was committed to making resources available, these commitments could not be realised.³⁷ This proved to be a risk for implementation of the project and might have decreased overall effectiveness. The Ministry of Agriculture and Rural Development was initially unable to help in financing, as this fell outside its

³⁷ The micro-regions are so poor that they could not cover the local costs. (E. Visy)

commitment laid down in the letter of commitment. Consequently, activities were suspended in the first half of 2003. Finally MARD contributed HUF 2 million and activities could be pursued.

Approximation of Hungarian Civil Law Legislation to the Requirements of the European Union

MPAP, Justice and Home Affairs Sector

PROJECT SYNOPSIS

Project title	Approximation of Hungarian Civil Law legislation to requirements of the European Union
Programme	MPAP
Project number	MA99/HU/9/2
Budget and expenditures	NLG 269.202,- (€ 122.000,-)
PA-objective	(not specified) Incorporating EU-law in a more systematic way
Counterpart	Hungarian Ministry of Justice
Beneficiary	Hungarian Ministry of Justice, Civil Law Codification Committee
Executing agencies	Centre for International Legal Co-operation
Duration	1 January 2000 – 1 June 2002
Long-term objective	<ol style="list-style-type: none"> 1. To support Hungary in the codification of its civil code, in particular, the incorporation of EU legislation relating to civil law into the civil code; 2. To strengthen the knowledge of Hungarian lawyers in EU legislation relevant to the new civil code.
Short-term objectives	Idem.
Planned activities	Advice, a series of seminars, conferences, publications, study trips, ongoing communication (consultation, possibly by e-mail)
Realised activities	All activities have been realised, except for ongoing communication
Planned outputs	<ol style="list-style-type: none"> 1. Improved knowledge of Hungarian lawyers involved in codification of EU legislation relevant to the civil code; 2. Improved knowledge on basic principles of a modern civil code; 3. An informed legal community on the process of codification; 4. A survey and purchase of documentation relevant for preparing a new civil code.
Realised outputs	It is not clear to what extent planned outputs were realised and whether improved knowledge on civil codification can be attributed to the project .
EU-accession related effects	-
Effects related to strengthening of bilateral contacts	The strengthening of links between the Hungarian and Dutch civil law network has not been realised.
Bottlenecks during implementation	<ul style="list-style-type: none"> • Not all members of the Codification Committee were interested in participating in the project. The information flow between project participants and members of the Codification Committee has not been very smooth. • Dependence on the time schedule for the codification process was a disadvantage in planning. <p>NB. Hungary also co-operated with a German and Austrian institution on civil law.</p>

The project synopsis is prepared by the evaluation team. It is based on available documentation and interviews with stakeholders. It reflects how the evaluators understand the intervention logic of the project.

Main documents: ToR for the project, Inception report, Letter for Approval, minutes PAC-meetings, progress reports, Final Report (amended), Letter of Satisfaction

Background of the project

The Hungarian Ministry of Justice officially asked the Netherlands for support to the Civil Law Codification Committee in drafting a new civil code. Prior to the official request, the suggestion for such support, where the Netherlands had a strong track record, was done during bilateral contacts. During project implementation it became clear that Hungarian project ownership was however limited.

In 1998 the Hungarian government decided a new civil code had to be prepared to fit market economy requirements in accordance with EU law. Although changes in legislation, including parts of the civil code, were required for the accession process, neither the Commissions' progress reports nor the NPAA saw the codification of a complete new civil code as an immediate priority. Although the five selected areas of civil law to which the project was directed (company law, insurance law, legislation on securities, financial institutions and consumer protection) had a link with the *acquis*, the fact that the finalisation of the codification process would only take place after Hungarian accession and the fact that this was not considered a problem, demonstrate the limited importance to accession process. Hence, drafting a new civil code was not a clear pre-accession requirement, because the legislation could have been adopted in other ways, and so far Hungary had followed the path of gradual adoption.

When the project was formulated, no other foreign assistance was foreseen. During its implementation, German and Austrian assistance was also offered. In practice, it proved impossible to co-ordinate the various types of foreign assistance. The Germans and Austrians provided mainly flexible *ad hoc* assistance on demand, while Dutch assistance was offered in a relatively tight project framework allowing for little adjustment.

Effectiveness A: support to Hungary's accession process

All planned activities and outputs seem to have been realised to some extent. However, it is not always clear to what extent this can be attributed to the Dutch project. The goal was to contribute to a new Hungarian civil code. This was only achieved long after the project was implemented. Although the project contributed to enhanced knowledge of EU law and methods of incorporation in the new civil code, the contribution to new legislation and implementation was insufficiently clear to consider this an effective project.

Effectiveness B: strengthening bilateral relations

The project did not contribute to the strengthening of bilateral relations, although this was one of the project's objectives. Communication was a weak factor during the project's implementation. The Ministries of Justice of both countries did not discuss the project after its finalisation, and it was also not included in the bilateral partnership. The executing agency tried to maintain contacts with Hungary and was informed on the latest developments, but did not provide any further direct support.

Efficiency

Implementation was delayed by about six months. Dutch advisors felt that a more flexible approach would have enhanced effectiveness, but this was hampered by the tight project framework. Further adjustment of planning was required due to Hungarian institutional changes. Seminars had to be organised on a fixed time schedule, which did not allow full Hungarian participation. In practice, the project was mostly carried by the Netherlands as Hungarian ownership was limited.

Although Hungary was clearly interested in Dutch expertise on codification, the project form was not optimal to provide assistance. Efficiency was as such limited. According to the executing agency this type of project required more flexibility, such as allowed for by the Matra classical programme.

ANNEX 10 LIST OF INTERVIEWED PERSONS

- Baitner, F., deputy head of department, Ministry of Agriculture and Rural Development, Hungary
- Banyo, B., senior policy officer, Ministry of Employment and Labour, Hungary
- Berta, K., deputy state secretary for International Relations, Ministry of the Interior, Hungary
- Bliek, H. de, policy officer, Department of Western and Central Europe, Ministry of Foreign Affairs, The Netherlands
- Boros, L., task manager, Office for National Development Plan and EU Funds, Prime Minister's Office, Hungary
- Breimer, M., staff member, Centre for International Legal co-operation, The Netherlands
- Bruinsma, D., desk manager, Enlargement Unit, Laser, Ministry of Agriculture, Nature and Food Quality, The Netherlands
- Brussaard, A.B., policy co-ordinator, Directorate-general for International Affairs, Ministry of Justice, The Netherlands
- Bijlsmit, L., co-ordinator ADEPT programme, CROSS, The Netherlands
- Danajka, N., project manager, Ministry of Health, Social and Family Affairs, Hungary
- Dear, R., Embassy of the United Kingdom in Budapest, Hungary
- Debut, P., attachè de co-operation technique, Cultural Co-operation and Action Service, French Embassy in Budapest, Hungary
- Döll, P., deputy manager pre-accession, Senter, The Netherlands
- Donders, P., senior consultant, BMT Consultants, The Netherlands
- Douma, J., director, Department of Western and Central Europe, Ministry of Foreign Affairs, The Netherlands
- Elfferich, W., policy officer, Department of Western and Central Europe, Ministry of Foreign Affairs, The Netherlands
- Elgersma, M., policy officer, Department of Western and Central Europe, Ministry of Foreign Affairs, The Netherlands

Fábian-Nagy, A., head of department, Agricultural and Rural Development Office, Agricultural Intervention Centre, Hungary

Gabor, J., agricultural attaché, Netherlands Royal Embassy Bucharest, Hungary

Geel, L.P.M. van, deputy director and head of Matra programme, Southeast and Eastern Europe and Matra Programme Department, Ministry of Foreign Affairs, The Netherlands

Geurts, C., counsellor, Delegation of the European Commission to Hungary, Hungary

Gooijer, P. de, director, Department of European Integration, Ministry of Foreign Affairs, The Netherlands

Gravier, J., premier conseiller, French Embassy in Budapest, Hungary

Györkös, P., director-general for EU co-ordination, Secretary of the Interministerial Committee for European Co-ordination, State Secretariat for Integration and Economic Relations, Ministry of Foreign Affairs, Hungary

Haar, D. ter, staff member ADEPT programme, CROSS, The Netherlands

Holst, F. van, desk officer, Dienst Landelijk Gebied, Ministry of Agriculture, Nature and Food Quality, The Netherlands

Holzer, I., policy officer, Agricultural and Rural Development Office, Agricultural Intervention Centre, Hungary

Hoogeveen, H., director Department International Affairs, Ministry of Agriculture, Nature and Food Quality, The Netherlands

Hoogheid, B., senior policy officer, Southeast and Eastern Europe and Matra Programme Department, Ministry of Foreign Affairs, The Netherlands

Jacobs, J., policy officer, Department for International Affairs, Ministry of Social Affairs and Employment, The Netherlands

Klekner, P., director, Department for International Relations, Ministry of Employment and Labour, Hungary

Kocsis, K., projects officer, Embassy of the United Kingdom in Budapest, Hungary

Kollen, T., pre-accession co-ordinator, Senter, The Netherlands.

Koopman, N., agricultural section, Netherlands Royal Embassy Budapest, Hungary

Kuipers, S.A., senior policy officer, Department of International Affairs, Ministry of Justice, The Netherlands

Ladó, M., head of the Department for European Integration, Ministry of Employment and Labour, Hungary

Lambrechts, V., co-ordinator IMPACT programme, Nuffic, The Netherlands

Lancée, L., staff member, Centre for International Legal co-operation, The Netherlands

Lukács, E., legal consultant, Ministry of Health, Social and Family Affairs, Hungary

Lux, R., secretary-general, Hungarian Fruit and Vegetable Board, Hungary

Majercsik, J., head of office, EU Integration Department, Ministry of the Interior, Hungary

Martonffy, B., executive director, Hungarian Fruit and Vegetable Board, Hungary

Mohammed, S., co-ordinator pre-accession team, Department of the Cabinet, Ministry of Agriculture, Nature and Food Quality, The Netherlands

Nouhuys, F. van, ambassador, Netherlands Royal Embassy Budapest, Hungary

Olivier, D., senior policy officer, Department for International Relations, Ministry of Social Affairs and Employment, The Netherlands

Onodi, I., director, Department for European Integration, Ministry of Employment and Labour, Hungary

Oorschot, T. van, deputy head of mission, Netherlands Royal Embassy Budapest, Hungary

Oostra, A., director-general Agriculture, Ministry of Agriculture, Nature and Food Quality, The Netherlands

Papp, K., policy officer, Department for International Relations, Ministry of Employment and Labour, Hungary

Rapcsák, J., government chief advisor, National Contact Point for Institution Building, Office for National Development Plan and EU Funds, Prime Minister's Office, Hungary

Rooijen, K.H.M. van, head of cluster Central and Eastern Europe, Ministry of Economic Affairs, The Netherlands

Rijk, K. de, first secretary, Netherlands Royal Embassy Budapest, Hungary

Schilt, S. van, policy officer, International Policy Co-ordination Department, Ministry of the Interior and Kingdom Relations, The Netherlands

Seriese, J., head of European Affairs, Department for International and European Affairs, Ministry of Social Affairs and Employment, The Netherlands

Spek, L. van der, policy officer, International Policy Co-ordination Department, Ministry of the Interior and Kingdom Relations, The Netherlands

Sponga, I. head of International Relations Department and the Relationship with the Civil Sector, Hungarian Prison Service, Hungary

Torda, I., policy officer, Ministry of Health, Social and Family Affairs, Hungary

Veer, R. van der, deputy director, International Criminal & Drugs Policy Department, Ministry of Justice, The Netherlands

Vis, J. de, police liaison officer, Netherlands Royal Embassy Budapest, Hungary

Visy, E., director, Department for International Relations, Hungarian Institute for Rural Development and Town Planning (VÁTI), Hungary

Wiley, Th., head of Phare and ISPA, Delegation of the European Commission to Hungary, Hungary

Wuite, J.G., senior policy officer, International Policy Co-ordination Department, Ministry of the Interior and Kingdom Relations, The Netherlands

Zuidema, Z., senior policy officer, Directorate-general of International Affairs, Ministry of Justice, The Netherlands

Zsilinszky, L., head of Department, National Institute for Agricultural Quality Control (OMMI), Hungary

Zylfiu, B., counsellor justice and home affairs, Netherlands Royal Embassy Budapest, Hungary

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