



Phare

**FROM
PRE-ACCESSION
TO ACCESSION**

Thematic Evaluation

Cross-Border Cooperation

of Phare support
allocated in 1999-2002
and implemented until
November 2003

European Commission
Directorate-General Enlargement

Phare Cross Border Co-operation

*Interim Evaluation of Phare Support
Allocated in 1999-2002 and Implemented
until November 2003*

Thematic Evaluation Report

February 2004

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

European Commission Directorate-General Enlargement
Directorate E – Evaluation Unit

ABSTRACT

Scope of the Thematic Report

The Thematic Report on Phare Cross-Border Cooperation has two overall objectives: a) to consider the extent to which Phare CBC has contributed to the development of capacity in the new Member States to engage effectively in INTERREG on accession and; b) to identify lessons learned that can inform the programming and implementation of future cross-border cooperation programmes and initiatives, in both the remaining Phare CBC programmes in Bulgaria and Romania and on the future external borders. Information sources include: examination of nine joint programmes and 41 projects; analysis of 19 Interim Evaluation Reports; and over 70 interviews including in eight border regions.

Key Findings

On the whole Phare assistance in the CBC sector has strongly helped beneficiary regions to build their capacity to access funding under INTERREG and the mainstream Structural Funds. Decentralised working structures for programming and implementation have been put in place and tested and where local actors have been involved in information provision and implementation, this has helped to retain capacity at the local level. However it is clear that the amounts of funding available under Phare CBC and the wide geographical area covered, together with the M€2 guideline has fostered an emphasis on infrastructure and environment projects with less funding available for Structural Funds type measures e.g. Joint Small Project Funds, Grant Schemes and 'soft' projects. Extending the use of Grant Schemes (including Joint Small Project Funds) within CBC would be a positive means of improving future capacity to undertake Structural Fund type actions.

Negotiations are ongoing on Joint Programmes with newly eligible countries on the future external borders of the EU and Bulgaria and Romania. If the use of Grant Schemes is to be extended in Bulgaria and Romania, adequate capacity to develop and implement good projects must be in place at both central and regional levels. Furthermore, as and where possible, Phare itself must work towards eliminating administrative barriers to the development and implementation of joint and integrated projects and avoiding bottlenecks at the European Commission Delegations in the case of grant-based programmes.

The Joint Small Project Funds are highly effective mechanisms for mobilising worthwhile projects at the local level and capacity-building for local implementation bodies. The learning experience of applicants has been particularly valuable. While the Funds are always oversubscribed, Phare has not had the flexibility to respond with additional finance for successful funds.

Key Recommendations

- Fund road infrastructure through Grant Schemes under the Phare National Programmes (or ISPA);
- Waive the M€2 guideline for Phare CBC, or allow some flexibility regarding the distribution between M€2 + projects, Joint Small Project Funds (to a maximum of 20% of the annual allocation) and Grant Schemes;
- A horizontal fund (as in INTERREG) should be established to support networking between bodies involved in CBC implementation;
- Increase ability for programmes to work together by: a) one fiche with a single set of objectives and indicators; b) a joint project steering structure; and c) one monitoring report covering both components of the project;
- Match Grant Schemes across borders, with one fiche operating on both sides and implemented by one agency based in the border region. *Ex ante* control should be performed by one European Commission Delegation per Grant Scheme.

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GLOSSARY OF ACRONYMS

BCCP	Border Crossing Check-Points
CBC	Cross Border Co-operation
CC(s)	Candidate Country (Countries)
CRD	Centre for Regional Development
DIS	Decentralised Implementation System
ECD	European Commission Delegation
EDIS	Extended Decentralised Implementation System
ESC	Economic and Social Cohesion
EMS	Evaluation and Monitoring Services
EU	European Union
€	Euro(s)
FM	Financing Memorandum(a)
GS	Grant Scheme(s)
HRD	Human Resource Development
IA	Implementing Agency
ISPA	Instrument for Structural Policies for Pre-Accession
JCC	Joint Co-operation Committee
JMC	Joint Monitoring Committee
JPD	Joint Programming Document(s)
JPMC	Joint Programming and Monitoring Committee
JSC	Joint Steering Committee
JSPF(s)	Joint Small Projects Fund(s)
MA	Managing Authority
M€	Million(s) of Euro
MS	Member State(s)
MSC	Monitoring Sub-Committee
NAC	National Aid Co-ordination
NAO	National Authorising Officer
NARD	National Agency for Regional Development
NDP	National Development Plan
NGO	Non-Governmental Organisation
NNI	New Neighbourhood Instrument
NNP	New Neighbourhood Programme(s)
PIU	Project Implementation Unit
PMC	Phare Management Committee
PPF	Project Preparation Facility
RDA	Regional Development Agency
RMC	Regional Monitoring Committee(s)
SMSC	Sectoral Monitoring Sub-Committee
TA	Technical Assistance
TM	Task Manager

PREFACE

The EMS Consortium has been commissioned by the Evaluation Unit (E3) at DG Enlargement to prepare a Thematic Report on the Phare Cross-Border Cooperation Programme.

The Report was formally ‘kicked off’ on 12 September 2003 and an Inception Note submitted to DG Enlargement on 16 October 2003 which outlined the report’s methodology. In compiling this report, the EMS Team¹ have drawn on monitoring and Interim Evaluation reports dealing with Phare Cross-Border Cooperation, relevant Ad Hoc reports compiled by both the OMAS and EMS Consortia, other background documentation, as well as interviews with key actors involved in regional policy in the Candidate Countries, the Cross-Border Implementing Agencies, regional actors and project promoters in a selection of border regions. The Team also interviewed relevant people at the Commission Services (DG Enlargement and European Commission Delegations in-country).

¹ The Report was prepared by Elizabeth Cunningham and Julian Knott of EMS Central Office. Short-Term Technical support was provided by Adrian Healy and Harvey Susser.

EXECUTIVE SUMMARY

Background and Scope of the Report

This Thematic Report on Phare Cross-Border Co-operation (Phare CBC) had two overall objectives:

- To consider the extent to which the Phare CBC programme has contributed to the development of a capacity in the new Member States to engage effectively in the INTERREG Programme on accession;
- To identify lessons learned that could inform the programming and implementation of future cross-border cooperation programmes and initiatives, both the remaining Phare CBC programmes in Bulgaria and Romania and programmes on the future external borders.

Information sources include: detailed examination of nine joint programmes and 41 projects; analysis of 19 Interim Evaluation Reports; and 70 interviews including interviews in eight border regions.

Key Findings and Conclusions

Key Statistics

- Phare CBC funding has been used predominantly for infrastructure and environment which together account for 62% of the total Phare CBC spend or M€400.15 in real terms. Improving road networks account for 26% of the total Phare CBC budget (M€ 130.24). A further 29% has been spent on environmental actions, e.g. upgrading and constructing new wastewater and sewage treatment facilities and development of air quality monitoring systems;
- Economic and social development has accounted for 12% of the total spend (or M€ 79.41 in real terms). This has included actions to support business development in the border regions through the provision of incubator space and support services and construction of exhibition centres;
- Construction and rehabilitation of Border Crossing Check-Points accounts for 9% of the total Phare budget. Bulgaria and Romania have programmed the most funding in this area (23% and 12% of their total Phare CBC budgets respectively).
- 0.8% (or M€2.45) in real terms has supported project development, via the Project Preparation Facilities and including technical support for agencies and bodies involved in the development of strategic plans and/or project implementation;
- Limited use of has been made of Grant Schemes to date under Phare CBC. Between 2000 and 2003, 21 GS have been totalling (M€61.86) of which 18 have been programmed under the 2003 envelope;
- 15% (or M€ 99.88 in real terms) has funded 'People to People' actions and small-scale infrastructure via the Joint Small Project Funds.

Key Conclusions

In general there is evidence that those regions that have experience of using Phare CBC are in a stronger position to access funding under INTERREG and the mainstream Structural Funds. *Programming* has been strengthened by the partial decentralisation of decision-making and project selection to the Joint Coordination Committees and by the involvement of cross-border partners in the development of the Joint Programming Documents. Working relationships have

been put in place at the regional level that will form the basis for future activities under INTERREG. *Management and implementation* structures have been put in place and tested, both at central and local levels. *Good practice in public finance* (transparent tendering, selection and procurement) has been disseminated to a wide range of actors. The Joint Small Project Funds have provided ‘hands on’ experience of programming and implementing small-scale actions and demonstrated that there is solid *absorption capacity* for these kind of local actions.

However it is clear that the amounts of funding available under Phare CBC and the wide geographical area covered, together with the M€2 guideline has fostered an *emphasis on infrastructure and environmental projects* with less funding available for Structural Funds type measures e.g. Joint Small Project Funds, Grant Schemes and ‘soft’ actions. A comparatively small proportion of Phare CBC funding has been used to support economic and social development projects, which by their nature can be more difficult to design than infrastructure interventions.

Extending the use of Grant Schemes (including Joint Small Project Funds) within CBC would be a positive means of improving future capacity to undertake Structural Fund type actions. Using Grant Schemes to address priorities other than infrastructure provision would bring CBC actions closer to INTERREG and would thereby improve the effectiveness of Phare CBC as a preparatory instrument for both INTERREG and other Structural Funds. The opportunity now exists to extend the use of Grant Scheme to most, if not all of the actions permitted under the CBC regulations and priorities identified under Joint Programming Documents.

Limited implementation capacity (at both central and regional levels) in Bulgaria and Romania for Phare CBC raises doubts about their ability to extend the use of Grant Schemes. Negotiations on Joint Programmes with newly eligible countries on their external borders are currently ongoing. If the use of Grant Schemes under the CBC programme is to be extended in Bulgaria and Romania, special attention will have to be paid to ensure that: a) adequate administrative capacity is in place in the relevant departments at the central level; b) there is a ‘pipeline’ of good projects in place, in particular well-designed economic and social development projects and; c) that implementation arrangements are in place to enhance capacity-building effects at the regional level.

Despite the cross-border structures that have been put in place, the *Phare rules with separate tendering, assessment, contracting and financing present significant deterrents to applicants undertaking ‘mirror’ and joint projects*. The exception is projects where distinct but parallel actions can be pursued, as for example with roads. It must be noted however, that even under INTERREG ‘mirror’ projects are rare and it would perhaps be misplaced effort to try to manipulate the correlation of Phare to INTERREG rules in the hope of encouraging ‘mirror’ projects.

In general the *Joint Small Project Funds are highly effective mechanisms* for mobilising worthwhile projects at the local level. Projects are often the first of their type in the locality and can (and often do) provide the applicant with new ways to express their creativity and endeavour in a cross-border environment. The learning experience of applicants under the Joint Small Project Funds has been particularly valuable for those applicants who go on to develop projects for funding under post accession instruments. The Joint Small Project Funds are always oversubscribed and therefore exhibit strong demand led characteristics. It is one of the main failings across Phare CBC that a demand-led instrument has been introduced but not the flexibility to respond with additional finance for successful funds.

The introduction of the Joint Small Project Funds (and indeed the Grant Schemes) has placed additional demands on the European Commission Delegations in terms of ex ante approval of Guidelines for Applicants and approval of evaluation committee results for the individual schemes (as part of the increased deconcentration). In this context, the *European Commission Delegations risk becoming bottlenecks* in the implementation process for grant-based programmes. Furthermore, the implementation of two separate Joint Small Project Funds across the Phare CBC/Phare CBC borders, as currently operates in Bulgaria/Romania, Poland/Czech Republic etc. duplicates the approval and evaluation process and given the comparatively small amounts of funding involved, would not seem to be very resource-effective.

Long-term *sustainability* of JSPF projects is likely to come from two main sources: (i) ‘people to people’ or ‘business to business’ contacts continuing after the duration of the project and (ii) events being repeated without Phare funding. Whilst the continuation of ‘people to people’ contacts is encouraging, it is repeat events without Phare funding that will be the real measure of sustainability of JSPF actions. In many cases there are few alternative sources of funding and many of the grant holders, such as NGOs or Chambers of Commerce, are still at a stage where they rely on donor funding. Many of the activities financed by the Joint Small Project Funds might lend themselves to alternative funding (e.g. advertising and sponsorship revenue). However before a project can attract alternative funding, it may take several years of repeating the same or similar event before it becomes embedded locally.

Experience suggests that there are clear benefits of a more *decentralised approach to implementation*, including engaging local partners such as NGOs or locally based private sector organisations in the intermediary role rather than local structures of a central administration. Involving local partners, ensures that: a) knowledge and experience is retained at the local level; b) intermediary organisations involved in implementation are themselves potential applicants for Grant Schemes and post-accession instruments; c) separate contracts for implementation assistance and monitoring are avoided which can cause complications and implementation delays.

In terms of *added value*, Phare CBC funds have been important in ensuring that regions are in a position to benefit from larger-scale transport initiatives. There is however evidence that projects are submitted to Phare CBC for funding because of a gap in existing instruments for projects between M€ .3 and M€5. While more actors have become exposed to Community horizontal policies (such as sustainable development and gender equality) through the programming and project development processes, these are seen as formal requirements from the Commission Services, and there is little conceptual underpinning.

Recommendations

Recommendations relate to:

- Future cross-border programmes and initiatives;
- Improving effectiveness and efficiency of Grant Schemes and Joint Small Project Funds;
- Specific to Bulgaria and Romania;
- Other issues.

Future Cross Border Initiatives
<p>Recommendation 1: Re-think funding for infrastructure, in particular for road rehabilitation and construction by:</p> <ul style="list-style-type: none"> • Funding road infrastructure projects through Grant Schemes under the Phare National Transport Programmes or, if possible through ISPA; • The only exception to this should be access roads to border crossing points. However where possible, these should be integrated into national border management programmes; • Where possible, environmental projects to support implementation of the <i>acquis</i> should be dealt with by the national Phare Environment programmes. <p>This will free up considerable funds for projects that would have more added value in terms of capacity building for Structural Funds.</p>
<p>Recommendation 2. Waive the M€2 guideline for Phare CBC, or at least allow some degree of flexibility regarding the distribution between M€2+ projects, JSPFs (to a maximum of 20% of the annual allocation) and GS. The respective balance between these delivery mechanisms should be set by the Commission Services, jointly with the JCCs on a case-by-case basis and in relation to the specific requirements of the border regions themselves.</p>
<p>Recommendation 3. Reward success by allowing for the transfer of unused funds between programmes. Criteria for good performance could include a high ratio of high scoring applications to projects funded under the JSPFs and GS, as well as demonstrated technical capacity for management and monitoring by the IA and intermediary bodies.</p>
<p>Recommendation 4. A horizontal fund (as in INTERREG) should be established to support networking and information exchanges between bodies involved in implementation of the CBC programmes. This fund could also support the establishment and maintenance of a CBC ‘portal’ website, project database and partner-search facility. This would be of benefit in information dissemination and exchange between the new regions that will become involved in cross-border activities.</p>
<p>Recommendation 5. Increase ability for programmes to work together by three measures:</p> <ul style="list-style-type: none"> • One fiche with a single set of objectives at the project level, together with clear indicators for monitoring and evaluation; • A joint project steering structure involving relevant representatives from both regions and; • One monitoring report covering both components of the project. <p>This arrangement should be applied to those projects where a joint response to a common issue is required, for example environmental monitoring, crisis response etc. and decided on a case-by-case basis.</p>
<p>Recommendation 6. Improve joint programming by:</p> <ul style="list-style-type: none"> • Involving the social partners on the JCCs; • Supporting the JCCs with Thematic Working Groups who will take responsibility for periodic monitoring of JPD priorities; • Developing harmonised monitoring systems that can generate data not only on use of inputs, but also in relation to progress in meeting the objectives set at the JPD level; • Production of an annual monitoring report per JPD and; • Ensuring that mid-term evaluations at the JPD level are carried out for the Phare CBC/Phare CBC joint programmes (see also Recommendation 18).
<p>Recommendation 7. Where institution building focuses on the provision of business-related infrastructure, projects should include complementary capacity building measures and/or funding to ensure that the infrastructure has added value.</p>
<p>Recommendation 8. The Phare CBC budget should contain a specific percentage for support for project preparation. This should include not only preparation of tender dossiers, but also support for ‘soft’ measures (including ex ante evaluation of Grant Schemes).</p>

Grant Schemes and Joint Small Project Funds
<p>Recommendation 9. More extensive use should be made of Grant Schemes:</p> <ul style="list-style-type: none"> • Investigate the ‘matching’ of Grant Schemes across borders, with one fiche operating on both sides (particularly between Bulgaria and Romania); • Where a Grant Scheme can work across borders, use one implementing structure with regional representation on both sides; • Ex ante control should be performed by one ECD per Grant Scheme; • Support the multi-annual approach by prioritising follow-on projects under the Grant Schemes (see also Recommendation 15).
<p>Recommendation 10. JSPFs are a highly effective and efficiently implemented instrument. Consideration should be given to:</p> <ul style="list-style-type: none"> • Increasing their use; • Raising the percentage programmed to JSPFs and/or introducing additional funds to respond to high demand; • Introducing flexibility to transfer unused allocations to JSPFs, or other grant mechanisms when there is excess demand (see Recommendation 3 above).
<p>Recommendation 11. In any cases where JSPFs are centrally administered, conditions should be attached to future JSPFs to ensure that the funds are as locally based as is possible. Where possible intermediary organisations should be involved to provide counselling and mentoring for project development.</p>
<p>Recommendation 12. A degree of flexibility should be introduced to administrative compliance checks, which could be formalised in PRAG. A current good practice adopted by some intermediary organisation is the use of a 48 hour window after opening to contact applicants who are, for example, missing procedural documents or signatures. Respondents who fax appropriate follow-up material will still be eligible for their applications to be assessed. This is good practice and should be extended as far as possible.</p>
<p>Recommendation 13. Some flexibility should be introduced in ensuring that applicants comply with the formal requirements. Consideration should be given to:</p> <ul style="list-style-type: none"> • Introducing administrative compliance checks prior to formal submission of the application. The check could be undertaken by the local level organisation (intermediary organisation) and an original application that meets the criteria could be stamped; • Pre-screened applications would not be subject to administrative compliance checks again after the tender opening session. <p>This together with Recommendation 12 above, should reduce the failure rate of proposals failing to satisfy basic administrative requirements.</p>
<p>Recommendation 14. Materials and guidance should be disseminated in the national language, including translation of PRAG.</p>
<p>Recommendation 15. Consideration should be given to introducing a consistent approach to dealing with repeat applications to a JSPF (or Grant Schemes) in one year to the next. It is recommended that ranking should first be made according to the best projects, which may include repeats. Where differentiation needs to be made over equal ranked projects for which there is insufficient funding for both, preference should be given first to a follow-on project that demonstrates an innovative feature, second to a new project and third to a direct repeat project.</p>
<p>Specific to Bulgaria and Romania The Recommendations above are also relevant to Bulgaria and Romania. In addition however, there is also the need to strengthen the institutional framework for CBC at both central and regional levels.</p>
<p>Recommendation 16. Both Romania and Bulgaria need to address fundamental weaknesses in their implementation structures for Phare CBC. These include, institutional instability at the level of their CBC IAs, insufficient staffing and limited involvement of local bodies in implementation. The Romanian and Bulgarian authorities should therefore:</p> <ul style="list-style-type: none"> • Clearly outline how they intend to increase the implementation capacity for CBC; a) at the IA level, including ensuring stability of staffing and resources and b) in the regions (see Recommendation 17). <p>In Romania, a first level of project selection/prioritisation under the JSPFs should be carried out at the regional level, rather than at the central level as is currently the case.</p>

<p>Recommendation 17. Consideration should be given by the Commission Services and the authorities in Bulgaria and Romania to:</p> <ul style="list-style-type: none">• Supporting the establishment of a regionally based network of regional secretariats to support the implementation of the new Joint Programmes;• These agencies should be staffed jointly by representatives of the participating regions, together with Technical Assistance Teams funded under a horizontal programme (see Recommendation 4).• The secretariats could be hosted by existing organisations in the regions, while maintaining an internal line of accountability to their respective IAs, NACs and NAOs. One secretariat should however be operating per programme and with a cross-border mandate.
<p>Other Recommendations</p>
<p>Recommendation 18. The Interim Evaluation process yields useful information on project progress however, the nature of the CBC programme means that a more innovative approach to IE is needed. This should ensure that both sides of a joint programme are considered. To this end, one IE should be completed by a joint team for consideration by a joint meeting of the SMSCs and by the respective JMCs. This should be introduced for the next round of IEs in Bulgaria and Romania.</p>
<p>Recommendation 19. The authorities in the new MS should look at the profile of successful INTERREG and Phare CBC projects to investigate the opportunities for replicating or mirroring them in the new INTERREG/Phare CBC programmes.</p>
<p>Recommendation 20. Co-financing should be in place at the fiche stage. The fiche should set out clearly how co-financing should be reported. This should be followed up as a matter of course during ongoing monitoring.</p>

MAIN REPORT

1. BACKGROUND AND CONTEXT

1.1. Background/Context

1.1.1. This Thematic Report comes at the end of the accession process for eight of the Phare Candidate Countries (CCs)² and as new joint programmes are under preparation with countries on the future external borders and on the external borders of Bulgaria and Romania. It is therefore opportune to look at whether the CBC instrument has ‘delivered’, i.e. promoted cross-border co-operation, and created a capacity in the new Member States (MS) to engage effectively in INTERREG. Furthermore, as Phare CBC will continue with the two remaining CCs of Central Europe and new Joint Programmes with countries on the Bulgarian and Romanian borders will be eligible for funding as from January 2004, it is a good time to take stock of how and where Phare CBC has been successful and to identify those areas where changes could be made to enhance the ability of the Phare CBC instrument to promote economic development and networking in the border regions.

1.2. The Objectives of this Report

1.2.1. The Commission allocates approximately 10% of the Phare budget to CBC, compared with 2-3% of Structural Funds allocated to INTERREG inside the European Union. Given the significant amounts of funding delivered via the Phare CBC instrument, it is to be expected that a capacity will have been built up in relation to programming, management and implementation of INTERREG-type activities and that as a result there are both systems and structures in place, together with a project pipeline. From this, lessons can be drawn that are broadly relevant to new CBC programmes, whether implemented via the new neighbourhood programmes or within the context of the remaining Phare CBC programmes.

1.2.2. The Report was formally ‘kicked off’ on 12 September 2003 and an Inception Note submitted to DG Enlargement on 16 October 2003 which outlined the report’s methodology. The main research for this Report was done between October and December 2003.

1.2.3. The Report has two overall objectives:

- a) To consider the extent to which the Phare CBC programme has contributed to the development of a capacity in the new Member States to engage effectively in the INTERREG Programme on accession;
- b) To identify lessons learned that can inform the programming and implementation of future cross-border cooperation programmes and initiatives, both the remaining Phare CBC programmes in Bulgaria and Romania and programmes on the future external borders.

1.2.4. The focus has been on ‘process’ and institutional capacity building issues in the first instance, rather than on impact at the project level. Although and as where possible, the factors that have affected impact and sustainability of results have been considered.

² The eight acceding Phare countries are Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

1.2.5. Following on from the Court of Auditors' Report, and with the experience of the limitations and constraints of the 'project' approach to CBC delivery, there has been an increased level of commitment to the use of Grant Schemes (GS) and Joint Small Project Funds (JSPFs). While these are at a comparatively early stage in their lifecycle (particularly the use of GS in the CBC context), there is scope to look at the extent to which these funds are operating efficiently and the extent to which they are, in practice, increasing the amount and variety of projects of a genuine cross-border nature. This will also allow us to discuss the consequences of decentralisation and the conditions that must be in place if decentralised, joint programming and implementation frameworks are to be effective.

1.2.6. In addition to conclusions on the extent to which Phare CBC has contributed to capacity-building in the new Member States for engagement in INTERREG, the report also provides Recommendations and Lessons Learned across the following areas:

- Lessons learned relevant to Phare CBC in Bulgaria and Romania;
- Lessons learned relevant to future cross-border initiatives and programmes (e.g. the New Neighbourhood Programmes);
- Increasing the impact and/or efficiency of GS and JSPFs and identification of lessons learned for the future use of such schemes in the cross-border context.

2. METHODOLOGY

2.1. Our approach

2.1.1. This Thematic Report offers the opportunity to take a broad look at the Phare CBC instrument as a whole. Information sources therefore combine desk research with visits to selected border regions.

2.2. Information Sources

Database

2.2.1. A database of Phare CBC projects was put together based on the fiches from the Phare 2000-2003 programming rounds. This has enabled us to build up a picture of how Phare CBC resources have been committed, to which sectors, where co-financing has concentrated, the kind of projects selected for funding and the comparative use of the Phare CBC instrument across the CCs.

Documentation

2.2.2. A wide range of documentation was considered (see Annex 2) including:

- 19 Interim Evaluation Reports produced by the EMS Teams in ten CCs, 10 of which deal specifically with Phare CBC and 9 where CBC is considered within another sector for example regional development, environment, transport or Phare Economic and Social Cohesion (ESC);
- Joint Programming Documents (JPDs);
- Mid term evaluations of the JPDs where these were available;
- Financing Memoranda and Project Fiches;
- Phare Programming Guides (2000-2003);
- Implementation Reports and Monitoring Reports;
- Minutes of Joint Co-ordination Committees and Joint Monitoring Committees.

Interviews

2.2.3. Meetings with relevant Implementing Agencies (IAs), Intermediary Bodies (IBs), regional actors, project promoters, management of JSPFs, European Commission Delegations (ECDs) and relevant people in the DG Enlargement Teams were held. A Discussion Guide was prepared which set out areas for discussion to feed in to the objectives of this Thematic Report. Over 75 interviews were held (see Annex 3).

Case Studies

2.2.4. Four Case Studies were planned under the Inception Note, that would give an opportunity to illustrate interesting aspects of the Phare CBC programme in practice. These are included in the main text of the report. A note to guide the preparation of the Case Studies is attached in Annex 4.

2.3. The Sample

2.3.1. Given the size of the geographical area covered by the Phare CBC instrument and the number of individual programmes and projects involved, it was decided to proceed on a sample basis by looking at a selection of joint programmes and a selection of projects within those joint programmes.

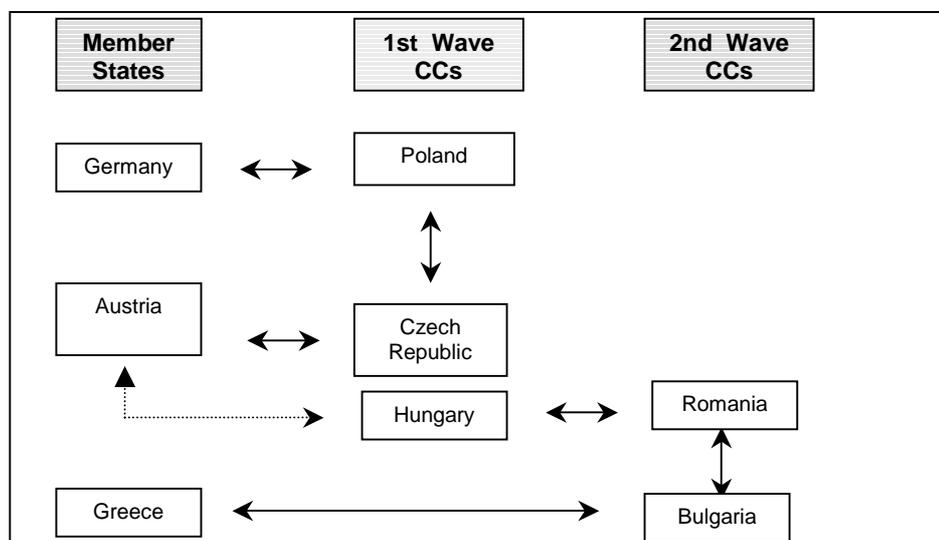
2.3.2. Feedback from the ‘kick off’ meeting identified the need to look at actions on both sides of borders. While this was possible in the case of Phare CBC/Phare CBC actions, it was only possible in a limited manner for INTERREG/Phare CBC actions, primarily through visits to the Phare CBC region, analysis of the programming documents and mid-term reviews of the Joint Programme Documents (JPDs) where these were available. This is taken into consideration in the selection of the sample and in the interviewing process (see 2.3.3 below).

2.3.3. The sample was selected in two stages; first of all a selection of joint programmes was made which contained: a) programmes operating on the INTERREG/Phare borders and; b) programmes operating on Phare/Phare borders. Guiding the selection of the joint programmes were the following broad criteria:

- Size - it made sense to look at those programmes that have received a significant proportion of the Phare CBC funding, but also to balance this by looking at some comparatively small programmes;
- 'Age' i.e. there was very little to look at in the newer programmes (2003), so the focus was on 2000, 2001 and 2002. However, given that the report also deals with extent to which joint programming and project development was possible, it was useful to look at newer projects where the institutional memory regarding project development was still fresh;
- To focus on specific joint programmes where there is the opportunity to look at actions on both sides of a border;
- Complexity of borders, both in the physical sense, and in terms of historical and cultural factors;
- Availability of information and access to key decision-makers.

2.3.4. Based on these criteria, the following joint programmes were selected:

Figure 1. Sample of Joint Programmes



2.3.5. Unfortunately, due to time limitations, it was not possible to visit the Austrian-Hungarian borders, however the relevant documentation was considered and meetings held with the IA in Budapest. At the time of the mission, the relevant bodies in the Poland-Czech border were not available and the Polish-Slovak border substituted.

2.3.6. During the time available, the Team managed to look at 7 joint programmes, across by visiting both the relevant programming and implementation bodies at the central level and by visiting projects and decision-makers and project promoters in 8 border regions, in particular those involved in the JSPFs

Selection of projects

2.3.7. Within the 7 joint programmes, the Team selected 41 individual projects for further investigation (see Annex 5 and Table 1 below). The choice of projects included projects that were operating on both sides of the border, a mix of transport, environment, economic development, technical assistance and in particular JSPFs. The aim was to look at interesting projects from the point of view of the process of developing and implementing joint projects and projects with a strong regional development focus, rather than create a microcosm of the Phare CBC programme.

Table 1. Breakdown of sample projects

Joint Programme	Transport	Environment	Grant Scheme	Joint Small Project Fund	Technical Assistance*	Economic Development	Totals
Bulgaria-Romania		3		4	2		9
Bulgaria-Greece				1		1	2
Czech Republic-Poland				6		1	7
Czech Republic-Austria				3		2	5
Hungary-Romania	1			4	1	2	8
Poland-Germany	2		1	2	3		8
Poland-Slovak Republic				2			2
	3	3	1	22	6	6	41

* Including Project Preparation Facilities.

3. THE PHARE CBC INSTRUMENT

3.1. Objectives of Phare CBC

3.1.1. The Phare Cross-Border Cooperation programme (hereafter 'Phare CBC') was designed to help develop the kind of cross-border co-operation on the EU's external borders that the INTERREG programme, funded under the Structural Funds was already supporting across the internal borders of the EU. Phare-CBC complements the Phare national programmes in the CCs by focussing on actions to improve social and economic conditions and links in border areas, whereas the Phare national programmes, in principle, focus on national level priorities – for example the provision of major national and international infrastructure links – including in the border regions. With the introduction of new INTERREG Guidelines³ in 2000, programming of support for the period 2000-2006 has been based on a Single or Joint Programming Document for each eligible EU/CC border.

3.1.2. The Phare CBC instrument has undergone a number of substantive changes since its introduction in 1994. These changes reflect both the changing focus of the Phare instrument, from support for structural reforms to an explicit focus on preparing for accession, and attempts to address problems in implementation and in achieving compatibility with INTERREG.

3.1.3. The Phare CBC funds aim to finance the participation of the CC in joint projects with each State with which it shares a border⁴. Furthermore, the aims of these projects are:

“ a) to promote cooperation of border regions in countries in central and eastern Europe with adjacent regions

in a neighbouring country...and thus to help the border regions in eastern and central Europe to overcome their specific development problems which may arise, *inter alia*, from their position within the national economies, in the interest of the local population and in a manner compatible with the protection of the environment and;

b) To promote the creation and the development of cooperation networks on either side of the border, and the establishment of links between these networks and wider Community networks.”

3.1.4. According to the Regulation, the type of projects are; (i) linked with measures supported by INTERREG or by other Community external assistance programmes and/or, (ii) projects agreed by the countries concerned, that have a cross-border impact, contribute to the

Key stages in the evolution of Phare CBC

- 1994 Regulation establishes Phare CBC;
- Commission Regulation (EC) 2760/1998 which expanded geographical eligibility to the borders between the CCs, provided for joint programming over a multi-annual perspective and established the Joint Small Project Funds;
- In May 1999, the Court of Auditors issue a Report setting out key areas for improving harmonisation with INTERREG;
- The Phare Review 2000 which proposed a closer alignment of Phare CBC with INTERREG by providing for the use of Grant Schemes, flexibility in the application of the €2m rule and enhanced decentralisation of approval and implementation;
- Commission Regulation (EC) 1596/2002 which further aligned Phare CBC with INTERREG by providing for the use of Grant Schemes;
- The Wider Europe Communication issued in March 2003 which provides a framework for future cooperation with regions on the new external borders of the enlarged EU;
- The introduction of New Neighbourhood Programmes for the period 2004-2006 which will involve *inter alia* the extension of the geographical scope of Phare CBC to cover the external borders of Bulgaria and Romania;
- Ongoing discussion on possible shape of a New Neighbourhood Instrument for the post-2007 period.

³ 28 April 2000.

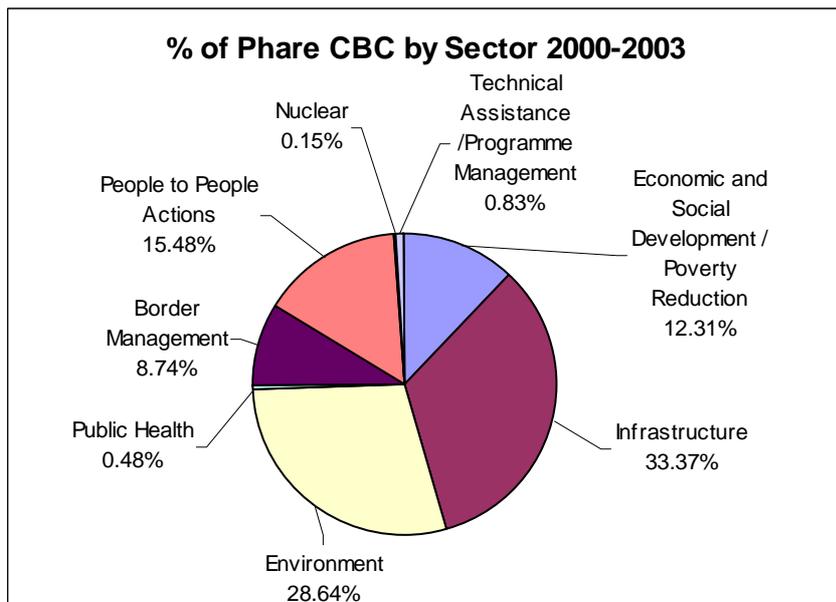
⁴ Commission Regulation (EC) No 2760/98 of 18 December 1998 concerning the implementation of a programme for cross-border cooperation in the framework of the Phare programme.

development of structures in border regions and facilitate co-operation between the countries as a whole.

3.2. Phare CBC 2000-2003

3.2.1. In the period between 2000-2003, Phare has provided M€ 645.3 to support 343 cross-border cooperation projects. This total Phare envelope has catalysed M€350.3 of national co-financing, delivered primarily in the areas of infrastructure and environment. Poland has the highest percentage of co-financing with 38% (see Figure 3 and para. 3.2.2 below).

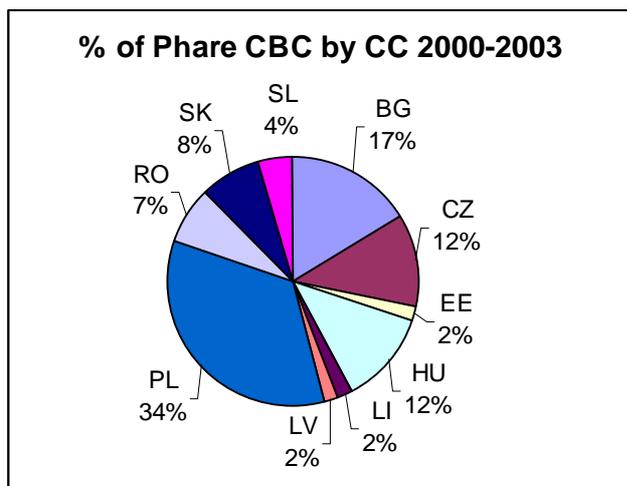
Figure 2. Phare by sector 2000-2003



3.2.2. Phare CBC funding has been used predominantly for infrastructure and environment which together account for 62% (M€400.15) of the total Phare CBC spend. Improving road networks alone account for 26% of the total Phare CBC budget (M€ 167.78 in real terms). With Phare CBC support, approximately 600km of road has been built or upgraded. Almost all of the

Phare CBC supported road projects form part of larger projects that are supported under national infrastructure budgets, ISPA⁵ and/or with the support of international financial institutions (IFIs). The biggest spenders on roads and infrastructure, as a % of their overall Phare CBC budgets, have been Poland with 41.5% and Bulgaria with 26.6%.

Figure 3. Phare by Candidate Country



3.2.3. 28.6% has been spent on environmental actions including upgrading and construction of new waste-water and sewage treatment facilities and development of air quality monitoring systems. While these have an immediate impact on the quality of local services, they have more long-term impacts on the quality of air and water in the border region at large, and thus help to ensure compliance with the relevant EU directives. Support has also been provided to the creation of joint environmental monitoring systems such as

in the Black Sea Region.

⁵ Instrument for Structural Policies for Pre-Accession under which M€ 1040 per year has been allocated to the Candidate Countries to support infrastructure and environment projects for the period 2000-2006.

3.2.4. Economic and social development has accounted for 12.3% of the total spend (or M€ 79.41 in real terms). This has included actions to support business development in the border regions through the provision of incubator space and support services and construction of exhibition centres. It is important to note here that while economic and social development actions are programmed under the heading of Institution Building, for those projects in our sample the focus was on the provision of the physical infrastructure, with little accompanying capacity-building measures.

3.2.5. Phare CBC has been actively used to support the construction and rehabilitation of Border Crossing Check-Points (BCCP) with a total of 8.7% of the total budget. In many cases, these projects are complemented by the construction and rehabilitation of access roads to the BCCPs (included in the Border Management figures). Bulgaria and Romania have received the most funding in this area (Bulgaria with 23.5% and Romania with 12% of their total Phare CBC budgets).

3.2.6. Phare CBC has also supported border regions to alleviate flood damage and to put in place joint, cross-border arrangements to respond to natural disasters and emergencies (1.4% or M€ 8.9).

3.2.7. Phare CBC funds have also been used to support initiatives in the area of public health (0.5% or M€3.1).

3.2.8. 0.8% (or M€2.45) in real terms has supported project development, via the Project Preparation Facilities (PPFs) and has delivered technical support for agencies and bodies involved in the development of strategic plans and/or implementation.

3.2.9. Limited use has been made of Grant Schemes (GS) to date under Phare CBC. Between 2000 and 2003, 21 GS have been programmed (see section 3.4.9 below), totalling (M€62). Of these, the majority (16) have been programmed under the 2003 envelope.

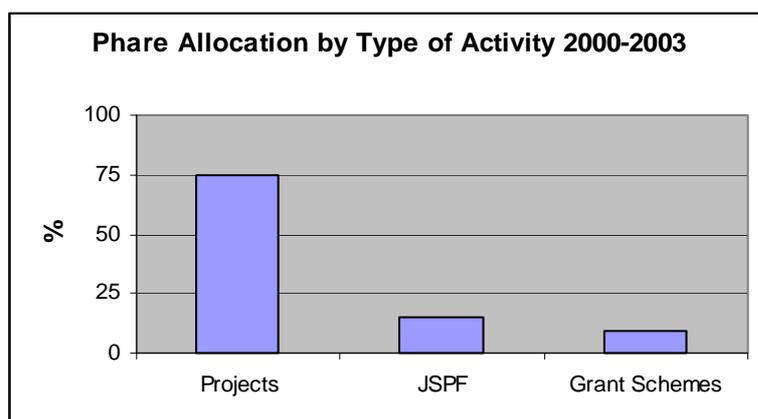
3.2.10. 15.5% (or M€ 99.88 in real terms) has funded 'People to People' actions and small-scale infrastructure via the Joint Small Project Funds⁶ (JSPFs).

3.2.11. Of a total of 208 projects (not including GS or JSPFs) funded, 11% have explicitly identified a 'mirror' project on the other side of the border at the fiche stage. The remaining projects, where a 'mirror' project has not been explicitly identified may be broadly categorised as: a) projects that focus primarily on regional and local development actions, where the cross-border element is at the level of impact, rather than programming and implementation and b) projects where there is a de facto complementary activity, funded outside of the Phare/INTERREG sources. An example of a) is the Centre for Commercial Cooperation in the Nisa Euroregion (Czech-Polish border) which aims to support economic development the border region, particularly on the Czech side, by funding the construction of office and conference space for use by local and cross-border entrepreneurs. The project has no 'mirror' project on the Polish side, and no ongoing institutional links with actors in the Polish part of the border region. An example of b) is the numerous road projects which feed in to national and E-network roads, funded under ISPA, or national transport budgets.

⁶ The term Joint Small Project Funds also covers those Small Project Funds that were programmed and planned using joint mechanisms.

3.2.12. Where ‘mirror’ projects are identified, and where the funding for the mirror project was based on an INTERREG application, lack of synchronisation between the selection processes means that it is often not clear whether the INTERREG application had been successful (see Case Study 1) . Also, given the different timing, funding levels, legal frameworks and procedures involved, while the individual mirror projects jointly impact on the cross-border region, joint implementation has proven in practice to be almost impossible. This issue is addressed in more depth in paras. 3.4.4, 3.5.5 and 3.5.6 below.

Figure 5. Phare allocation by type



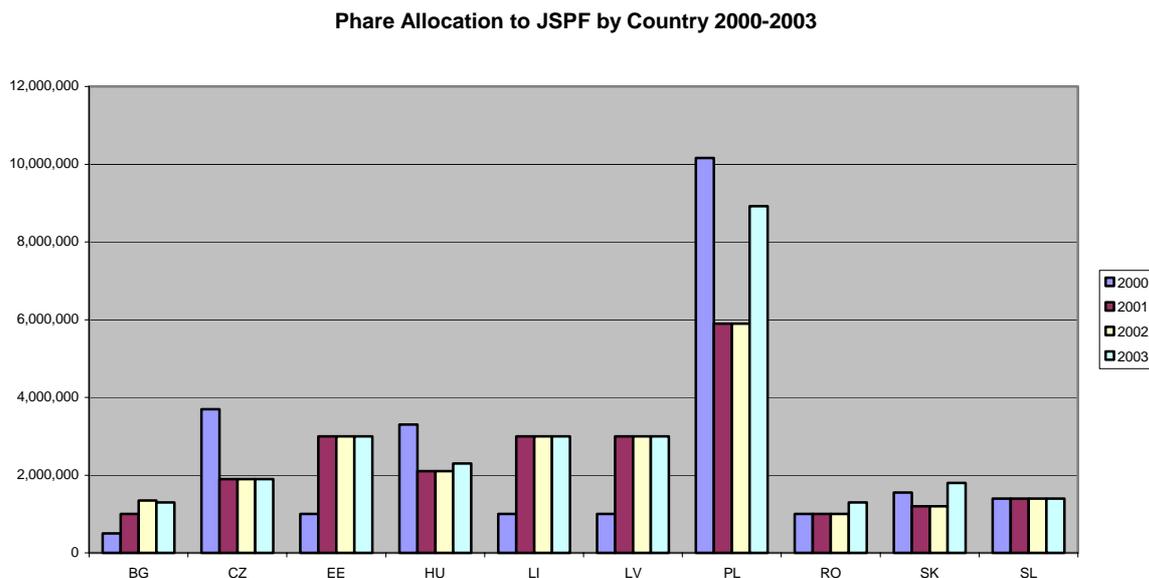
3.2.13. Over the four years 2000-2003 a total of M€123 has been programmed to JSPFs. M€99.9 in Phare contributions has generated M€23.1 in national co-financing. In addition, small project funds always require a contribution from the grant holder, of at least 10%, although this is often in kind. Some fiche have allowed for small investment uses with

corresponding co-financing of at least 25% in cash.

3.2.14. Annual allocations to JSPFs have been stable at between M€23.5 – M€27.9.

3.2.15. Poland is the largest user of JSPFs by value, having allocated M€40.2 over the 2000-2003 period. This represents 18% of Poland’s Phare funded CBC programme and 11% of the Polish programme in total, including co-financing. The large value of the Polish JSPFs is driven by its long and generally populous border with Germany and therefore extensive scope and demand for ‘people to people’ actions. The Poland-Germany JSPFs represent 54% of all Polish JSPFs. The JSPFs on the Polish-German border also tend to be larger, typically twice the size of those found elsewhere in Phare.

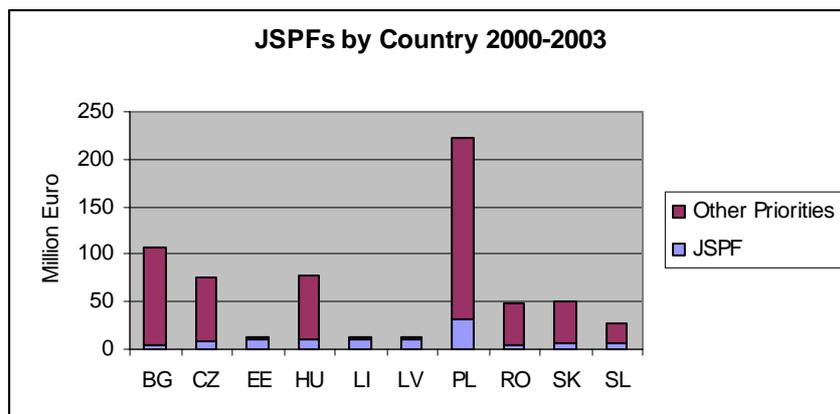
Figure 6. Phare allocation to JSPF by country 2000-2003



3.2.16. Pro-rata to the size of their overall CBC programme, Estonia, Latvia and Lithuania have programmed the highest JSPF content at 83%⁷ of their total Phare CBC budgets, followed by Slovenia with 20%. Bulgaria and Romania show the lowest rate of JSPF programming both at less than 10%.

3.2.17. In all cases, other than Bulgaria and Romania, programming is above the 10% guideline indicated in the Phare Programming Guides and in most cases is significantly above the 10% guideline. Taking the Polish and Czech examples, high allocations to JSPFs appear to be related to shared borders with Member States. This can also be explained by a combination of factors including their early inclusion in CBC programming and hence a higher absorption capacity, political priority attributed to the border regions by both the MS and the CC and the generally populous and developed nature of these borders (e.g. Poland-Germany or Hungary-Austria).

Figure 7. JSPFs as a proportion of total Phare financing by country (2000-2003)



⁷ In the three Baltic Republics, JSPFs are the main instrument for implementing Phare CBC. However, given the relatively small sizes of the annual Phare CBC budgets, these are small programmes in real terms.

3.3. The Institutional Framework

3.3.1. As part of the response to Court of Auditors' Report regarding the need to further harmonise Phare CBC with INTERREG, Joint Co-operation Committees (JCCs) were set up for each of the border regions, composed of representatives of the relevant regions at national and regional levels and of representatives of the Commission Services. The tasks of the JCCs include:

- Approval of the Joint Programming Document (JPD) which sets out the joint development priorities for the region over a multi-annual perspective;
- Definition of a common set of projects on an annual basis for submission to the Commission Services for final approval.

3.3.2. For those border regions comprising a number of regional programmes (in particular the German-Poland border which involves 3 separate regional programmes⁸), regional Committees have been established to oversee each of the 3 regional programmes. For the INTERREG components, these regional committees act as Monitoring and Steering Committees (MSCs), while for the Phare programme, they function as sub-committees of the JCC.

3.3.3. Development of the JPDs has been a central mechanism for joint agenda setting for the border regions. While the JPDs plan over a multi-annual perspective, they have also included indicative financing levels for the Phare CBC support, although the actual allocation is decided on an annual basis.

3.3.4. The JPDs also set out the institutional frameworks for implementing the joint programmes, including the composition and mandates of the Joint Steering Committees (JSCs) which have been established as decision-making bodies at the operational level for the JSPFs.

3.3.5. Joint Monitoring Committees (JMCs), comprising the National Authorising Officer (NAO), the National Aid Co-ordinator (NAC) and representatives of the Commission Services (DG Enlargement and the European Commission Delegation), have been established to supervise the progress of EU-funded assistance programmes (Phare, ISPA, SAPARD) towards meeting their objectives and to co-ordinate their activities. The JMCs are

supported by Sectoral Monitoring Sub-Committees (SMSCs) that are responsible for regular monitoring of the programmes and projects in their respective sector. For Phare CBC, the JCC

Institutional Arrangements

- In **Poland**, given the size and geographical spread of the Phare CBC programme, a relatively decentralised model has been adopted with a Phare CBC IA supported by devolution of some financial management and monitoring functions to the regional ('voivod') level;
- The **Czech** model is relatively centralised, with programming carried out by the Ministry of Regional Development, and implementation and financial management and monitoring delegated to the Centre for Regional Development (CRD) a state organisation under the Ministry's authority. The CRD in turn has recently established a network of regional offices which will assist the CRD in its monitoring function;
- The framework for CBC in **Romania** has been adversely affected by institutional changes exacerbated by a lack of resources. Programming and implementation are located at the CBC IA at the Ministry of European Integration. Significant work pressure has resulted in a weak presence of the IA in the regions and, with the exception of the JSPFs and the PPFs, there are few supports available to project promoters in the regions;
- The **Hungarian** IA for CBC, the National Agency for Regional Development (NARD) is responsible directly to the Prime Minister and has a network of comparatively well-staffed regional offices to support project development, implementation and monitoring.

⁸ The 3 regional programmes cover Brandenburg-Zachodniopodmorskie, Brandenburg-Lubuskie, Saxony-Dolnoslaskie.

acts as the SMSC. In the case of Poland, the work of the JCC (SMSC) is supported in turn by Regional Monitoring Committees (RMCs) which produce quarterly implementation reports. These are in turn consolidated into a sectoral monitoring report by the CBC IA.

3.3.6. Implementation of the Phare CBC programmes follows standard Phare Decentralised Implementation System (DIS) where the NAC has overall responsibility for programming, monitoring and implementation of the programmes. Institutional arrangements in the CCs to support the implementation of Phare CBC differ depending on the size of the programme, the extent and nature of decentralisation and the resources available to the relevant ministry.

3.3.7. The INTERREG components in the MS are implemented by designated 'managing authorities'⁹ (MAs), that are responsible for ensuring the correctness of operations financed by implementing internal controls in keeping with the principles of sound financial management¹⁰ and for gathering data and statistics on programme implementation.

3.3.8. The 7% allocation for management costs within the JSFPs (as in other Grant Schemes) has raised interest among local and regional bodies such as Regional Development Agencies, in being involved in their implementation. For the remaining Phare CBC projects, the administrative costs are covered by the national administrations.

3.3.9. At the present time, preparations are under way for the expansion of eligible areas for INTERREG after accession. Furthermore, as of 1 January 2004¹¹ the following borders will be eligible for Phare CBC funding: a) Romania and Hungary, Romania and Bulgaria, Romania and Ukraine, Romania and Moldova, Romania and Serbia and Montenegro; and (b) Bulgaria and Greece, Bulgaria and Romania, Bulgaria and Turkey, Bulgaria and the former Yugoslav Republic of Macedonia, Bulgaria and Serbia and Montenegro.

3.4. The Delivery Mechanisms

3.4.1. Phare CBC delivers support to cross-border initiatives via three instruments:

- ⇒ Infrastructure and institution building projects;
- ⇒ Grant Schemes and;
- ⇒ Joint Small Project Funds.

Infrastructure and Institution Building Projects

3.4.2. Up to 2000, Phare CBC worked primarily via projects identified annually by the relevant regions in line with the JPDs and submitted to the Phare Management Committee (PMC) for approval. The annual project approach, without specific budgetary limits resulted in gradual proliferation of projects, which in turn placed heavy demands on the IAs and ECDs. The Phare Programming Guidelines for 1998-1999 first introduced the guideline that specified a minimum project size of M€2. The aim of this guideline was to:

- a) Speed up the rates of contracting and disbursement;
- b) To achieve economies of scale at the project level.

⁹ A managing authority can be any public or private authority or body at national, regional or local level designated by the Member States.

¹⁰ Article 34 of the General Provisions on the Structural Funds, (EC) N° 1260/1999 of 21 June 1999.

¹¹ Commission Regulation (EC) No 1822/2003, of 16 October 2003

3.4.3. In the context of Phare CBC, M€2 guideline has had a number of effects:

Positive

- Municipalities and local actors were encouraged to develop joint projects, thus achieving economies of scale and experience in working collectively;
- Contracting speeded up due to a lower number of projects to be prepared and contracted.

Negative

- A reduction in the number of ‘soft’ actions, particularly in relation to human resources and business development support;
- A focus on higher budget activities such as infrastructure, particularly roads and water treatment plants;
- ‘Bundling’ of disparate actions into ‘projects’ in order to reach the threshold and;
- Reduced involvement of local and community organisations, due to limitations on the co-financing that they can contribute.

3.4.4. In practice, there has been a flexible application of the M€2 guideline. In the period under consideration in this report, of a total of 208 fiches (excluding Grant Schemes and JSPFs), 72 are **less** than M€2 (31.5%).

3.4.5. Importantly however, the application of the M€2 guideline, albeit in modified form has meant a limited number of projects that can be programmed per border. For example, the Czech-Austrian border 24,000 sq. km (14,000 sq. km on the Czech side) with a population of 4.2 (1.5 million on the Czech side) has received approximately M€16 over the 2000-2003 programming period. Taking out the spent on JSPFs (M€2), this leaves the opportunity to fund approximately 7 projects over the four year period. Given the size of the border this means that the annual programming round will contain, in addition to the JSPF only one, or at most two other projects. The response to this has been to move towards GS, where there are more opportunities to fund smaller-scale projects.

3.4.6. Feedback from the IE reports and the interviewing process highlights a number of issues:

- Infrastructure projects, in particular roads and water treatment facilities are comparatively easy ways to meet the M€2 guideline;
- Three broad approaches to the development of road projects are noted: a) roads that are programmed under CBC as part of wider transport initiatives, for example sections of ‘E’ networks funded under Phare CBC, or local roads linking in with E networks or national roads (55% of the total Phare CBC funding for roads); b) town by-passes (16% of the total Phare CBC funding for roads) and; c) roads built and or rehabilitated that feed directly into border crossings (30% of total Phare CBC funding for roads). For roads of category a) and b) it is clear that the CBC programme is ‘gap-filling’ for the national transport programme and for plugging the gap in available funding for transport investments under M€5 (M€5+ is eligible for ISPA funding). In the case of c) projects, there are clear physical cross-border links, in addition to potential regional development spin-offs - ease of cross-border access, increased economic and tourist activity etc;
- While road projects have an immediate impact on regional development, they do not, in general, contribute to the development of cross-border networks;
- The development of road projects involves significant efforts in terms of preparation of technical documentation, contracting and day-to-day management and supervision. The PRAG has been central in bringing an awareness of good practice in tendering and procurement to both the public and private sector;

- Environment projects may be broken down into three types; a) environmental projects that support implementation of the acquis, particularly in the area of waste water treatment and quality of drinking water; b) projects that support and promote cross-border responses to monitoring of environmental conditions and; c) projects that support joint responses to disaster prevention. For projects of type a) there are clear impacts on the quality of services delivered in the border regions, and improved environmental conditions in the wider cross-border region. Type b) and c) projects (for example Monitoring of the Black Sea Coast) focus on development of common monitoring systems for areas of cross-border significance. For these kinds of projects, joint design and delivery is of the utmost importance and it is in this area of joint design and delivery that CBC-CBC and CBC-INTERREG structures and procedures have been particularly ineffective (see paras. 3.5.1-3.5.4 below);
- For projects in the area of economic and social development (12.3%), the emphasis is again on the physical infrastructure, in particular incubator and conference space. For these kinds of projects, sustainability is contingent on continued financial support from the local promoters in the short to medium term and accurate assumptions of levels of demand for the services offered.

Grant Schemes

3.4.7. Phare has implemented the GS instrument since the early 1990s. Initially GS were used to support the four political conditions of the 1993 Copenhagen Council and were targeted at the nascent NGO sector and civil society programmes. Following the Phare 2000 Review, the Phare support shifted from a project-based to a programmatic approach. This has involved greater reference to the National Development Plan (NDP) and the JPDs to identify the needs, gaps, strategies and action plans to improve socio-economic development and living standards in the medium-term. The programmatic approach was designed as a bridge to post-accession cohesion support under Structural Funds. The term ‘Grant Scheme’ is broadly akin to the term ‘measure’¹² under the Structural Funds.

3.4.8. The adoption of the programmatic approach has been accompanied by increased Phare funding to ESC¹³ – the majority of which has been GS-based and includes both investment and institution building. Therefore GS usage has expanded to span a range of ‘soft’ (e.g. Access and ‘people to people’ type actions) and ‘hard’ (e.g. ESC and investment) sectors. The GS mechanism was extended to Phare CBC in 2000 and is therefore a comparatively new instrument in this context. For the purposes of this report, GS and JSPFs are treated as separate mechanisms, this section deals exclusively with GS while the following section deals with the JSPFs.

3.4.9. Approximately M€62 of the total annual Phare envelope has been programmed to GS in the 2000-2003 period. This has in turn catalysed approximately M€20.6 of national co-financing. A total of 21 GS have been programmed in this period of which:

- Czech Republic has been the biggest user with 7 GS totalling M€21.6 matched by M€7.182;
- Hungary has been the second biggest user, with 6 GS totalling M€18.7 of Phare funds, complemented by M€6.2 of national co-financing;

12 Structural Funds plans have two levels of detail: Priorities and Measures. Measures describe how the Priority will actually work. For example, the Priority might say it will address the problems of new businesses, while individual Measures might look at start-ups, support for new firms, and tackle issues of long-term business survival.

13 A total of 250 programmes have been prepared under the Phare ESC instrument during the period 1998-2002. With an average size of over € 8 million, the total monetary value of these programmes together is € 2.1 billion.

- 12 of the 21 GS have been with Member States (totalling M€58 of the total Phare funds) while 9 have been between CCs (a total of M€23.4);
- The second wave countries, Bulgaria and Romania have been comparatively small users of the GS mechanism (outside of their JSPFs) with only 3 GS (2 between Hungary-Romania and 1 between Greece-Bulgaria) totalling M€6.;
- The use of GS has increased yearly, with none programmed in 2000, 1 programmed in 2001, 4 in 2002 and the remaining 16 programmed in 2003;
- The GS have been programmed across a range of sectors, in particular Economic Development and Business-Related Infrastructure (8 GS), Human Resource Development (5 GS), Environmental Protection (4), Transport (3) and Tourism (1).

3.4.10. Because the GS have been programmed principally under the 2003 programming round, there is comparatively little information on their performance in the CBC context to date. However, they have been used extensively with the Phare Economic and Social Cohesion (ESC) programmes and the lessons learned from these programmes may be said to be broadly relevant to the CBC GS. However, it is via the JSPFs that the GS mechanism has been most extensively used.

Joint Small Project Funds

3.4.11. The JSPF is a grant instrument for delivering small amounts of CBC finance on a demand-driven basis. The upper limit for awards is usually €50,000 although the average size of grants is usually considerably smaller than this, under €30,000. JPDs have included JSPFs for each programming year 2000-2003, resulting in a total of 69 JSPFs. The typical size of a JSPF is from 0.5 million to 1 million, to which there are a few exceptions.

3.4.12. JSPFs operate in exactly the same way as GS but are distinguished by a joint or 'mirror' fiche in the counterpart country; an emphasis on cross-border partners and activities; the involvement of joint structures in final project selection; the launch of simultaneous calls for proposals, and a single list of eligible actions.

3.4.13. Whilst JSPFs are intended to encourage mirror projects, these are quite rare. The lack of mirror projects is due partly to the shortage of project concepts that naturally lend themselves to mirror actions and partly to the upper limit of the grant available which can only fund small-scale actions. There are also administrative difficulties of coordinating projects under two sets of administration that move in different ways and at different speeds. In some cases one side of a mirror project has been approved but not the other, highlighting the difficulties of running separate appraisal processes. Projects that involve cross-border partners in related activities are more common and generally achieve the collaborative effects desired from mirror projects.

3.4.14. JSPFs are specifically orientated towards 'people to people' and small scale infrastructure. Their continued over-subscription testifies to the success of the JSPFs as a mechanism for the delivery of small amount of funding to a wide range of actors. The JSPFs looked at for this report consistently reported a ratio of 2:1 administratively compliant applications to projects finally funded.

3.4.15. The Phare programming guide for JSPFs allows up to 7% of the JSPF to be used for management costs of the JSPF. This is usually used to contract a consultant, an NGO or another body, such as a Regional Development Agency (RDA) to undertake much of the day to day management and monitoring functions. However, these intermediaries are not involved in

project concept development despite a need for some form of consultative or counselling function to help applicants develop their project concepts.

3.4.16. In almost all cases examined considerable delays were experienced in launching both the 2000 and 2001 JSPFs. Often 2000 contracting took place in late December 2002, at the limit of what is allowed under the n+2 rule. The situation for 2001 JSPFs appears to have improved slightly with contracting taking place earlier in December 2003. More significantly a number of countries are launching 2002 JSPFs simultaneously with the 2001 call. This suggests increased confidence in managing JSPFs and this should take the pressure off the contracting cycle for 2002 JSPFs.

3.4.17. In common with most GS, contracting delays occur a) during the development of the Guidelines for Applicants by the relevant IA and their approval by the ECD and b) ratification of the evaluation and selection process prior to contracting.

3.4.18. Late contracting of JSPFs may resolve itself as an issue in 2004 as many countries do appear to be gaining familiarity and confidence with managing the GS instrument. A number of recommendations are made later in this report (see section 5.3 below) to increase the efficiency and effectiveness of the JSPFs (and GS in general).

3.4.19. Phare JSPFs are in the process of being extended to non-MS / non-Phare borders (see para. 3.3.9 above), for example Bulgaria-Turkey and Romania-Moldova.

3.4.20. In general the JSPF is a highly effective and visible mechanism for mobilising worthwhile small-scale projects at the local level. Projects are often the first of their type in the locality and can and often provide the applicant with new ways to express their creativity and endeavour in a cross-border environment. Significantly, JSPFs are found to raise local interest and capacity for accessing instruments such as GS. Interest has also been raised through JSPFs in post-accession instruments, for which the learning experience of applicants under JSPFs has been particularly valuable.

3.5. Development of Joint Programmes and Projects

3.5.1. Programming and delivery of joint projects is a central aspiration of Phare CBC. However the ability of the Phare and INTERREG instruments to deliver projects of a real cross-border nature depends on a range of factors: the character of the border itself including existing conditions in the region (particularly the level of economic development and the capacity of the regional structures); the availability of budgets for co-financing and most importantly, the different operating environments for Phare CBC and INTERREG.

3.5.2. The joint programming process, in particular the JCCs provide mechanisms for joint agenda setting across a border region. However in practice, projects tend to be implemented in separate programmes operating on each side of common borders, thus necessitating the need to introduce mechanisms for joint projects.

3.5.3. Joint projects can take different forms and are of two main types. There are those activities with two partners, one on either side of the border. Such projects are successful at developing co-operation and joint working arrangements. Alternatively there are those projects with only one partner but which have a strong effect on both sides of the border (asymmetric projects). Such asymmetric projects are also successful cross-border projects. In practice the Phare CBC instrument funds both types of activity (and several in between). However, the mix of types is evident in the phrases heard in the course of this evaluation; 'joint, joint projects'

and ‘real CBC’ amongst others to describe those projects where there were attempts to integrate actions occurring by different partners on both sides of a border.

3.5.4. The joint action typology might be characterised by the following types:

- a) Actions that take place on one side of the border but with a cross-border effect:
 - Very strongly apparent effects e.g. a waste water treatment plant serving communities on both sides of border, or a joint response to monitoring of air or water quality or flood prevention;
 - Less apparent effects are visible in the case of some road projects e.g. the construction of ring roads and by-passes (although the benefits to residents in the immediate vicinity are evident);
- b) ‘Mirror’ projects where a project on one side of the border is ‘mirrored’ by a similar project on the other side – e.g. the development of business centres in towns on both sides of the border. In theory, this can facilitate the development of integrated activities such as shared training programmes, common promotional materials etc. However in the case of the Mako and Timisoara Business Service Centres (‘mirror’ projects under the Hungary-Romania programme), the fiches contain no real joint activities, other than ‘exploration of synergies’ once the centres are up and running;
- c) ‘Integrated’ projects where partners on either side of the border contribute different elements to the project. In Case Study 1, the underlying idea of the Nove Hradý Biotechnology Centre was to enable the University to offer a joint qualification with the University of Linz. The Linz component was submitted for funding under INTERREG but failed to secure funding with the result that the Nove Hradý group had to seek new ways to achieve their goals.

3.5.5. From our sample of programmes and projects, it is clear that projects of type a) are most common. As we have seen, roads and environmental projects account for 62% of the total Phare CBC funded allocated. There have however been efforts to identify type b) ‘mirror’ projects, however, it is clear that while they are identified at the fiche development stage, the fiches are developed largely in parallel and they lack practical mechanisms for joint actions during implementation (see for example Case Study 3 on the Integrated Monitoring of the Black Sea).

Case Study 1. Nove Hradý Bio-Technology Centre

The project originated in an agreement in 1999 between a number of international universities working the area of Photosynthesis. The group identified the need for a bioscience training and education resource in this field and the recently vacated Chateau in Nove Hradý on the Austrian-Czech border (due to the closure of the local Agricultural School) offered a well-located option (1.5 hours from Linz airport, but less well located in relation to major centres on the Czech side). The Academy of Science offered to take over the building and offered it to the Photosynthesis Group.

The Group was keen to be involved, but could not directly fund the project themselves, particularly the physical reconstruction. A Czech consortium was established, applied for national funding and was subsequently awarded a National Research Centre grant for Photosynthesis research. Success in this has, at least in part, resulted in establishment of an Institute for Physical Biology at Nove Hradý. Phare CBC offered a good opportunity to finance the physical re-build and specialist outfitting of the Centre. The Consortium, together with the University of Linz, prepared and submitted an application to Phare CBC (M€1.36 with M€453 of co-financing). The University at Linz simultaneously applied for funding through INTERREG for curriculum development.

Development of the project was potentially adversely affected because the University of Linz failed to secure the match funding for its INTERREG application for student exchange. The Consortium was however quickly able to expand the project by including student exchanges through Socrates and involving other universities.

Despite a short timescale, project preparation proceeded smoothly. The Ministry for Regional Development provided guidance and the promoters benefited from technical assistance from a private contractor under the Project Preparation Facility. Building permits were acquired from their own finance. Preparation of tender documentation proved more complicated under the Phare rules, than under national procurement regulations. A significant problem was the time required for the translation of the technical specifications into English (6 weeks).

Payment to the Contractor for the works is partly in Euros and partly in Czech Crowns and this requires special accounting arrangements.

When completed, the centre will consist of teaching and research laboratories as well as education, training and conference facilities. The laboratories will be for students, and researchers, including post-graduates. The first incubator is being built using CBC funding. There is already interest from a German company for protein crystallization and an Austrian microbiology lab. The target is to attract four companies employing 15 people. There are ongoing plans to integrate the incubator into the Upper Austrian Incubator Network.

While the Phare CBC funding for the physical reconstruction is important, it provides only the foundations on which to build.

Lessons Learned:

- 1) For 'mirror' projects to be viable, funding for both components must be in place. However, in the event of funding not being secured for the 'mirror' component, particularly where joint activities are envisaged, some flexibility must be allowed for project re-design;
- 2) Good and interesting projects arise out of ongoing relationships, rather than last minute searches for partners;
- 3) For projects to have a regional impact, then the project results must be built on. In this case, the inclusion of the incubator in the Upper Austrian Network should increase the prospects for sustainability;
- 4) Financial sustainability is core and must be planned for as early in the project cycle as possible.

3.5.6. Within the current operating arrangements, type c) integrated projects are very difficult to develop. There have been some attempts to develop projects and implement joint projects, however the different operating environments between INTERREG and Phare CBC means that this is often not possible.

3.5.7. Key differences between INTERREG and Phare CBC include:

- ⇒ There are different implementation structures and procedures in place for INTERREG and Phare CBC. While good operating relationships appear to have been built up between regional implementation structures, resource levels, reporting arrangements and eligibility rules;
- ⇒ Different project selection processes. While the programme overall reflects a joint development agenda for the border region, the selection of projects takes firstly though difference procedures, under INTERREG there is a 'continuous call' which allows for more active input by the relevant regional bodies in project development on an ongoing basis. Phare CBC is based on an annual approach, with applications under the Grant Schemes and JSPFs assessed by panels of external experts. While this is perceived to be a visible and transparent approach, it has lead to a 'one shot' approach for applicants.
- ⇒ Different approaches to monitoring and evaluation which makes it difficult to follow-up projects during implementation and where data is not compatible.

3.5.8. In the case of the JSPFs, there have been some attempts to achieve joint operations: a common fiche for the JSPFs for Bulgaria-Romania, joint calls for proposals, joint lists of eligible actions. While INTERREG is multi-annual, Phare CBC is, in practice, an annual programme. There is also a tendency, particularly in the case of the JSPFs to avoid repeat funding to individual projects. This limits organisations' ability to plan and to build up capacity over time.

Case Study 2. Romania-Bulgaria Joint Small Project Funds 2000

The Joint Small Project Funds are a specific grant scheme instrument available under Phare CBC to support 'people to people' and small scale infrastructure in the border regions. Every country participating in Phare CBC has programmed JSPFs. These two projects are mirror projects totalling M€1 of Phare funding with M€2 of national co-financing.

The joint basis of the JSPFs is found in standardised application forms, common eligibility and selection criteria, common rules for publicity and synchronised launching of calls for proposals and joint project selection. Mirror projects by applicants are not a condition but cross border impact is, even if the actions are only on one side. Preference is given to applicants proposing a cross-border partner. There is no requirement for the partner to be an applicant under their own JSPF.

Both funds were successfully launched and contracted in December 2002 close to their contracting deadline. 28 projects have been funded (11 in Romania and 17 in Bulgaria). Indications are that individual projects have been successful. The Romanian JSPF was implemented with the assistance of a border-based foundation, which has also been contracted for the 2001 and 2002 JSPFs. The Bulgarian project was assisted under a wider PPF and subsequently by a 7% contract for monitoring and administration.

Very different experiences have resulted from these alternative methods. In Romania, experience has been gained at a local level in managing an EU instrument. The capacity of the organisation involved has been raised as a potential grant scheme applicant, as a consultant to others and as a manager of EU grant schemes. By contrast, experience gained by the short-term PPF consultants in the Bulgarian model has few wider benefits and no creation of local capacity to engage with EU programmes. It remains to be seen whether the absence of this support will impact negatively on the quality of the 2001/2002 applications. To some extent the monitoring contract in Bulgaria has helped support the continued development of a Sofia based NGO, which does have some wider impact.

In both models the focus of assistance at the preparation stage for applicants has been on seminars and presentations on how to complete the forms and budgets. There is a need for a counselling function to assist applicants develop their project concepts. This could be provided by the implementing organisations but they are generally concerned about potential conflicts of interest.

There were very few proposals for 'mirror' projects. There is a genuine and valid concern amongst applicants that 'mirror' projects are more difficult to define and manage and that one side may be awarded without the other. Many projects featured cross-border project partners, who were not applicants under the corresponding JSPF on their side of the border. In a number of cases very strong joint actions and linkages have been observed resulting from the projects.

For many of the applicants, this is their first contact with any donor programme and for many of the projects this is the first time they have been implemented. It will be very difficult for many of these projects to be run again without further support via the JSPFs or other sources. For those with the potential to attract alternative sources of finance, it could take several years to reach sufficient maturity for alternative funding sources to step in. There is therefore a question mark over the sustainability of many projects. This is less of an issue for acceding countries, where INTERREG may provide additional funding opportunities.

Whilst many of the projects are observed to have strong cross border involvement, there is a general observation that the fixed Danube crossing at Giurgiu – Ruse involves layers of taxes and insurance charges that are a significant cost for individuals. It is incongruous to apply significant CBC funding to the region without concerted action to remove all other barriers to travel that are within the capability of the national administration to do so.

Lessons Learned:

- 1) The JSPFs are an efficient way to deliver small amounts of finance to the local level and to develop local capacity to engage with EU funding mechanisms;
- 2) However, JSPFs have their limitations, particularly:
- 3) 'Mirror' projects are not well suited to JSPFs particularly where is a real risk of one side being contracted and the other not;
- 4) Contracting out a large part of the management of JSPFs can work well. However the full Phare machine including all the key actors, procedures and payment processes has to be mobilised for JSPFs as with any grant scheme. JSPFs would benefit from a more simple and streamlined process;
- 5) There is a need to introduce project support at the applicant level through a counselling or mentoring type function at the local level;
- 6) In some areas, regional development could be stimulated by actions taken by the national level to ease cross-border movement (as in the case of the Bulgarian-Romania Danube border-crossing).

3.5.9. While CBC programmes between Phare countries operate largely under the same rules and procedures, there are a number of areas where structural and systemic problems have put barriers to the development and implementation of joint projects. These include: different approaches to project development, parallel selection procedures on each side of the border, with the approval of a 'joint list' only at the end of separate regional processes, different interpretations of the PRAG by the ECDs resulting in delays in *ex ante* approvals of projects, and different capacities and organisational structures in the IAs. Where there have been efforts to co-ordinate the development of joint projects, this has often come too late to be effective. There have also been attempts to combine tenders for cross-border projects and this has been successful in some instances, for example in the joint Romanian-Bulgarian project on Air Quality Monitoring, it has not been possible for most joint projects, due to different rates of project preparation. See Case Study 3 on the Romanian-Bulgarian Integrated Black Sea Monitoring projects.

3.5.10. Implementation and monitoring of the Phare CBC projects also takes place in two parallel exercises, one per country. These come together at the JCC stage which functions as the SMSC under the decentralised monitoring system. The SMSC meetings have however been criticised for focussing too much on the quality of the monitoring reports and less on addressing underlying issues and barriers to implementation. Monitoring under the Phare system focuses on inputs and commitment and disbursement rates, indicators at the project level tend to be poorly formulated and there is limited ability of many IAs to follow up on implementation, particularly in relation to the JSPFs.

3.5.11. The Interim Evaluations (IEs) provide an opportunity to look at the operation of the joint programme, however in practice the IEs focus on only one side of the border, and therefore can give a picture only of implementation in relation to one country's component of the joint programme.

Case Study 3. Integrated Monitoring of the Bulgarian-Romanian Black Sea Coast

These are mirror projects under the Phare CBC programmes for Bulgaria and Romania in 2001 totalling M€4.35 (with an additional M€1.43 in co-financing) The project concept was initiated by the Romanian-Bulgarian Inter-ministerial Committee in 2000 and aims to assist both countries to implement their obligations under the 1992 Bucharest Convention for the Protection of the Black Sea and the Black Sea Strategic Action Plan, by equipping the relevant authorities in each country to undertake environmental monitoring of coastal waters to common standards, share data in an integrated way to and establish an early warning system in the event of spillages.

From the outset true project integration, co-ordination and management was weak. Two separate fiches were prepared for submission to the Joint Coordination Committee and their respective Phare Management Committees. While there was some dialogue between the regional environmental agencies during preparation, this focused on ensuring that their equipment and investment needs were met, rather than on agreeing common standards and operating systems. Independent projects were therefore developed with the intention of allowing the beneficiaries to achieve shared objectives from different starting points.

Following approval, the projects were contracted separately and implemented separately with the result that the Bulgarian technical assistance (TA) was completed well ahead of the Romanian TA and Bulgarian procurement is well under way, with equipment delivery expected in 2004. The Consultants for the Romanian contract visited Bulgaria to integrate the procurement specification. The Romanian procurement process has fallen into difficulties due to poor tender specifications for a survey vessel that resulted in no acceptable tenders. The laboratory equipment budget was reduced by up to 50% and reallocated to the new vessel together with some additional co-financing. It is not known what impact reallocation of the equipment budget will have on the project outcome but the procurement delay will result in the projects falling further out of synchronisation.

The project has been procurement lead, with little concern for the shape of the final monitoring system. Despite the confidence of the Romanian authorities it is clear that two separate projects are underway, and there is no guarantee that the data generated will in fact be compatible. The comment was made that 'real integration' is not expected until after the equipment has been delivered. A quarterly meeting arrangement has now been initiated between the local level project management but the two projects have progressed independently.

Lessons Learned:

- 1) Integrated project management needs to be established at the fiche development stage between those who will be involved in implementation.
- 2) For mirror projects involving procurement and development of shared systems and procedures, a single fiche with agreed outputs and a co-ordinated project management plan would assist synchronisation;
- 3) Project management structures should be defined at the fiche stage. One party should be identified to take the lead role in ensuring the joint management structure works;
- 4) There should be one TA contract from one programme even if the actions take place in both countries. This can be carried into the monitoring arrangements.

4. PHARE CBC CAPACITY BUILDING FOR INTERREG

4.1. Phare CBC as Capacity Building for INTERREG

4.1.1. The extent to which Phare CBC has provided learning effects for INTERREG is very much related to the length of time programmes have been operating. In the case of the new MS, Phare CBC has been operating since 1994, however it has only been with the reorientation of Phare CBC, in particular the introduction of the joint programming structures and the JSPFs and GS that real learning, of direct relevance to capacity building for INTERREG can be said to have taken place. Learning effects are also related to the amount of funding available, which in turn has affected the numbers of projects funded and the sectors in which they have been programmed. Learning is also related to the extent to which local governance structures are in place and functioning and to the extent to which the national administration is in a position to provide tangible support (in terms of human and financial resources) to support the programme.

Phare CBC as capacity building for INTERREG

Programming

- The JPDs have been a useful exercise in promoting dialogue and agenda setting for border regions;
- The JCCs have been practical structures for discussion and decision-making at the regional level;
- Working relationships have been put in place at the regional level that will form the basis for future activities under INTERREG.

Management and Implementation

- Implementation structures have been put in place and tested at the central and regional levels;
- The JSPFs have provided 'hands on' experience of programming and implementing small-scale 'people to people' and infrastructure projects at the regional and local levels;
- There has been a transfer of good practice in the management of public funds via the use of PRAG. Good practice in transparent selection, tendering and reporting procedures has been introduced to a wide audience.

Absorption Capacity

- The JSPFs have demonstrated good absorption capacity for small-scale actions at the local level;
- Visibility and awareness of European Community support has also been raised at a very local level;
- Because of the focus on infrastructure and environment actions to date, less experience has been built up with development of 'soft' actions.

4.1.2. For the new MS, experience gained under the Phare CBC programme has been through 'learning by doing'. Working relationships and structures have been put in place and tested through the programming and implementation of projects and importantly through programming and implementing the JSPFs.

4.1.3. While there are structural differences between INTERREG and Phare CBC, these have not proven to be significant barriers to developing and implementing projects that have the potential to make an impact at the regional level, in terms of improving environmental conditions, or increasing

accessibility for business or tourism. They have however impacted negatively on the ability of local and regional actors to address common issues in an integrated manner.

4.1.4. We have seen that a significant proportion of Phare CBC funding has been programmed to transport and in particular roads. Compared to the amounts available under ISPA, national funding and other sources, the added value of the CBC instrument in this context is negligible. While ensuring fast disbursement and contracting and maximising use of local and national transport budgets, these kind of projects will in the future be eligible for funding under the mainstream Structural Fund programmes such as Objective 1. Therefore

learning here relates to the programming process and the structures that need to be in place for projects to be implemented.

4.1.5. The Phare CBC instrument is very visible at the local and regional levels, particularly via the JSPFs. These, together with the GS provide the closest approximation to how Structural Funds, and INTERREG, will work in the future. As such they provide a strong learning environment. It has also been reported that “now there is a grant scheme there tends to be more discussion of choices to be made than when there were just two large projects”. This is a positive development for the learning dimension, but also for the practical development of co-operation activities.

**Case Study 4. Slubice Communal Infrastructure/Integrated Strategy Slubice
(Poland-Germany)**

Slubice city in Poland is separated from Frankfurt-on-Oder in Germany by the River Oder. From the closure of the border in 1979 to up to the relaxation of border controls in 1991, commerce and interaction between the cities was very limited. Since 1991 however, cooperation has increased, building on shared history. Informal interaction is increasing via trade and tourism and the authorities of both cities are keen to build up a practical working relationship; the cities' Mayors meet every three months and the Office of International Co-operation in Frankfurt has a Polish speaker to facilitate communications.

Slubice City has benefited from a number of investment projects through Phare CBC and has also been an active participant in the JSPF. The high level of participation in the JSPF reflects the close relationships between all institutions in the area.

Both the Integrated Strategy and the Communal Infrastructure projects focus on infrastructure provision with a total allocation of M€3.72 (plus M€1.3 in co-financing). Both projects have been successfully completed.

Communal Infrastructure

This was the first CBC project undertaken by the City. It provided the basic infrastructure (roads, utilities etc) for the development an ex-military training area. The area has subsequently been developed for private housing (funded by the homeowners). CBC funds were sought because no other funds were available. There is an office of the Voivodship in the town and this made the authorities aware of these funds and provided some initial advice on the application. The authorities contracted a local consultancy company to assist with writing the bid, which has subsequently been retained to undertake further bid. Owing to the professional help there were no significant problems encountered with the application. Contracting was comparatively smooth. The aim of the project: to overcome disparities in development between Slubice and Frankfurt and to prepare new parts of the town that are not susceptible to flooding for development. However while the project had a direct impact in the area, there were few direct cross-border impacts.

Integrated Strategy

This project consisted of a number of elements but was again, largely an infrastructure project. The five key elements were: modernization of a central square (as part of Eurogardens 2003); developing a 40ha nature area; modernizing a sports stadium; constructing 9km of cyclepaths and undertaking infrastructure works in a suburb of Slubice. The cross-border relevance of this action is more clearly apparent than that of the Communal Infrastructure project. Moreover, the actions were part of the preparations for Eurogardens 2003 and the very important 23rd Hanseatic day celebrations, jointly hosted by Frankfurt and Slubice. Slubice had proposed a number of additional projects, but were discouraged by the CBC IA. Slubice also benefited from another investment project related to the Hansa festival – namely to fund a tri-lingual information system (flags, postcards, city maps, notice boards etc).

The festival has in fact cemented the joint working and co-operation arrangements. Currently 2 further large joint projects are in preparation (a pedestrian/bicycle ferry and a tramway). Also, Slubice has recently applied to CBC for a co-operation centre to support institution building. Project monitoring tends to be at a technical level, checking that contracted works have been completed. This contract was the biggest ever undertaken by the Commune and was difficult to prepare (with over 900 separate items), but once contracted proceeded relatively smoothly. Slubice is part of the Special Economic Zone and so is attractive to investors. The city's priority has been to get the infrastructure right and then to focus on economic development and employment generation.

The projects are not a one off but part of an on-going development strategy. Phare CBC has not led to greater co-operation - the environment for this was already present - but has clearly facilitated actions that were already planned

Lessons Learned:

- 1) Good projects come out of existing relationships;
- 2) Information and support must be delivered locally;
- 3) While projects focussing on provision of communal infrastructure can have positive impact on local conditions, they do not facilitate networking and cross-border contacts;
- 4) Support for project development is essential.

4.1.6. The limited use of GS in CBC (up to 2003) means that there has been only limited capacity building to date. While there has been significant learning by doing via the JSPFs, mechanisms are largely lacking to capture this and to transfer lessons learned a) between regions (for example by using a networking approach between intermediary bodies or by disseminating good practices and interesting results), and b) between countries (for example by meetings of relevant officials at the national and/or regional levels, or by looking at how JSPFs or GS are addressing different kinds of priorities, such as Human Resource Development). In the case of GS, there is also scope for dissemination of good practice and learning at the horizontal level from Phare ESC.

4.1.7. For Romania and Bulgaria, institutional instability, lack of resources and lack of political commitment to Phare CBC has meant that the programmes are not yet adequately 'embedded' in the regions, despite an evident appetite, enthusiasm, capacity and capability at the local level. The programming structures are in place and functioning, however the implementation structures are excessively centralised in the capitals, thus reducing the opportunities for capacity-building at the regional level .

4.2. Programming (including monitoring and evaluation arrangements)

Programming:

4.2.1. Overall, joint structure development through the JCCs and JSCs has been a strong feature of Phare CBC. This has tended to involve local and regional actors in practical co-operation. While the structures have been successful in promoting joint working, they have not always been so successful in stimulating speedy decision-making, due to the number of meetings that take place, as well as the numbers of actors involved, particularly at the regional level. Furthermore, the engagement of regional and local actors is very dependent on the nature of the governance structures in the border regions, and their history of consultation, communication and autonomous decision-making.

4.2.2. The INTERREG/Phare CBC relationship has been most fruitful ground for learning with respect to INTERREG. These programmes are supported by structures where decision-making of a cross-border nature takes place, e.g. CC representatives participate on INTERREG decision-making bodies and vice versa. For example in the case of INTERREG IIIA matched programmes, co-operation is between the Powiats of Western Poland and the Landkreise in the east of Germany. In this instance the direct relationships instigated by the CBC and INTERREG programmes have been very beneficial for capacity building and co-operation activity.

4.2.3. The Phare structures however make this more difficult in CBC/CBC border regions. In these areas joint structures are in place but the level of joint decision making is less – as all decisions are ultimately taken by the Commission. For example co-operation between the Phare CBC programmes on the Czech-Polish border is more indirect, with programming of the Phare CBC annual envelop carried out in two separate exercises, with the European Commission playing a role that does not have an analogue under the INTERREG arrangements. This works against developing direct co-operation activities. However, it has been argued that in some cases, having the EU act as an intermediary body can be beneficial, in providing a more balanced perspective, e.g. the 2003 move towards greater use of GS is reported to have come from the Commission Services.

4.2.4. The JCC structure appears to have worked effectively in practice. It is being retained as the structure for INTERREG IIIA in all cases that the Evaluation Team was aware of, providing a mark of confidence in its actions. Some small changes are proposed in the Recommendations section below to the membership of the JCC as it becomes the Programme Monitoring Committee, in particular to include the social and economic partners.

Development of joint programmes (the JPD)

4.2.5. The JPD is a document that should reflect a shared understanding and agreement on the development priorities for both sides of the border region. The JPDs set out the broad development priorities that inform multi-annual planning under INTERREG and annual planning under the Phare programme. This process identifies the areas that are development priorities for the region as a whole. In practice, the JPDs should form a multi-annual reference point for programming. The priorities are however broadly stated, with scope for most actions. While it is not a legally binding document, it is certainly an important framework, together with the NDPs, for Phare programming.

Key Conclusions of the mid term evaluation of the Austrian-Czech JPD

- Regional analysis and SWOT remain valid;
- No major change in objectives required;
- Joint implementation structures have led to a significant increase in the cross-border quality of the projects;
- Major differences exist between the INTERREG and Phare monitoring systems and their indicators...thus the current indicator system cannot give an accurate and timely picture of implementation on both sides of the border (apart from financial information);
- The joint structures required for implementation have been installed swiftly and seem to function quite well;
- Final decisions for project selection are taken jointly in the JSC, but they are to a large extent pre-determined by previous assessments.

4.2.6. The JPD appears to present a good base for developing ideas. It goes to all members of the JCC and in some cases, for example the Czech-Austrian programme is supported by thematic Working Groups, thus helping to define priorities for detailed annual programming. It has been argued that the programming process would be much more difficult without the JPD as it would involve reopening past discussions.

4.2.7. The process of developing the JPDs has been an important learning exercise for the CCs, both first and second wave countries. It has mobilised key decision-makers at the regional level in support of common development goals. In general local and regional involvement has been good, with relations between Member States and first wave CCs generally stronger than those between the CCs themselves. Good working relationships also appear to have been put in place between the German and Polish counterparts for development of their three regional programmes.

4.2.8. There has however been limited consultation outside regional authorities, particularly with citizens. Social partners are not represented on the JCCs and this weakens the mandate, and therefore does not contribute to the development of a capacity to engage with a wide range of social partners and actors on accession.

4.2.9. Furthermore, in some cases development of the JPDs has been described as a 'purely theoretical' exercise. In particular the time and effort involved has been questioned, particularly for border regions with only limited Phare budgets (only M€4 in some cases).

4.2.10. In a number of instances, highlighted in both the interviews and in the IE reports, it was not clear why certain interventions (roads, commercial co-operation centres) were prioritised over others. Feedback from the interviews indicated that political support for

particular projects at the JCC was a key factor in selection of their project for submission to the Phare Management Committee.

4.2.11. The introduction of the JSPFs has extended the outreach of the Phare programme, both in terms of the range of beneficiaries that can participate, as well as the geographical coverage of the funds. The JSPFs have been important in building up a capacity at local level for project development, as well as testing the mechanisms for project selection and implementation. The continued over-subscription of the JSPFs indicates that there is a rich project pipeline for this kind of activity.

Monitoring and evaluation arrangements.

4.2.12. Monitoring and evaluation arrangements differ between INTERREG and Phare CBC. Evaluation arrangements for INTERREG focus on outputs, results and impacts and provide for the 'classical' triptych of evaluations (ex ante, mid term and ex post). While monitoring arrangements are the responsibility of the relevant country/region, the mid-term evaluation provides an opportunity to analyse the quality of the joint monitoring systems in terms of organisation, regularity, quality of monitoring data.

4.2.13. Where there is a INTERREG/Phare CBC relationship, there are two separate monitoring systems in progress, which in the areas we have examined are not harmonised. Because of the differences in the kind of data collected, the information available to the JCC is not compatible. In practice therefore it is not possible to build up a picture of how the joint programmes are performing in their cross-border contexts. With accession however, there are plans in place for the new MS to adopt the monitoring systems developed for the INTERREG programmes.

4.2.14. For Phare CBC/Phare CBC programmes, the monitoring systems focus on inputs and disbursement/contracting rates, rather than on performance at the programme level. In practice, indicators at the JPD level are not used to inform monitoring or evaluation of the Phare components.

4.2.15. While the JPDs between MS and first wave CCs are subject to mid-term evaluation, this does not seem to be in place for the JPDs between the CCs themselves and work is proceeding on the next generation of JPDs (see para. 3.3.9) without any consideration of the lessons that have been learned.

4.2.16. From the interviewing process, it was clear that the quality and nature of monitoring carried out by the responsible Phare CBC bodies related to a) whether programming and implementation were located in the same body or in separate agencies and b) the capacity in the relevant IA. In the case of the Czech Republic, programming and implementation of Phare CBC are split between the Ministry for Regional Development (programming and the JPDs) and the Centre for Regional Development (implementation). Monitoring of ongoing activities and in particular monitoring of the JSPFs is carried out by the Centre who focus on inputs and disbursement. Evaluation at the JPD level is the responsibility of the Ministry and is conducted in two parts: via the evaluation arrangements put in place via the JPDs and the IE function, under the responsibility of the Evaluation Unit at DG Enlargement. In Romania by contrast, responsibility for both programming and implementation rest with the same body. At present there do not appear to be any arrangements in place for a mid-term evaluation of the JPDs between the CCs themselves and work is progressing on the new JPDs (see para. 3.3.9 above) with no consideration of performance of ongoing JPDs at the programme level. Because the

Romanian model is at present very centralised, there is little capacity being built up for monitoring at the regional level.

4.3. Management and Implementation

4.3.1. The Phare process (i.e. fiche, Memorandum, contracting in line with PRAG etc.) has resulted in some delays during implementation. However it does not appear to have had a detrimental impact on the development of projects and draw down of funding under Phare CBC. While there have been delays: the length of time required for the preparation of tender dossiers, together with the exercise of ex ante control by the ECDs has reduced time for implementation. JSPFs have also suffered on account of their relatively small size, where other programmes are given priority between all the key actors. This could in part explain the very late contracting experienced in 2000 and 2001 JSPFs. However it is clear that Phare CBC is seen as a valuable source of funding for the participating regions and as such, problems that arise during implementation are addressed.

4.3.2. While the role of the ECDs in performing ex ante control over the CBC funds has been useful, real capacity building of value under INTERREG can only take place once the relevant national authorities can take over this function. This requires EDIS accreditation of the relevant bodies in the New Member States as a priority. In the case of Phare CBC in Romania and Bulgaria, where EDIS accreditation is not on the immediate horizon, there is certainly scope for devolving more responsibility for administrative compliance and eligibility checks to the regional levels. This however is contingent on organisations and bodies in place that have the capacity to carry out this work.

4.3.3. Because Phare is external assistance, this limits the degree to which projects can be jointly contracted and implemented, e.g. the Lead Partner Principle¹⁴ cannot be applied fully because of different procedures under the Phare programme. There is however scope for utilising the Lead Partner Principle in Phare CBC/Phare CBC projects, with some flexibility by the Commission Services and national authorities. This issue is addressed later in Chapter 5.

4.3.4. The creation of the IAs has ensured a corps of trained and able staff, who will be able to manage INTERREG projects in the future in the new MS. However, efforts in this area have been hindered by institutional instability and insufficient staffing, particularly in Bulgaria and Romania. Furthermore, there is a need to ensure that this capacity is also present at the regional level. Decentralisation to regional offices, contracting out implementation particularly of the JSPFs and GS to locally-based bodies e.g. regional development agencies could enhance local ownership and access to the programme and have a greater impact on capacity building for INTERREG in the remaining CCs.

4.3.5. As noted previously, the experience of implementing CBC projects has been a form of 'learning by doing'. The use of standardised procedures and clear eligibility criteria has promoted transparency in project selection under the JSPFs and GS. The use of external experts for evaluation of proposals (not a standard practice under INTERREG) has been an effective counterweight to political considerations. PRAG has played a key role in the development of robust and transparent implementation processes and for raising awareness of

¹⁴ The Lead Partner (entity) is usually the body that is 'legally' responsible for the entire implementation of the project, including for the other partners located in other Member States. It receives funding and in turn pays the other partners. The Lead Partner will also ensure the coordination and day-to-day management of the project, acting as the permanent contact point for the Programme Secretariat. The 'Lead Partner' must always be located in the EU, at least as regards transfers of ERDF funding.

good practice in both public and private sector that should be of benefit for the implementation of INTERREG projects.

4.3.6. The JSPFs have been the first experience for many small municipalities in project development, management and accounting for EU funds. GS are particularly good practice for implementing INTERREG-type measures. But only five have been programmed under CBC between 2000-2002. Therefore the learning and capacity building through the GS has been limited.

4.3.7. The use of logframe methodology has been a useful exercise in the process of project development, however, it may not be suitable for small scale, 'people to people' actions. However experience shows that successful use of the Logframe requires a commensurate investment in training and supports. In the case of the 2001/2002 JSPF in the Czech Republic, the decision has been taken not to require Logframes as part of the application process.

4.4. Absorption Capacity

4.4.1. With the exception of Romania¹⁵, the joint programmes were reported to have been oversubscribed with 'good' projects, particularly the JSPFs. However, if we take roads and environment projects out of the equation, there appears to be less ability to develop robust projects to the M€2 threshold, particularly in relation to 'soft' measures, and notably in the area of economic development. The forthcoming tranche of GS type activities will test the extent to which there is a viable pipeline of good projects in this area.

4.4.2. Phare CBC has provided limited budgets to support project preparation (.8% of the total Phare CBC budget). In practice these funds have supported the development of tender dossiers for construction and equipment procurement. However it is clear that for CBC to be effective in the area of economic and social development, attention has to be paid to supporting the design and development of more complex 'development' oriented projects.

4.4.3. The IE Reports and Country Phare Evaluation Reviews (CPEs) highlight a number of issues adversely affecting absorption capacity:

- Institutional instability at the IAs particularly in Bulgaria and Romania;
- Insufficient resources for management and implementation at the IAs;
- Lack of horizontal co-operation at the central level for the programming of environmental and transport initiatives;
- Poor quality of project preparation, including inadequate ex ante appraisal and poor cost benefit analysis;
- Insufficient technical skills for preparation of tender documentation, leading to delayed contracting;
- Land and building permits not in place at project start;
- Poor project planning, including deadlines that are not feasible.

4.4.4. The JSPFs have opened the gateway into EU funding opportunities to a wide range of beneficiaries at the local level and created a capacity for project generation and management. The JSPFs are thus consistently oversubscribed.

¹⁵ The 2003 Phare CBC allocation for Romania was reduced from M€5 to M€3, due to the lack of good quality, well-developed projects.

4.5. Other Issues

Dissemination of Learning effects

4.5.1. Within countries strong learning effects do appear to have occurred. Experiences gained in one border region have been transferred to another, particularly with respect to programming and implementation, and particularly from regions on the INTERREG borders to their counterparts on the CBC side. In this respect it is unfortunate that regular meetings involving implementing agencies from different countries take place only on an ad hoc basis. This represents a lost opportunity to foster learning effects across CBC programmes throughout the Phare territory as well as within individual countries.

Role of the ECDs

4.5.2. The ECDs tread a delicate balance between ensuring that the regulations are followed in the way that funds are used through their role in *ex ante* approval, and facilitating disbursement of funds. However, their distance from the regions, heavy workloads and often limited technical expertise means that they can be a bottleneck particularly for approval of the individual projects contracted under the JSPFs and GS'. This situation is likely to be exacerbated in the medium-term with the increase in the use of GS'. The final accreditation of the IAs for EDIS in this context is therefore essential.

Future programmes

4.5.3. The mix of cross-border programmes in the future is characterised by an mix of different funding instruments: the INTERREG IIIA Community Initiative; Phare CBC, TACIS and CARDS. In some cases trilateral border programmes are to be funded through three different financial instruments. Whilst this is unavoidable to end 2006, opportunities should be taken to ensure that where these instruments can work together more effectively, this should be done. At the very least this should involve establishing common programmes for the INTERREG IIIA: PHARE CBC cross-border areas.

4.5.4. However, one issue that emerges is where to access funding for projects of M€3 to M€ 2. In practice we have not found any evidence that this has created a problem for partners. Most appear to have mechanisms for packaging (or subdividing) projects to enable them to be eligible for support under either the investment project heading or through a grant scheme. However, this does suggest that these thresholds are artificial and merely introduced for administrative convenience.

4.5.5. A strong benefit of the projects funded through JSPFs is that they are very strongly orientated towards 'people to people' style actions. This has a very significant impact on developing co-operation activities at the grassroots level. They also support small-scale local organisations providing a great deal of visibility of European Union actions promoting the benefits of cross-border working. The learning effects of this are significant.

4.5.6. One of the values of the JSPF mechanism is that it can help to build the capacity of organisations to undertake more significant projects. For example in the case of the Business Incubators project in Trebic (Czech-Austrian programme), the experience gained by the RDA under a previous JSPF project gave it the confidence to undertake a major investment project, financed by Phare CBC. The JSPF was described by this organisation as providing "a good start for future co-operation on future projects of bigger ideas".

4.5.7. One of the areas of learning is in the development of good quality projects, and funding procedures. In some cases authorities were finding that organisations were overstretching their capacity. They would submit 5 or 6 applications for different projects in each funding round, none of which reached acceptable quality thresholds. In order to counter this one programming authority has now introduced a rule that each organization can only introduce 2 applications in each funding round. The idea is that these two applications will be of a higher quality because the capacity of the organization will not have been stretched so thinly.

4.5.8. There can be a concern that the same projects are funded year after year, with no sustainability once European support has been removed. This danger is recognised in practice and different approaches adopted, in some cases repeat applications are not permitted unless a new innovative element has been added, in others a digressive funding profile is adopted, with the level of grant reducing each year. The benefit of the latter approach is that it enables a project a good chance of securing a record of successful delivery on which to base future financing plans.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Overview

5.1.1. This Chapter is divided into two sections; 5.2 which deals with Conclusions and 5.3 which deals with Recommendations.

5.1.2. Conclusions address the following issues:

- ✓ Phare CBC as a regional development instrument;
- ✓ Phare CB as capacity building for INTERREG;
- ✓ The JSPFs and GS;
- ✓ Effects of deconcentration decentralisation;
- ✓ Added value of Phare CBC.

5.1.3. Recommendations address:

- ✓ Future cross-border programmes and initiatives
- ✓ Increasing the impact/efficiency of JSPFs and GS' in the cross-border context;
- ✓ Recommendations specifically relevant to Bulgaria and Romania and;
- ✓ Other recommendations.

5.2. Conclusions

Regional Development

5.2.1. Phare CBC has been an effective instrument for delivering funds to projects that meet local needs and that have an immediate impact on economic and environmental conditions at the local and regional levels. As such, it meets one of the core objectives of the CBC instrument, namely to help regions to overcome the economic and social disadvantages they face by virtue of their border location.

5.2.2. However, the extent to which CBC can be a successful regional development instrument is limited by its comparatively small amount of funding dispersed over a large geographical area, the M€2 guideline which has resulted in a focus on infrastructure projects and a limited focus on 'soft' actions to date, as well as the annual nature of the Phare programme which makes it difficult to address development issues over a multi-annual perspective (see paras. 3.2.2., 3.4.3).

5.2.3. Insofar as Phare CBC is about regional development then the M€2 guideline is a sensible approach, as it helps to concentrate funding to particular projects, rather than risk dilution over a wider area. However, its application negatively impacts on other objectives, such as the development of cross-border co-operation through joint project development and implementation, as it reduces the number of opportunities for this (see paras. 3.5.1,3.5.4). This situation is compounded by the small allocations available under CBC, thus allowing for at most one or two projects per large geographical area (see para 4.2.9).

5.2.4. Furthermore, the focus on infrastructure projects (roads, waste water treatment plants etc.), while meeting local needs, does not directly contribute to the development of cross-border networks. In this context, there is evidence that Phare CBC is being used as a 'gap filler' for the Phare national transport and environment programmes (see para. 3.2.2.)

5.2.5. Phare CBC is often however, the only source of finance available to local bodies for comparatively large investments of this scope and nature, other than their own funds. It is in many cases of a magnitude above anything else previously taken by local and regional bodies. Therefore, Phare CBC not only successfully meets local needs but also provides experience in developing and managing significant projects in line with EU 'good practice'. This has longer-term benefits in terms of accessing INTERREG and the mainstream Structural Funds.

5.2.6. The Phare CBC instrument has been successful as a regional development tool *when seen in the context of the overall package of funding available to the border regions*, such as Phare ESC and national funding, particularly for infrastructure. In this context, regions see Phare CBC funds as an opportunity to maximise funding available under national programmes, particularly for infrastructure and environment. Other areas, particularly 'people to people' and 'soft' business development actions would not have been funded without the Phare CBC support.

Capacity Building for INTERREG

5.2.7. CBC has had a very strong positive impact with regard to capacity building for Structural Funds. In general there is evidence that those regions that have experience of using Phare CBC are in a stronger position to access funding under INTERREG and the mainstream Structural Funds. Working structures for programming and implementation have been put in place and tested. However it is clear that the amounts of funding available under Phare CBC and the wide geographical area covered, together with the M€2 guideline has fostered an emphasis on infrastructure and environmental projects with less funding available for structural funds type measures e.g. JSPFs and GS.

5.2.8. The JSPFs and GS are the closest approximation to Structural Funds-type measures. Experience from the JSPFs demonstrate that there is significant potential at the grant holder level to form partnerships and undertake projects that involve both partners in related actions. The focus of effort should therefore be on creating an enabling environment for joint projects to take place. Key elements of this enabling environment could include for example: more support for project development, particularly for those regions where rejection of projects for administrative non-compliance is high; changes in the way that the Commission carries out its ex ante control function (see paras. 3.4.17, 3.5.9, 4.3.1, 4.3.2, 4.5.2 above and paras. 5.2.22 and 5.2.23 below) etc.

5.2.9. Extending the use of GS' within CBC would be a positive means of improving future capacity to undertake Structural Fund type actions. Using GS to address priorities other than infrastructure provision would bring CBC actions closer to INTERREG and would thereby improve the effectiveness of Phare CBC as a preparatory instrument for both INTERREG and other Structural Funds. The opportunity now exists to extend the use of GS to most, if not all of the actions permitted under the CBC regulations and priorities identified under JPDs.

5.2.10. Until now, implementation capacity in Bulgaria and Romania for Phare CBC has raised doubts about their ability to extend the use of GS. In both countries the CBC IAs (Ministry of European Integration in Romania and Ministry of Regional Development and Public Works in Bulgaria) have experience of implementing GS but in different departments to CBC. If the use of GS under the CBC programme is extended in Bulgaria and Romania, special attention will have to be paid to ensure that adequate administrative capacity is in place in the relevant departments at the central level and that implementation arrangement maximise decentralisation to enhance capacity building effects at the regional level.

5.2.11. Despite the cross border structures that have been put in place, the Phare rules with separate tendering, assessment, contracting and financing present significant deterrents to applicants undertaking mirror and joint projects (see paras. 3.5.1, 3.5.2, 3.5.3, 3.5.5, 3.5.6 and 3.5.7 above). The exception is projects where distinct but parallel actions can be pursued, as for example with roads. It must be noted however, that even under INTERREG mirror projects are rare and it would perhaps be misplaced effort to try to manipulate the correlation of Phare to INTERREG rules in the hope of encouraging mirror projects.

JSPFs and Grant Schemes

5.2.12. The experience of using JSPFs has demonstrated the potential to mobilise local level interest in cross border activities in areas other than infrastructure and environment. JSPFs have also demonstrated local absorption capacity and many of the applicants to JSPFs (in CCs) have larger project concepts under development with a view to Structural Funds. The JSPFs have been successful and valuable because their small size focussed them on very local actions where project managers and project beneficiaries are closely connected. It is important that if GS use is extended, that JSPF continue as a complementary instrument and are not replaced by GS.

The JSPF has been a successful mechanism for:

- supporting and increasing the number of cross-border meetings of various groups of the population, in particular of young people;
- supporting educational activities for institutions and individuals involved in local/regional development, in local government and in organisations of public interest;
- raising the level of public awareness and information on cross-border co-operation affairs and on the process of European integration.
- encouraging local involvement in Phare CBC and to support small-scale actions which may form the basis for larger cross-border co-operation projects;
- building and developing the specialist resources of local and regional institutions involved in regional development, groundwork and implementation of cross-border projects in line with EU practice;
- developing and enhancing co-operation between the communities on either side of the border with a view to promoting joint economic development, improvement in living conditions and facilitating on-going contacts.

5.2.13. In general the JSPF is a highly effective mechanism for mobilising worthwhile projects at the local level. Projects are often the first of their type in the locality and can and often provide the applicant with new ways to express their creativity and endeavour in a cross border environment. The learning experience of applicants under JSPFs has been particularly valuable for those applicants who go on to develop projects for funding under post accession instruments.

5.2.14. JSPFs are always oversubscribed and therefore exhibit strong demand led characteristics. It is one of the main failings across GS that a demand led instrument has been introduced but not the flexibility to respond with additional finance for successful funds.

Preferred Implementation Model

5.2.15. Experience suggests that there are clear benefits of engaging local partners such as NGOs or locally-based private sector organisations in the intermediary role¹⁶ rather than local structures of a central administration. Involving local partners, ensures that:

- preference can be given to organisations with local knowledge and contacts for mobilising interest in JSPFs. NGOs for example, can often mobilise support during implementation from other stakeholders such as city councils that can be valuable for reaching a wider population of potential applicants and for identifying cross border partners;
- knowledge and experience is retained at the local level;
- intermediary organisations involved in implementation are themselves potential applicants for GS and post-accession instruments. Indications from interviews are that involvement in JSPFs has helped enhance their appreciation, awareness and preparedness for pre- and post-accession instruments;
- separate contracts for implementation assistance and monitoring are avoided, which is generally one more source of complication and delay, as found in Bulgaria under the 2000 JSPFs with Romania and Greece.

5.2.16. The 7% budget available for covering implementation costs of the JSPFs is usually used to contract implementation assistance. These contracts generally represent good value for money in view of the range of services and detailed work provided both to grant holders and the implementing agency. However, the real value of the 7% spend is much enhanced when local capacity is being developed at the same time.

Impact and sustainability of the JSPFs

5.2.17. Reviews of the IE reports dealing with CBC indicate a high level of impact from the JSPFs.

5.2.18. Longer term sustainability of JSPF projects is likely to come from two main sources: (i) 'people to people' or 'business to business' contacts continuing after the duration of the project and (ii) events being repeated without Phare funding.

5.2.19. Whilst the continuation of 'people to people' contacts is encouraging, it is repeat events without Phare funding that will be the real measure of sustainability of JSPF actions. In many cases there are few alternative funding sources and many of the grant holders, such as NGOs or Chambers of Commerce, are still at a

Added-Value of the JSPFs

- Very local nature of the projects usually actively involves cross border partners;
- High proportion of projects that are the first of their type or the first by the grant holder;
- Raised awareness and interest amongst successful applicants in other EU funding sources, particularly GS and future possibilities through structural funds or INTERREG. As a result there is a potentially large pool of project ideas under development;
- Provided experience of project development and delivery which has led to subsequent larger projects;
- Raised public awareness of cross-border co-operation affairs and on the process of European integration;
- Development of specialist resources of local and regional institutions involved in regional development, groundwork and implementation of cross-border projects in line with EU practice;
- Development and enhancement of co-operation between communities on either side of the border with a view to joint improvement of socio-economic development, living conditions and on-going contact;
- Most of the JSPF projects would probably never have been realised without the JSPF acting as both a catalyst and facilitator.

¹⁶ In this instance an intermediary organisation is one which is not a grant holder, or applicant under the JSPF or GS, and which is engaged to provide specific support services for the implementation of the JSPF or GS.

stage where they rely on donor funding. In addition, there is a tendency amongst successive JSPFs to specifically exclude direct repeat projects, although repeat projects that add a new innovative dimension may be considered. In some cases (for example the implementation of tourism development plans through a phased programmed of small-scale infrastructure, training, promotion and market monitoring), the failure to obtain repeat funding may erode the results achieved from previous projects. This issue is also of importance to the new GS.

5.2.20. Many of the activities financed by JSPFs might lend themselves to alternative funding, such as trade exhibitions and sporting events that could attract sponsorship and/or ticket revenues or low key merchandising.

5.2.21. However before a project can attract alternative funding, it may take several years of repeating the same or similar event before it becomes embedded locally. In an environment where JSPFs are often the only funding of their type and the early stage of development of many of the projects and their applicants it is unlikely that many of the ‘people to people’ projects will be sustainable without repeat funding.

Effects of deconcentration and decentralisation

5.2.22. The Phare 2000 Review committed the Commission to increase deconcentration by expanding the role of the ECDs in the Phare programme at large, particularly in relation to programming of Phare ESC. The Review also envisaged that this would be accompanied by additional training and staffing as required. In the Phare CBC context, the role of the ECD has been important in ensuring financial probity (see paras. 4.3.2 and 4.5.2) and as part of the review process for project fiches, prior to submission to the PMC. The introduction of the JSPFs (and indeed the GS’) has placed additional demands on the ECDs in terms of *ex ante* approval of Guidelines for Applicants and approval of evaluation committee results for the individual schemes. Findings from this Thematic Report and the Grant Scheme Review¹⁷ indicate that the ECDs risk becoming bottlenecks in the implementation process for grant based programmes.

5.2.23. The use of two separate JSPFs across the Phare CBC/Phare CBC borders, as currently operates in Bulgaria/Romania, Poland/Czech Republic etc. duplicates the approval and evaluation process. Given that the JSPFs involve comparatively small amounts of funding (usually around M€5 per JSPF), the operation of separate funds, with parallel approval processes (and implementation arrangements) would not seem to be very resource-effective.

5.2.24. Building on the Court of Auditors’ Report, the Phare 2000 Review noted that the “...de facto decentralised approval and implementation of jointly selected projects would definitely benefit joint projects.” In the context of Phare CBC, decentralisation refers to the creation of structures and mechanisms (reflecting the systems in use under INTERREG) for programming (identification of priorities) and project selection. While these have provided both good experience in setting priorities at the regional level, and operational mechanisms for project selection, they have insufficient to lead to increased numbers of joint projects (see paras. 3.3.13.3.3, 3.3.4, 3.5.4 and 3.5.6).

5.2.25. In a broader sense, decentralisation of Phare CBC is evident in the increasing involvement of local and regional actors in implementation, particularly under the JSPFs (see para. 5.2.15 above). This has been successful not only in building up and retaining capacity at

¹⁷ R/ZZ/GSR/03083 currently under preparation and scheduled for issue at the end of January 2003.

the local level, but also in stimulating local interest in, and ownership of the Phare CBC programme.

Added Value of Phare CBC

5.2.26. It is clear that the Phare CBC funds have had a financial leverage effect in the areas of environment and transport. In particular they have been essential in maximising regional and national financing (para. 3.2.1) and ensuring that regions are in a position to benefit from larger-scale transport initiatives. There is however evidence that projects are submitted to Phare CBC for funding because of a gap in existing instruments for projects between M€3 and M€5 (para. 3.4.6).

5.2.27. Community horizontal policies, such as sustainable development and gender equality have been highlighted through the programming (JPD) and project development processes, and through the requirements of the Guidelines for Applicants. Anecdotally however, while more actors have become exposed to these concepts, particularly those involved at the programming level, these are seen as formal requirements from the Commission Services, and there is little conceptual underpinning.

5.2.28. As noted above (paras. 3.4.6, 3.5.9, 4.3.1 and 4.3.5) Phare CBC has disseminated good practice in terms of project design, tendering, contracting etc. among a wide range of actors at local and regional levels. This should stand them in good stead for dealing with INTERREG and the mainstream Structural Funds. However, the Phare CBC process has been weak in terms of capacity building for monitoring and evaluation (see paras. 4.2.13, 4.2.14 and 4.2.15).

5.3. Recommendations

5.3.1 Recommendations deal with:

- ✓ Future cross-border programmes and initiatives;
- ✓ Increasing the impact/efficiency of JSPFs and GS' in the cross-border context;
- ✓ Recommendations specifically relevant to Bulgaria and Romania and;
- ✓ Other recommendations.

No	Issue	Recommendation
Future Cross-Border Initiatives		
1	Maximise the amount of funding available through the CBC instrument to support capacity building at the local level (see paras. 3.2.2, 3.2.3, 3.2.4, 4.1.4 and 4.1.6) .	<p>Recommendation 1: Re-think funding for infrastructure, in particular for road rehabilitation and construction by:</p> <ul style="list-style-type: none"> • Funding road infrastructure projects through Grant Schemes under the Phare National Transport Programmes or, if possible through ISPA; • The only exception to this should be access roads to border crossing points. However where possible, these should be integrated into national border management programmes; • Where possible, environmental projects to support implementation of the <i>acquis</i> should be dealt with by the national Phare Environment programmes. <p>This will free up considerable funds for projects that would have more added value in terms of capacity building for Structural Funds.</p>
2	Increase the number of projects of funded under the Phare CBC instrument while allowing regions to gain experience not only as recipients, but also in terms of management of Structural Funds-type measures (see paras. 3.2.2, 3.4.14, 3.4.20, 4.1.4, 5.2.2 and 5.2.9)	<p>Recommendation 2. Waive the M€2 guideline for Phare CBC, or at least allow some degree of flexibility regarding the distribution between M€2+ projects, JSPFs (to a maximum of 20% of the annual allocation) and GS. The respective balance between these delivery mechanisms should be set by the Commission Services, jointly with the JCCs on a case-by-case basis and in relation to the specific requirements of the border regions themselves.</p>
3	Reward successful programmes with high rates of demand and ensure that when funds are lost from one part of the CBC budget, they can be retained within the CBC envelope (see para. 3.4.14).	<p>Recommendation 3. Reward success by allowing for the transfer of unused funds between programmes. Criteria for good performance could include a high ratio of high scoring applications to projects funded under the JSPFs and GS, as well as demonstrated technical capacity for management and monitoring by the IA and intermediary bodies.</p>
4	Address the need for information exchange and learning, particularly among those countries with whom Joint Programming Documents are currently under preparation (see paras. 3.3.9, 4.1.6).	<p>Recommendation 4. A horizontal fund (as in INTERREG) should be established to support networking and information exchanges between bodies involved in implementation of the CBC programmes. This fund could also support the establishment and maintenance of a CBC 'portal' website, project database and partner-search facility. This would be of benefit in information dissemination and exchange between the new regions that will become involved in cross-border activities.</p>

No	Issue	Recommendation
5	Reduce administrative and artificial barriers for projects with common objectives (see paras., 3.5.1, 3.5.2, 3.5.3, 3.5.4, 3.5.5 and 3.5.6 and Case Study 3).	<p>Recommendation 5. Increase ability for programmes to work together by three measures:</p> <ul style="list-style-type: none"> • One fiche with a single set of objectives at the project level, together with clear indicators for monitoring and evaluation; • A joint project steering structure involving relevant representatives from both regions and; • One monitoring report covering both components of the project. <p>This arrangement should be applied to those projects where a joint response to a common issue is required, for example environmental monitoring, crisis response etc. and decided on a case-by-case basis.</p>
6	While the joint programming mechanisms are working well (JCCs and JDP), there is a need to strengthen the mandate of the JCCs as well as to integrate monitoring and evaluation of the Phare components within the overall framework of the JPD (see paras. 3.3.5, 4.2.8, 4.2.9, 4.2.12-4.2.16).	<p>Recommendation 6. Improve joint programming by:</p> <ul style="list-style-type: none"> • Involving the social partners on the JCCs; • Supporting the JCCs with Thematic Working Groups who will take responsibility for periodic monitoring of JPD priorities; • Developing harmonised monitoring systems that can generate data not only on use of inputs, but also in relation to progress in meeting the objectives set at the JPD level; • Production of an annual monitoring report per JPD and; • Ensuring that mid-term evaluations at the JPD level are carried out for the Phare CBC/Phare CBC joint programmes (see also Recommendation 18).
7	Ensure that Phare funds are not only used to support the provision of infrastructure, but also for institution building for local organisations to maximise the benefit of the new facilities and infrastructure (see Case Study 1 and paras. 3.2.4 and 4.4.2).	<p>Recommendation 7. Where institution building focuses on the provision of business-related infrastructure, projects should include complementary capacity building measures and/or funding to ensure that the infrastructure has added value.</p>
8	Support for project preparation is currently focussed on preparation of technical and tender dossier. More attention should be paid to development of 'soft' projects (see Case Study 1, paras. 3.2.8, 4.4.1).	<p>Recommendation 8. The Phare CBC budget should contain a specific percentage for support for project preparation. This should include not only preparation of tender dossiers, but also support for 'soft' measures (including ex ante evaluation of Grant Schemes).</p>
Specific to the JSPFs and Grant Schemes		
9	Ensure that Phare CBC is used as capacity building for INTERREG and other Structural Funds and in particular for testing the structures and systems for programming and management of Structural Funds-type measures (see paras. 3.2.9, 3.4.13, 3.4.17, 4.1.6, 4.1.7, 5.2.8, 5.2.9 and 5.2.10).	<p>Recommendation 9. More extensive use should be made of Grant Schemes:</p> <ul style="list-style-type: none"> • Investigate the 'matching' of Grant Schemes across borders, with one fiche operating on both sides (particularly between Bulgaria and Romania); • Where a Grant Scheme can work across borders, use one implementing structure with regional representation on both sides; • Ex ante control should be performed by one ECD per Grant Scheme; • Support the multi-annual approach by prioritising follow-on projects under the Grant Schemes (see also Recommendation 15).

No	Issue	Recommendation
10	Build on the success of the JSPFs and reward good performance by incorporating flexibility in the way that unused funds are used (see paras. 3.4.20, 4.2.11, 4.3.6, 4.5.6, 5.2.8, 0, 5.2.13 and 5.2.14)	<p>Recommendation 10. JSPFs are a highly effective and efficiently implemented instrument. Consideration should be given to:</p> <ul style="list-style-type: none"> • Increasing their use; • Raising the percentage programmed to JSPFs and/or introducing additional funds to respond to high demand; • Introducing flexibility to transfer unused allocations to JSPFs, or other grant mechanisms when there is excess demand (see Recommendation 3 above).
11	Ensure that the JSPFs are used a capacity building tools by actively promoting the involvement of intermediary organisations in their implementation (see para. 5.2.15 and Case Study 2).	<p>Recommendation 11. In any cases where JSPFs are centrally administered, conditions should be attached to future JSPFs to ensure that the funds are as locally based as is possible. Where possible intermediary organisations should be involved to provide counselling and mentoring for project development.</p>
12	Maximise the number of projects that can be submitted for assessment by disseminating good practice in administration of the rules on compliance (see para. 5.2.8)	<p>Recommendation 12. A degree of flexibility should be introduced to administrative compliance checks, which could be formalised in PRAG. A current good practice adopted by some intermediary organisation is the use of a 48 hour window after opening to contact applicants who are, for example, missing procedural documents or signatures. Respondents who fax appropriate follow-up material will still be eligible for their applications to be assessed. This is good practice and should be extended as far as possible.</p>
13	Maximise the number of projects that can be submitted for assessment by disseminating good practice in administration of the rules on compliance (see paras. 3.4.20, 4.3.6, 5.2.13 and Case Study 2).	<p>Recommendation 13. Some flexibility should be introduced in ensuring that applicants comply with the formal requirements. Consideration should be given to:</p> <ul style="list-style-type: none"> • Introducing administrative compliance checks prior to formal submission of the application. The check could be undertaken by the local level organisation (intermediary organisation) and an original application that meets the criteria could be stamped; • Pre-screened applications would not be subject to administrative compliance checks again after the tender opening session. <p>This together with Recommendation 12 above, should reduce the failure rate of proposals failing to satisfy basic administrative requirements.</p>
14	Ensure that the complexities in working with EU/Phare funding are reduced (see paras. 3.4.20, 4.3.6, 5.2.13).	<p>Recommendation 14. Materials and guidance should be disseminated in the national language, including translation of PRAG.</p>
15	Promote a multi-annual approach to the JSPFs and Grant Schemes by allowing for funding of follow-up actions (see paras. 3.5.8, 5.2.2, 5.2.19).	<p>Recommendation 15. Consideration should be given to introducing a consistent approach to dealing with repeat applications to a JSPF (or Grant Schemes) in one year to the next. It is recommended that ranking should first be made according to the best projects, which may include repeats. Where differentiation needs to be made over equal ranked projects for which there is insufficient funding for both, preference should be given first to a follow-on project that demonstrates an innovative feature, second to a new project and third to a direct repeat project.</p>

No	Issue	Recommendation
Specific to Bulgaria and Romania		
The Recommendations above are also relevant to Bulgaria and Romania. In addition however, there is also the need to strengthen the institutional framework for CBC at both central and regional levels.		
16	Ensure that Bulgaria and Romania have sufficient institutional capacity for implementation of the remaining Phare CBC programmes and the forthcoming programmes on their external borders (see paras. 3.3.9, 3.4.9, 4.1.7, 4.3.2, 4.3.4, 4.4.3, 5.2.10).	<p>Recommendation 16. Both Romania and Bulgaria need to address fundamental weaknesses in their implementation structures for Phare CBC. These include, institutional instability at the level of their CBC IAs, insufficient staffing and limited involvement of local bodies in implementation. The Romanian and Bulgarian authorities should therefore:</p> <ul style="list-style-type: none"> • Clearly outline how they intend to increase the implementation capacity for CBC; a) at the IA level, including ensuring stability of staffing and resources and b) in the regions (see Recommendation 17). <p>In Romania, a first level of project selection/prioritisation under the JSPFs should be carried out at the regional level, rather than at the central level as is currently the case.</p>
17	Build capacity at the regional levels in Bulgaria and Romania, while ensuring a locally based point of contact for (future) project promoters (see paras. 3.3.9, 3.4.9, 4.1.7, 4.3.2, 4.3.4, 4.4.3, 5.2.10).	<p>Recommendation 17. Consideration should be given by the Commission Services and the authorities in Bulgaria and Romania to:</p> <ul style="list-style-type: none"> • Supporting the establishment of a regionally based network of regional secretariats to support the implementation of the new Joint Programmes; • These agencies should be staffed jointly by representatives of the participating regions, together with Technical Assistance Teams funded under a horizontal programme (see Recommendation 4). • The secretariats could be hosted by existing organisations in the regions, while maintaining an internal line of accountability to their respective IAs, NACs and NAOs. One secretariat should however be operating per programme and with a cross-border mandate.
Other Recommendations		
18	There is a need to reflect the joint/cross-border nature of the CBC programme in the Interim Evaluation process (see para. 4.2.12).	<p>Recommendation 18. The Interim Evaluation process yields useful information on project progress however, the nature of the CBC programme means that a more innovative approach to IE is needed. This should ensure that both sides of a joint programme are considered. To this end, one IE should be completed by a joint team for consideration by a joint meeting of the SMSCs and by the respective JMCs. This should be introduced for the next round of IEs in Bulgaria and Romania.</p>
19	Transfer success stories between regions and countries (see para. 4.1.6.)	<p>Recommendation 19. The authorities in the new MS should look at the profile of successful INTERREG and Phare CBC projects to investigate the opportunities for replicating or mirroring them in the new INTERREG/Phare CBC programmes.</p>
20	Co-financing requirements should be clear and monitored during implementation.	<p>Recommendation 20. Co-financing should be in place at the fiche stage. The fiche should set out clearly how co-financing should be reported. This should be followed up as a matter of course during ongoing monitoring.</p>

6. LESSONS LEARNED AND GOOD PRACTICE

6.1.1 This chapter reflects the lessons learned and good practices identified during the programming and implementation of the Phare CBC programme 2000-2003 and highlight the outcomes of the successive modifications of the regulations governing the instrument and the conditions that must be in place if a cross-border instrument is to be successful.

Lesson 1. The *nature of the border* i.e. the socio-economic environment, the extent of historical, cultural and linguistic similarities, the physical ‘porosity’ and the strength of local decision-making structures, is important in terms of what CBC can realistically be expected to achieve. Where borders are relatively open, with linguistic similarities and a common history, the cross-border instrument can be successful in supporting networking and joint activities (for example on the Hungarian-Romanian border). However, more challenging for the instrument to improve cross-border links and networks across borders that are relatively closed, with few border-crossings and little history of joint working (for example the Bulgarian-Greek border). In this context, the instrument may be used more to support socio-economic development on both sides of the border.

Lesson 2. At the central level, governments need to *ensure that the borders themselves are not obstacles* to free movement of people, goods and services, for example by removing any additional taxes or administrative barriers to trade. Similarly the business climate in the country at large will influence the extent to which business links and trade can flourish. Good practice in this context includes reducing administrative barriers to trade, and listening to business organisations in the regions – in particular Chambers of Commerce to ascertain where there are problems that need to be addressed.

Lesson 3. Regional development cannot be addressed through an annual, project-based approach. The multi-annual *Joint Programming Documents are therefore central* to ensuring that an integrated, cross-border framework for joint problem-solving is in place. The JPDs are seen as a valuable exercise where there are adequate resources in place to finance the priorities identified and where monitoring and evaluation is built-in and actively used. For smaller programmes, where the allocation makes multi-annual planning across a wide geographical area, with comparatively small amounts of funding difficult (particularly when coupled with the M€2 guideline), multi-annuality can be built in by allowing for repeat funding of particular initiatives under the Grant Schemes and JSPFs.

Lesson 4. Joint working on the selection of projects leads to a greater sense of *ownership* and feeling of cross-border co-operation compared to where projects are selected separately and endorsed in one final joint procedure. The ability to constructively criticise project ideas developed by partners on the other side of the border has been an important element in strengthening the overall quality of projects and has also served to support capacity building amongst partners.

Lesson 5. For some regions, the *disparity of funding* available on either side of a border has created obstacles to development of joint projects. An overarching good practice is to treat the funding as an overall envelope, rather than two separate envelopes and allow for covering partner expenses from the larger budget, as and when necessary.

Lesson 6. Local and regional partners have very *limited capacity* to develop and undertake large-scale undertake large projects. Their access to match funding is limited and appropriate skills are often not available in-house. To date, infrastructure projects with the support of technical assistance for tender dossier development has been a ‘quick fix’ for increasing disbursement rates and achieving economies of scale. Smaller projects (in particular around €100,000) have proved to be more readily within reach of local and regional organisations, their objectives can be more realistic and they can serve to develop the capacity to undertake larger actions. These are the kind of actions that can be comfortably located within Grant Schemes.

Lesson 7. Cross-border contacts, networking and ‘people to people’ actions can be facilitated and supported using comparatively *small amounts of funding*, as demonstrated by the Joint Small Project Funds. The JSPFs are highly popular and very successful at stimulating cross-border co-operation activities. As a means of stimulating interest and visibility and of mobilising citizens they are unbeatable. Their practical realised benefits are largely untested and may be short-term as the durability of most projects seems to be weak. The effect would be strengthened if part of a wider longer-term strategy

Lesson 8. CBC is at its most effective when *supporting a wider programme of actions*. This is particularly the case for long-term cross-border co-operation. Slubice is a very good example of this, where CBC was used to support a set of actions relating to the Hansa Festival. CBC can provide the ‘cement’ to join together the building blocks of engagement and cooperation.

Lesson 9. Experience suggests that there are clear benefits of *decentralising implementation*, particularly from engaging local partners such as NGOs or locally-based private sector organisations in the intermediary role rather than local structures of a central administration. Involving local partners, ensures that: a) knowledge and experience is retained at the local level; b) intermediary organisations involved in implementation are themselves potential applicants for Grant Schemes and post-accession instruments; c) separate contracts for implementation assistance and monitoring are avoided which can cause complications and implementation delays.

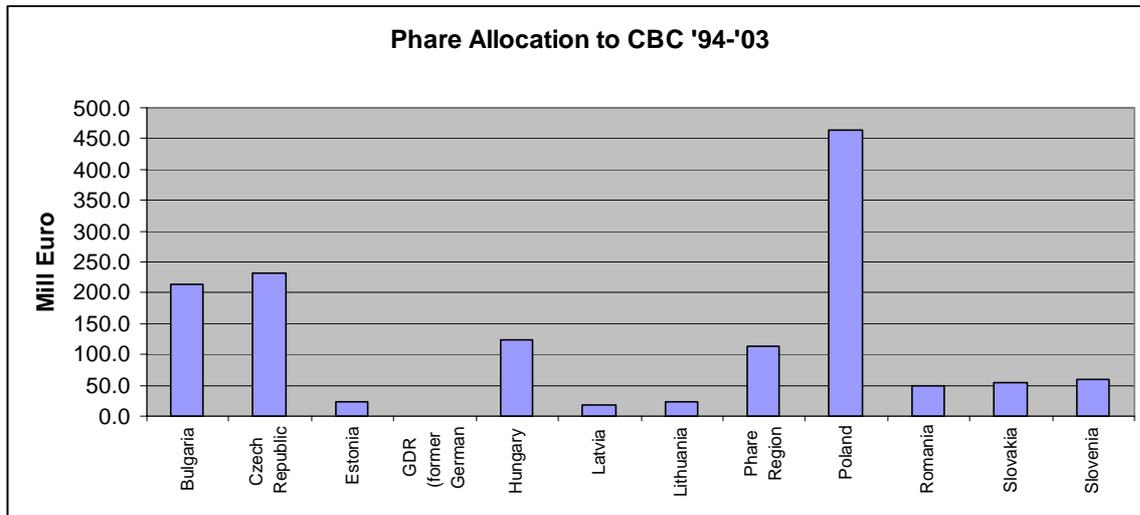
Lesson 10. Projects are most likely to be successful where there is a *strong and experienced project manager* involved with the full backing of the organisation that submitted the application. This is not unique to CBC but is a lesson that continues to be re-learned.

Lesson 11. *Good project development* is needed which fully captures the context in which a potential project will operate. In the absence of such an appraisal there is a danger that the learning effects of project implementation (i.e. ‘learning by doing’) will outweigh the more tangible benefits of the projects realised outcomes. Good project development should start as early in the process as possible, if necessary to support partners in developing and ‘packaging’ ideas. This is particularly important for larger, ‘soft’ actions such as in the case of the Nove Hradý Biotechnology Centre.

Lesson 12. Project leaders, and project appraisers, need to be careful of ideas that have been imported from other contexts. Whilst the ideas and techniques may be sound there have been occasions when the application is not appropriate to the particular aims, objectives or circumstances to which they have been applied.

ANNEXES

Annex 1. Phare CBC Allocations 1994-2003



Annex 2. List of Documentation Consulted

Commission Regulation (EC) No 1628/94 of 4 July 1994 concerning the implementation of a programme for cross-border cooperation between countries in central and eastern Europe and Member States of the Community in the framework of the Phare programme

Commission Regulation (EC) no 2760/98 of 18 December 1998 concerning the Implementation of a Programme for cross-border cooperation in the framework of the Phare programme

Commission Regulation (EC) no 1596/2002 of 6 September 2002 amending Regulation no 2760/98 concerning the Implementation of a Programme for cross-border cooperation in the framework of the Phare programme.

Commission Regulation (EC) No 1822/2003 of 16 October 2003 amending Regulation (EC) No 2760/98 concerning the implementation of a programme for cross-border cooperation in the framework of the Phare programme

Phare 2000 Review 'Strengthening Preparations for Membership' C(2000) 3103/2

Communication from the Commission on the Impact of Enlargement on Regions bordering the Candidate Countries COM(2002) 660, of 29 November 2002.

Communication from the Commission Paving the Way for a New Neighbourhood Instrument, 1 July 2003, COM (2003) 393

Court of Auditors' Special Report No. 5/99 Concerning the Phare Cross-border Cooperation programme (1994/1998) accompanied by the replies of the Commission, 2000/C 48/01

Court of Auditors' Special Report 11/2001 concerning the Tacis Cross-border Cooperation Programme 2001/C 329/01

Joint Programming Document Hungary-Romania 2000-2002

Joint Programming Document INTERREG IIIA Austria-Czech Republic 2000-2006

Joint Programming Document Czech Republic-Poland 2000-2002

Joint Programming Document Czech Republic- INTERREG IIIA Bavaria 2000-2006

Joint Programming Document Czech Republic-INTERREG IIIA Saxony 2000-2006

Joint Programming Document Poland-Slovakia 2000-2003

Joint Programming Document Bulgaria-Romania 2000-2002

Joint Programming Document Bulgaria-Romania 2003-2006

Joint Programming Document Bulgaria-INTERREG IIIA Greece 2000-2006

Joint Programming Document Hungary-INTERREG IIIA Austria 2000-2006

Joint Programming Document Phare CBC II-INTERREG IIIA Poland-Germany 2000-2006 'Chapeau'

Interim Evaluation Reports

BG/ENE-TEL/02007 issued 08/08/2002

BG/ENV/01050 issued 07/03/2002

BG/REG/02003 issued 16/05/2002

BG/ENV/02012 issued 12/11/2002

BG/REG/02014 issued 09/01/2003

BG/ENV/03003 issued 27/05/2003

BG/REG/03076 issued 22/08/2003

CZ/CBC/02016 issued 07/03/2002

CZ/CBC/02032 issued 11/12/2002

EE/CBC/01013 issued 28/03/2002

HG/CBC/02056 issued 17/10/2002

LV/CBC/02068 issued 18/08/2002

LV/ENV/02072 issued 18/10/2002

PL/CBC/02098 issued 23/12/2002

RO/CBC03040 issued 23/08/2003

SK/CBC/02120 issued 25/06/2002

SK/ESC/03046 issued 11/06/2003

SI/CBC/02130 issued 10/05/2002

SI/CBC/03048 issued 21/03/2003

Misc. Short Term Technical Specialist Reports prepared within the framework of the above reports.

Monitoring Report M/CZ/ESC/2002/03

Monitoring Report M/PL/REG/01/03

Practical Guide to Phare, ISPA and SAPARD

Phare Project fiches all ten Candidate Countries 1999-2003 inclusive

Mid-Term Evaluation of INTERREG III A Southern Finland Coastal Zone – Phare CBC Estonia Joint Programme, 19 August 2003.

Draft Mid-Term Evaluation of INTERREG IIIA Austria-Czech Republic 24.11.2003

Draft Mid-Term Evaluation of INTERREG IIIA Austria-Hungary 30.11.2003

Draft Mid-Term Evaluation of INTERREG IIIA Austria-Slovenia 21.11.2003

Annex 3. List of Interviews

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Annex 4. Case Study Note

Thematic Report on Phare CBC

Case studies: an essential part of the Thematic Report

What is a case study?

A case study is an in-depth examination of a specific case. It may concern an individual, group of people, organisation, project, programme, or process. As a data collection technique, it involves examining a limited number of cases which it is anticipated will be revealing about the whole, and producing a few pages of description on each.

Why are we using this technique?

Case studies tend to be appropriate where it is extremely difficult to choose a sample large enough to be statistically generalisable; where generalisability is not overwhelmingly important; where in-depth, mainly descriptive data is required; and where the cases to be studied are likely to be quite complex. This applies to the process of programming and implementing joint development strategies.

What are we looking for?

We are looking for a better understanding of how the joint programmes are prepared and joint projects implemented.

How do we expect the work to be done?

Step 1 – Selection of cases to study. There are at least three criteria for selecting cases: convenience/ease of access, the purpose to which they are to be put, and the extent to which they can be considered to provide wider insights beyond the particular case in question. We would like the choices to be based on purpose. A possible approach is as follows (the categories are not exclusive):

Questions to answer	Basis of selection
What might explain an effective programming process?	best cases
Among the cases chosen to represent significant variations, what happens and why?	representative cases

Step 2 – Data collection and processing. Ideally, data collection covers all available information about a case, including that derived from documents, meeting reports and interviews. These data items must be collected, registered and pieced together so that they can be used in the final report.

Step 3 – Case report. Drawing up the report on the case involves the organisation of all the raw data on the case into a body of exploitable information. This then needs to be edited, redundant information eliminated, and the different parts combined. The report should be organised in such a way that it is easy to consult both chronologically and thematically. It should include all the information required for any subsequent analysis, and be between one and five pages long. The results will need to be presented in narrative form — i.e., as a story — giving the reader an "inside view" of the case studied and an assurance of authenticity. Readers are more likely to relate to cases where the project and personnel involved are identified. However, and particularly where a case study is being used to illustrate and learn from failure, it may be necessary to anonymise some or all of the material.

How will we use the results?

The case studies will have both an analytical and a communicative aim. We hope that they will add realism to the overall report by pointing to typical patterns in programming and implementation of Phare CBC joint programmes and projects, by highlighting particularly effective ways of proceeding, or by drawing attention to an approach that was found to have serious deficiencies and which should therefore be avoided in future.

Annex 5. List of Projects

Country/Countries	Project No	Project Title	Phare contribution	National co-financing	Total	JPD Priority	Mirror Project (if any)	Type
Bulgaria - Romania	BG0007.04.01	Joint Small Project Fund	500,000	100,000	600,000	JSPF	RO0002.04.01	IB/Investment
Bulgaria - Romania	BG0107.03	Integrated monitoring of the Bulgarian Black Sea Coast between Durankulak and Rezovo and	2,150,000	760,000	2,910,000	Environmental Protection	RO0103.02 - Integrated monitoring of the Romanian Black Sea Coast between Midia - Vama Veche	Investment
Bulgaria-Greece	BG01.06.01	Construction of New Border Crossing Checkpoint in Makaza	7,000,000	3,750,000	10,375,000	Infrastructure	-	Investment
Bulgaria-Greece	BG01.06.07	Joint Small Project Fund	500,000	50,000	550,000	JSPF	-	IB
Czech Republic Poland	CZ0013.03	Joint Small Projects Fund (JSPF)	1,000,000	333,000	1,333,000	JSPF	PL0011.03	IB/Investment
Czech Republic Poland	CZ01.13.03	Joint Small Projects Fund (JSPF)	500,000	75,000	0,575,000	JSPF	PL01.09.03	IB
Czech Republic Poland	CZ 2002/000/608.03	Joint Small Projects Fund	500,000	75,000	575,000	JSPF	2002/000/607.03	IB
Czech Republic Poland	CZ- 2002/000- 608.01	Euroregion Nisa: Centre for Commercial Co-operation	2,250,000	1,786,000	4,036,000	Economic Development		Investment
Czech Republic Austria	CZ0014.03	Joint Small Projects Fund (JSPF)	800,000	270,000	1,070,000	JSPF		IB
Czech Republic Austria	CZ01.11.03	Joint Small Projects Fund (JSPF)	400,000	67,000	467,000	JSPF		IB
Czech Republic Austria	CZ01.11.01	Nové Hrády Bio-Technology Centre	1,360,000	453,000	1,813,000	Economic Development		Investment
Czech Republic Austria	CZ2002/000- 583.11.03	Joint Small Projects Fund	400,000	67,000	467,000	JSPF		IB

Country/Countries	Project No	Project Title	Phare contribution	National co-financing	Total	JPD Priority	Mirror Project (if any)	Type
Czech Republic Austria	CZ2002/000-583.11.01	Trebic - Business and Research Incubator	1,329,000	443,000	1,772,000	Economic Development		Investment
Hungary - Romania	HU01.07.01	Makó Business and Service Centre for strengthening Hungarian-Romanian cross-border relations	2,400,000	800,000	3,200,000	Economic Development	RO01.02.01 - Construction of a Regional Business Centre for Promoting Economic Activities - Timișoara.	Investment
Hungary - Romania	2002/000-627-01	Reconstruction of the road no. 9415 between Nyirbator and Vallaj (Csanalos) (HU)	2,115,000	1,500,000	3,615,000	Infrastructure	2002/000-628-01 - Crossover railway in Satu Mare on the route DN 19 to Petea (RO) - Csengersima (HU)	Investment
Hungary - Romania	2002/000-627-03	Joint Small Projects Fund (HU-RO)	500,000	50,000	550,000	JSPF	2002/000-628-03 - Joint Small Projects Fund (RO-HU)	IB
Romania - Hungary	RO0003.03.01	Joint Small Project Fund	500,000		500,000	JSPF		IB
Romania - Hungary	RO0102.01	Construction of a Regional Business Centre for Promoting Economic Activities - Timisoara (RO)	2,300,000	770,000	3,070,000	Economic Development	HU01.07.01 - Makó Business and Service Centre for strengthening Hungarian-Romanian cross-border relations	IB/Investment

Country/Countries	Project No	Project Title	Phare contribution	National co-financing	Total	JPD Priority	Mirror Project (if any)	Type
Romania - Hungary	RO01.0204	Assistance for the implementation of the multi-annual strategy agreed between Romania and Hungary	200,000		200,000	Economic Development		Investment
Romania - Hungary	RO01.02.03	Joint Small Project Fund	500,000		500,000	JSPF	HU01.07.03	IB
Romania - Hungary	2002/000-628-03	Joint Small Projects Fund	500,000	50,000	550,000	JSPF	2002/000-627-03	IB
Romania-Bulgaria	RO0002.04.01	Joint Small Project Fund	500,000	100,000	600,000	JSPF	BG0007.04.01	IB/Investment
Romania-Bulgaria	RO0002.04.02	Assistance for the implementation of the multi-annual strategy agreed between Romania and Bulgaria	200,000		200,000	Economic Development		IB
Romania-Bulgaria	RO0103.02	Integrated monitoring of the Romanian Black Sea Coast between Midia - Vama Veche	2,200,000	670,000	2,870,000	Environmental Protection	BG0107.03 Integrated monitoring of the Bulgarian Black Sea Coast between Durankulak and Rezovo and	IB/Investment

Country/Countries	Project No	Project Title	Phare contribution	National co-financing	Total	JPD Priority	Mirror Project (if any)	Type
Romania-Bulgaria	RO0103.05	Joint Small Project Fund	500,000	50,000	550,000	JSPF	BG0107.04	IB
Romania-Bulgaria	2002/000-623-03	Development of a Control (Monitoring) System for Emissions of VOC, PAH and Heavy Metals from stationary sources in the Boundary Bulgarian-Romanian regions along the Lower Danube	1,900,000	630,000	2,530,000	Environmental Protection	2002/000-625-03 Development of a control system for air emissions from traffic and stationary sources in the boundary Bulgarian-Romanian region	IB/Investment
Romania-Bulgaria	2002/000-625-05	Project Preparation Facility	300,000		300,000	Other	2002/000-623-05	IB
Romania-Bulgaria	2002/000-625-04	Joint Small Project Fund	500,000	50,000	550,000	JSPF	2002/000-623-04	IB/Investment
Poland - Germany	PL0009-16	Small project Fund	7,640,000	2,670,000	10,310,000	JSPF		IB
Poland - Germany	PL0009-17	Strategic Framework	900,000		900,000	Other		IB
Poland - Germany	PL01.08-06	Modernisation of Frankfurt / Slubice linking infrastructure (Lubuskie Voivodship)	2,000,000	700,000	2,700,000	Infrastructure		Investment
Poland - Germany	PL01.08-20	Scheme for business related infrastructure	2,000,000	670,000	2,670,000	Infrastructure		Investment
Poland - Germany	PL01.08-22	Technical Documentation Support	500,000		500,000	Other		IB
Poland - Germany	2002/0005	Integrated Strategy of Slubice - Frankfurt 2003 - Slubice Town	1,720,000	600,000	2,320,000	Economic Development		investment
Poland - Germany	2002/0020	Small Project Fund	2,000,000	670,000	2,670,000	JSPF		IB

Country/Countries	Project No	Project Title	Phare contribution	National co-financing	Total	JPD Priority	Mirror Project (if any)	Type
Poland - Germany	2002/0021	Technical Assistance and preparation of the joint Polish-German study	1,000,000	30,000	1,030,000	Other		investment
Poland - Czech Republic	PL0011.03	Joint Small Projects Fund (JSPF)	920,000	307,000	1,227,000	JSPF	CZ0013.03	IB
Poland - Czech Republic	PL01.09.03	Joint Small Projects Fund (JSPF)	500,000	160,000	660,000	JSPF		IB
Poland - Czech Republic	PL - 2002/000-607.03	Joint Small Projects Fund (JSPF)	500,000	170,000	670,000	JSPF		IB
Poland - Slovakia	PL0110.03	Joint Small Projects Fund (JSPF)	400,000	134,000	534,000	JSPF		IB
Poland - Slovakia	PL2002/000.640.02	Joint Small Projects Fund (JSPF)	400,000	134,000	534,000	JSPF		IB

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

