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REPORT FROM THE COMMISSION

**ON THE IMPLEMENTATION OF CROSS-BORDER COOPERATION
BETWEEN THE COMMUNITY AND COUNTRIES OF CENTRAL AND EASTERN
EUROPE IN 1994**

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SECTION 1 - BACKGROUND

PREAMBLE

- 1.1 In recognition of the need to reinforce co-operation and stimulate integration across the border regions and inspired by the effectiveness of the Interreg initiative, a 150 Mecu programme was set up in 1994, within the overall framework of Phare, for financing actions of a structural nature in border regions of all Phare beneficiary countries, sharing a common border with a Member State of the European Union. These actions had to be implemented taking into account the community structural policies, notably Interreg II.
- 1.2 Within the Phare Programme, measures had already been financed from 1992 onwards to stimulate EC/CEEC Cross-Border co-operation, notably to improve border crossings between the Czech Republic and Germany, Poland and Germany, and Albania and Greece. Most of these projects corresponded directly with projects included in the Interreg programmes of the Member States concerned.
- 1.3 Support for cooperation between the border regions of the European Union and Central and Eastern European countries is an important mechanism for facilitating the process of integration. Exchange of information and experience between border regions as well as joint activities in fields such as transport, the environment, energy, telecommunications, business and technology transfer can not only assist the processes of transition and integration with the EU, but can also contribute to the general economic development of the border regions. Moreover, the new programme offers CEECs the opportunity to get acquainted with the EU Structural funds mechanisms.
- 1.4 1994 is in practise, to be considered as a period of transition from the initial inception of the Programme on a relatively limited scale to the full implementation of a Multi-Annual Programme for 1995-99 throughout the border regions, fully coherent with Interreg II.

In addition, during 1994:

- the legal and institutional arrangements for the Programme needed to be established
- the implementation arrangements had to be tested
- matching funds from the Interreg initiative were not yet available

- the border regions were not formally defined

- maritime borders were introduced into the programme for the first time in response to the specific needs of the Baltic States and Albania

1.5 The beneficiary countries, in co-operation with the Commission, identified a full programme of specific projects; financing proposals were prepared for all eligible border regions and were agreed by the PHARE Management Committee, after which the Commission decisions were taken. These projects are now in the process of implementation.

1.6. The first section of this report on the 1994 Cross Border Co-operation Programme outlines the experience of the 1993 Programme which provided a number of lessons for the operation of the Programme. Subsequent sections go on to describe the operation of the 1994 Programme, outline the management of the Programme, review the programmes of each partner country and draw some conclusions for future years.

1993 Projects

- 1.7. The European Parliament requested in the commentary to the 1993 budget that up to 15 MECU of the PHARE Programme budget (B 7600) be set aside for CEE/EU cross border cooperation and that at least 5 MECU be used for similar CEE/CEEC measures. The Parliament's request was based on the positive results generated by the Community's INTERREG initiative, aimed at co-operative development across EU national borders.
- 1.8. Early in 1993, the Commission services (DG1 in close co-operation with DG XVI) started a process of project identification, involving the receipt of initial project proposals from the Member States which were subsequently discussed with the CEECs in the PHARE Programming process. A number of these projects were selected in addition to those proposed by the CEECs, with the result that by the end of 1993 some 14 MECU was committed for projects of cross border co-operation between Albania, Bulgaria, the Czech Republic and Poland and the respective bordering EU Member States and over 40 MECU committed for cross border initiatives between the CEECs. Both groups of projects involved primarily infrastructure (border crossing) and environmental projects. Most of the CEEC/EU initiatives linked up directly with projects included in INTERREG I.
- 1.9. In the process of identifying and launching the cross border initiatives, a number of policy and implementation issues were raised. The CEECs were initially reluctant to take up proposals for projects in border regions with member States as these regions were already in a better economic and social position relative to other border areas of their countries, which in their view needed more support. Although in several instances and within the context of INTERREG I, there were contacts at local and regional level between a member state and a CEEC, there was little evidence of such contacts being reflected within the plans and objectives of central government departments dealing with PHARE. The cross border exercise should assist in improving the communication channels between regions and the centre within the CEECs in regard to PHARE programming.
- 1.10. The experience gained in 1993 showed that with close co-ordination and cooperation cross border initiatives, notably for the improvement of border crossings could be successfully programmed and implemented both between the CEECs and the EU Member State and between the CEECs. The overall exercise will be useful in developing experience for the programming and implementation of similar exercises involving two community assistance programmes.

Section 2. Description of the Programme

Introduction

- 2.1. The year 1994 needs to be considered as transitional. First, it is the first year during which the Programme will be operational, the legal and institutional arrangements set up and the implementation arrangements tested. Second, during the first year matching funds, in particular from INTERREG, will not yet be available. Identifying co-financed projects in the strict sense of the word is, therefore, difficult. 1994 also represents a transitional stage in the development of the Cross Border Co-operation Programme, taking it through to 1995 when it will be fully elaborated on a multi-annual programming basis, in coherence with, and co-financed by INTERREG.
- 2.2. Although the Programme was initiated in uncertain circumstances, there have been some significant achievements. Major programmes have been identified for each of the beneficiary countries and the process of implementation started; joint programming and monitoring mechanisms have been established for each border area; the Baltic States have been involved in the programme for the first time; and, in the context of horizontal measures such as ECOS and OUVERTURE, funding has been provided for the CEE countries for the first time. One of the major merits of the Programme is that it has stimulated partner countries to work together in view of setting up networks and projects across the border, in the interest of local populations who throughout history have been suffering from their relative isolation within the national economics. The Programme has, thus, been able to contribute to building confidence, enhancing dialogue and increasing contacts between countries and peoples.

1994 Programme: Legal Basis and Financial Framework

- 2.3. Commission Regulation (EC) No. 1628/94 of 4 July 1994 concerning the implementation of a programme for cross border co-operation between countries in Central and Eastern Europe and the Member States of the European Union in the framework of the PHARE Programme provides the rules for financing actions of a structural nature in border regions of the CEEC sharing a common border with the Community, in harmony with EC structural policies and with INTERREG II in particular.
- 2.4. In recognition of the need to reinforce cooperation and stimulate integration of the Central and Eastern European Countries into the EU and inspired by the INTERREG initiative, the 1994 Community budget included a new budget line (B7-612) allocating 150 MECU for the promotion of actions in the border regions of the Central and Eastern European Countries in co-ordination with the INTERREG Programmes in the

EU Member States. In particular, this new budget line provides co-finance for projects linked with measures supported notably under the INTERREG initiative of the EU.

Objectives

2.5. The primary objectives of the CBC Programme are:

- to assist border regions of the eligible CEECs to overcome specific development problems stemming from their relative isolation in the national economy, in the interests of the local population and in a manner compatible with the protection of the environment;
- to encourage the creation and the development of co-operation networks on either side of these borders, and the establishment of links between these networks and wider EC networks
- to avoid a disrapture in standards of living and growth at the EU's external borders
- cooperation between EU and CEC border regions can contribute substantially to the acceleration of the transformation process in the CEC and to their gradual approximation to the EU.

This Programme will also contribute to the realisation of the Pact for Stability.

Beneficiary Regions

- 2.6. In 1994, the countries in Central and Eastern Europe eligible to support from the CBC Programme were all PHARE beneficiaries sharing a common border with the EU : Albania, Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Poland, and Slovenia. Following the accession of Austria to the EU the beginning of 1995, Hungary, and the Slovak Republic have also become eligible. The eligible borders are identified in Fig.1.
- 2.7. The beneficiary border regions in these have been determined by the Governments of the countries concerned, in collaboration with the European Commission. In defining the border regions, the need for coherence with INTERREG II has been taken into account, emphasising the cross-border impact of the measures concerned. In principle, the regions in the CEEC eligible for support are border regions. However, the Programme can also include projects which accompany other measures financed by the Structural Funds such as ECOS and Ouverture. The modest support available through these measures is applicable to all countries eligible for PHARE assistance and is not limited to border regions.

Eligible Measures

2.8. The regulation for the Cross Border Co-operation Programme, inspired by the INTERREG Guidelines, specifies that a large number of broad measures can be supported. Article 5 of the regulation specifies that the actions which can be financed under the Programme could include:

- alleviation of the administrative and institutional obstacles to the free flow of persons, products or services across the border,
- improving infrastructure, in particular communication facilities and the provision of local water, gas, and electricity supplies, providing benefits across border areas,
- waste management, environmental management and pollution prevention dealing with problems exacerbated by the proximity to external borders
- the promotion of tourism,
- agricultural and rural development measures with particular attention for facilitating cross border cooperation projects,
- measures to promote co-operation in health, particularly the sharing of resources and facilities on a cross border basis,
- measures in the fields of energy, telecommunications and transport, aimed at complementing the development of trans-European networks in accordance with the orientations adopted by the Commission,
- the development or establishment of facilities and resources to improve the flow of information and communications between border regions, including support for cross-border radio, television, newspapers and other media.

In addition, where cross border cooperation is specifically involved, other actions could also be financed under the Programme where they involve:

- promotion of business cooperation, enterprise development, financial cooperation and cooperation between institutions representing the business sector (e.g. chambers of commerce),
- aid to investment and the provision of supporting services and facilities, in particular for technology transfer and for marketing for small and medium-sized enterprises,

- training and employment measures.

2.9. In practise, for 1994, and given the different levels of development at either side of the border actions have focused mainly on transport and the environment, with a much smaller number in the energy, telecommunications and social sectors. Whilst these type of measures will still be given priority in the next few years, the aim will be to gradually diversify measures, particularly by introducing economic and social activities.

Section 3. Management of the CBC Programme

Introduction

- 3.1. Regulation 1628/94 specifies in its article 9 that assistance under the Cross Border Co-operation Programme should be administered by the Commission in accordance with the normal practises applied to Central and Eastern Europe (EEC No. 3906/89). The standard PHARE rules were applied during 1994; as INTERREG II was not operational, it was only possible to manage the CBC Programme, taking into account general principles prevailing under Interreg II.
- 3.2. The aim for 1995 is to make the two programmes 'mirror images' on the CEEC and EU sides of the borders, respectively. From 1995 onwards an important element of joint management will be introduced, through the administrative machinery established by the partner countries. The identification and monitoring of the Programme will be undertaken jointly, with synchronised multi-annual programmes being formulated which set out the arrangements for co-financing.

Joint Programming and Monitoring Committees

- 3.3. Article 7 of the PHARE CBC Regulation sees the establishment of Joint Programming and Monitoring Committees (JPMC) for each of the border regions as the key coordination mechanism. In 1994, JPMCs were established for most of the Cross Border areas through existing co-ordination structures which pre-figured the JPMCs, through existing bi-lateral frameworks or through newly established arrangements. The Commission has been represented during the programming activities of the JPMC's, which have thus been of a trilateral nature. The tasks of the Committees combine planning and implementation functions. The JPMCs will be the principal forum for the joint programming of CBC activities and will monitor and coordinate the implementation of these activities.
- 3.4. The membership of these Committees is made up of the central authority responsible for INTERREG and PHARE CBC respectively, the sectoral ministries or agencies for major measures/projects in the programme and the regional/local authorities in the border region.
- 3.5. The formulation and approval of projects for 1994 followed the following procedure:
 - i) The governments of the CEEC concerned were informed that the CBC Programme was to become operational and were asked to designate the authorities which would be responsible for the programme.

- ii) these were invited to contact national and regional authorities in each of the CEE countries for project ideas, using existing or new consultation mechanisms between local, regional and national levels;
- iii) the tripartite committees formulated recommendations which were transmitted to the Commission via the relevant authority of the CEEC concerned;
- iv) the Commission submitted financing proposals per border for opinion to the Phare Management Committee, after which relevant decisions were taken;
- v) finally, the Financing Memorandum and Memorandum of Understanding was agreed between the Commission and the CEEC concerned.

Institutional Arrangements for Implementation

- 3.6. The overall co-ordination and financial responsibility for each Programme will rest with the implementing authority, that is, the nominated authority or administrative body in each CEE country. The implementing authority nominates the Project Authorising Officer who will be responsible for launching tenders and entitled to sign contracts and authorise payments. Project Management Units have now been established in each of the nominated administrative bodies to facilitate the implementation process.

Inter-regional co-operation networks

- 3.7. Inter-regional co-operation is a substantial and successful area of activity within the EU and has been supported by a number of EU Programmes. In addition, the EU has provided support to inter-regional co-operation activities involving EU and CEEC partners. A well established scheme of this nature in ECOS/OUVERTURE which has stimulated and supported inter-regional co-operation between CEE and EU countries at local and regional level. This is a multi-thematic scheme and its areas of co-operation have included economic and business development, city and regional democracy, urban service provision and environmental issues.
- 3.8. Although projects supported by the EU under ECOS/OUVERTURE are required to include at least one CEEC partner, until 1994 financial support was only available to the EU partners. This was a major disadvantage for the CEEC participants. In 1994, 2 million ecu was allocated from the PHARE budget to support the ECOS/Ouverture Programmes in order to allow the full participation of Central and Eastern European partners.

Section 4. Review of Country and Sector Programmes

Introduction

- 4.1. In July 1994, the PHARE Management Committee gave positive opinions on a series of Cross Border Co-operation Programmes for Poland, the Czech Republic, Slovenia, Albania and Bulgaria. At a later date the further Programmes were approved for the Baltic States -Latvia, Lithuania and Estonia. This is the first time that the Baltic states have been included in Cross Border Programmes. In addition, a small programme for Poland in relation to Denmark, and three sectoral programmes - Environment, Multi-disciplinary and Inter-regional Cooperation - have also been approved. The distribution of the 150 mecu made available for the promotion of cross border activities between programmes is shown in Annex 2.

1994 Programmes

- 4.2. The beneficiary governments of the Central and Eastern European Countries in cooperation with the Commission, have identified specific projects for the 1994 Programme. Financing proposals have been prepared for all eligible border regions and have been agreed by the PHARE Management Committee. An outline of each of the country and sector programmes is provided below and a full listing of all projects and costs is attached in Annex 3.
- 4.3. The total cost of projects funded under the Programme amounts to nearly 350 mecu. In line with the regulations, the co-financing for projects includes resources from Member States of the European Union and countries of Central and Eastern Europe, from International Financial Institutions, and from other private and public sources. As in the 1993 Programme, the largest proportion of expenditure is still on transport infrastructure projects, taking up nearly 90 mecu of the EU contribution, with environment projects taking the second largest amount, nearly 35 mecu.(see Annex 2, table 2).

ALBANIA / GREECE / ITALY

The Cross Border Co-operation Programme is of particular interest to the Albanian Government as it offers a further opportunity to open up the country, following its long period of isolation, and to develop closer links with the EU. One of the principle aims of the Government's economic reform programme is to address the urgent need for investment to improve the poor quality of the country's infrastructure.

The Albanian and Greek Governments have recognised the importance of the development of the Trans-European networks. The maritime links to Italy are seen as a vital element in these networks. By improving its own network, Albania may also help facilitate Greece's links with the rest of the European Union. As a result, the Albanian Programme for 1994 focuses on transport infrastructure, in particular the road network linking Albania and Greece.

In view of the small size of the country, and 1994 being a transitional year the whole of Albania is considered as eligible under this Programme. In effect, however, in 1994 the measures proposed are concentrated in administrative regions which border directly on Greece or are immediately adjacent to these regions, and in administrative regions on the maritime border.

The specific objectives of the Albanian programme are:

- to improve transport links between Greece, Albania and Italy and, as a consequence, between Greece and the rest of the Union
- to alleviate bottlenecks at border crossing points with Greece to reduce waiting time and improve the flow of substantially increased traffic

Six projects are planned requiring a total EU contribution of 20 MECU. The upgrading of the Durres-Rrogozhine road in particular, is seen as improving the gateway to Italy and the rest of Europe.

The measures to be funded in the 1994 Cross Border Co-operation Programme have been identified as a result of detailed discussions between the Albanian and Greek authorities, including an initial joint programming committee meeting, together with contacts between Albanian and Italian authorities. Extensive discussions on priority projects were also undertaken with the World Bank and EIB.

These discussions represent an initial step towards the development of more in-depth consultation for the preparation of actions in 1995-99 between Albania and the bordering countries of the EU. Possible areas for future co-operation include: transport infrastructure development and upgrading; transport operations facilitation; co-operation in the customs sector; tourism; water resources; and human resources management and development.

The 1993 PHARE Regional Programme has provided funding for the improvement of the border crossing at Kakavia/Ktismata, between Albania and Greece.

BULGARIA/GREECE

The Bulgarian Government attaches great importance to improved co-operation between the border regions of Bulgaria and Greece. A strategy for the development and promotion of the regions bordering Greece was produced in 1993. This strategy is one element in a wider programme to achieve closer links with the EU. Great importance is, therefore, attached to alleviating obstacles to the flow of people, services and goods across the border with Greece. This is reflected in the 1994 Cross Border Co-operation Programme for Bulgaria; its objective are :

- to alleviate bottlenecks at border crossing points with Greece in order to reduce waiting time and improve traffic flows
- to improve the supply of energy and the joint operation of energy networks
- to contribute to the improvement of nuclear safety in the region
- to develop telecommunications facilities
- to improve water treatment and the supply of drinking water

The programme for Bulgaria, requiring a total EU contribution of 25 MECU, includes ten projects over four measures:

- transport: two projects for improving road and rail links;
- energy: three projects aimed at improving energy supply, joint operation of energy networks and the improvement of nuclear safety;
- environment: projects include the construction of waste water treatment plants and a study on river protection;
- telecommunications: a project involving the creation of a new telecommunications link by fibre optic cable

Three sub-regions are eligible under the 1994 Programme: Pirin, with Struma and Mesta zones; Rhodopes (Central and eastern); and Maritsa. In addition, in view of its cross border impact of measures to improve nuclear safety, the region of Kozloduy is also included in the Programme.

CZECH REPUBLIC/GERMANY

The CBC Programme for the Czech Republic co-finances actions of a structural nature in the border regions of Northern and Western Bohemia which have a common border with the Federal Republic of Germany. The EU contribution to the programme will amount to 25 MECU.

The aim of the programme is to contribute to the integration process started under the Europe agreements through the promotion of cross border co-operation between the Czech Republic and Germany.

The focus of the 1994 Programme is on investment projects aimed at the improvement of environment and transport infrastructure. Measures cover the improvement of water and air quality in the border regions adjacent to Germany, and the upgrading of road and rail infrastructure at border crossing points.

ESTONIA/DENMARK

The aim of the Estonian Government to establish close links with the EU and its Member States was reflected in the signing of the Trade and Co-operation Agreement in mid-1994. Links with Denmark are encompassed in the 1992 Agreement on the Development of Economic, Industrial and Technical Co-operation. For both countries, the environmental protection of the Baltic Sea is a primary cross border issue. The International Financial institutions are heavily involved in financing environmental sector projects aimed at the reduction of Baltic Sea pollution.

The objectives of the Cross Border Co-operation Programme in Estonia are to provide both practical measures for environmental protection and for the encouragement of joint Danish/Estonian co-operation in institutional development in the area of social welfare. The 1994 Programme comprises three projects: two environmental projects on hazardous waste management and contaminated water treatment, and the development of a new comprehensive approach to care for the elderly based on Danish experience. The Programme requires an EU contribution of 3 MECU.

The 1994 Programme principally involves the border region of Saaremaa.

LATVIA/DENMARK

The Latvian Government attributes great importance to the co-operation between the countries which surround the Baltic Sea and their programme, formulated in close collaboration with the Danish authorities, gives special priority to projects aimed at the environmental improvement of the mutual maritime border between Latvia and Denmark. The strategy for the development of the border region between Latvia and Denmark derives from the Latvian Government's strategic environmental objectives and achieving closer links with the EU.

The immediate objectives of the Cross Border Co-operation Programme in Latvia are to reduce pollution and heighten public awareness of environmental problems. This is reflected in the programme for 1994 which is made up of three environmental projects, requiring an EU contribution of 3 MECU, dealing with waste water treatment, waste disposal, and the support of a media centre to help raise public awareness of environmental issues. The projects were agreed by the Joint Programming and Monitoring Committee established for the Programme.

The eligible regions in 1994 were Liepaja, Ventspils, Jurmala and Riga. It is envisaged that the Programme could be extended to further regions in 1995 and beyond.

LITHUANIA/DENMARK

In the long term, Lithuania wishes to take advantage of its strategic location and play a role in the integration of transport services between Western Europe, the Baltic States and the CIS - linking Lithuania into the European transport network. The transport sector is a major priority within the Programme for the Economic Development of Lithuania. PHARE funding has already been provided for a series of actions in the transport sector, including assistance for the formulation of Port-master Plan for Klaipeda which is the country's only ice-free port. The International Financial Institutions (World Bank, EIB and EBRD) are particularly active in supporting the development of Klaipeda Port. The maritime and inland waterways through Klaipeda provide a main communications artery.

This priority is reflected in the objectives for the Cross Border Co-operation Programme, formulated in close collaboration with the Danish authorities, which focus on:

- improving infrastructure, in particular communication facilities, the provision of port facilities and complementing the development of Trans-Europe networks
- enhancing the development of Lithuanian transport through the East-West maritime communication corridor.

Only one project is identified in the Lithuanian programme involving the modernisation of port facilities at Klaipeda. The programme requires an EU contribution of 5 MECU.

The eligible regions under the 1994 Programme are: Kretinga, Gargazdai, Klaipeda and Kursiu Nerija.

POLAND

The Polish Government's strategy for the development of border regions, reflected in the 1994 Programme, is related to the primary national objective of achieving closer links with the EU as well as providing a bridge between the EU and the former Soviet republics. The Programme is in two parts covering the land border with Germany and the sea border with Denmark.

Poland/Germany

This part of the programme is concentrating on the development of Poland's western border region, adjacent to Germany. The objectives of the Polish Cross Border Co-operation programme for 1994 are:

to alleviate bottlenecks at border crossing points with Germany

to stimulate development and economic co-operation of the border regions adjacent to Germany

to promote higher education provision, particularly in the field of European studies in the border area.

The 1994 programme comprises a total of seven projects which focus on "missing links" in transport infrastructure, in particular the construction and upgrading of border crossing points, whilst one educational project envisages the construction of university facilities. An EU contribution of 55 MECU is required for these projects.

The regions eligible in the 1994 Programme are the voivodeships of Szczecin, Gorzow, Weilkopolski and Zielona Gora.

Poland/Denmark

The sea border is seen as playing a significant role in Poland's integration into the EU. Therefore, the 1994 Programme puts particular stress on environmental and tourism development measures directly related to the Baltic Sea border which are seen as essential for the growth of future co-operation between partners. Poland and Denmark have a growing number of intergovernmental agreements and joint initiatives which have provided the foundations for the 1994 Programme. The objectives have been identified as:

- to further control and improve the quality of the water flowing into the Baltic
- to stimulate the economic development of the coastal border regions with Denmark
- to promote contacts between coastal neighbours through increased harbour capacity and visitor accommodation facilities

The Programme includes three environmental projects involving effluent treatment, river management and coastal pollution monitoring, and one tourism project aimed at improving harbour facilities. A contribution of 3.75 MECU is required from the EU, of this 0.75 mecu is provided from the Multi-disciplinary Programme.

The regions eligible under the 1994 Programme are the voivodeships of Szczecin, Koszalin, Slupsk and Gdansk.

SLOVENIA/ITALY

The development of the Slovenian border region adjacent to Italy has taken on particular importance in recent years. Independence, and the continuing hostilities to the south, have resulted in increased east-west traffic, causing bottlenecks at the existing international border crossings. The introduction of new environmental protection and management policies have resulted in important initiatives being taken in the border regions adjacent to Italy. The introduction of regional policy has made some of the disadvantaged border regions eligible for assistance. The improvement of border crossings, local transport infrastructure, water management and environmental protection in the border region are seen as important factors contributing to sustainable economic development within the region and throughout the economy as a whole.

The Slovenian programme includes a total of 10 projects concerning three measures: transport infrastructure, environment and agriculture. The majority of projects concern the improvement of border crossing infrastructure, the modernisation of port facilities, and road improvements.

The two environmental projects provide support for joint river and water management. The agricultural measure is a pilot project providing for the establishment of fruit orchards. The EU contribution to the Programme will be 4 MECU.

The eligible regions of Slovenia are Koper, Nova Gorica and Tolmin which have a common border with Italy and the Friuli-Venezia-Guilia Region in particular.

ENVIRONMENT PROGRAMME

The Environment Programme is aimed at facilitating high priority environmental capital investments with a high cross border impact undertaken by the CEEC with the cooperation of an International Financial institution and/or an EU Member State. It is intended that the PHARE funding will help to speed up the project appraisal and project preparation period, and to provide essential assistance for the implementation of certain projects. The measures covered will address: the abatement of air pollution, waste water treatment, water management and the environmental component in transport projects.

The different projects to be financed through the CBC Programme have been identified as priorities by the CEE partners and fall within the criteria identified in the Environmental Action Plan for Europe. Implementation will be organised directly by the European Commission.

The EU contribution of 3 mecu will be invested over a three year period, 1994/97, in nine projects in Latvia, Lithuania, Estonia, Poland and Bulgaria. A full list of the projects is provided in Annex 3, table 10.

MULTI-DISCIPLINARY PROGRAMME

The Multi-disciplinary programme provides an EU contribution of 2 mecu to finance technical cooperation, training, trade and investment promotion operations. The objective is to:

- ensure the speedy and effective utilisation of aid by permitting essential tasks related to the preparation and execution of the PHARE programme to be carried out quickly;
- respond to urgent requirements from the recipient countries for limited training, trade and investment promotion operations to improve skills and economic relations with the Community

- improve the Commission's capacity to deal with problems arising in the recipient countries.

This measure is intended to cover the costs of: feasibility, technical and other studies; experts and consultancy; small scale training; supporting institution building; and small scale information dissemination activities.

Projects identified so far under this programme include: the allocation of 0.75 mecu to assist the implementation of the maritime borders programme for Poland/Denmark; 1.0 mecu for technical assistance for the implementation of the Cross Border programme as a whole; and the remainder to form a reserve for training programmes.

INTER-REGIONAL COOPERATION PROGRAMME

The Inter-regional Cooperation Programme builds upon the existing ECOS/OUVERTURE scheme of the EU. For the first time funding is provided for local and regional authorities in all of the PHARE beneficiary countries for participation in cooperation projects with EU partners. The initiative will be implemented through the existing management arrangements of ECOS/OUVERTURE in order to strengthen inter-regional cooperation with minimum delay. It is intended that the creation of a long term basis for inter-regional cooperation will be explored.

The main objectives of the Inter-regional Cooperation programme are:

- to strengthen the participation of CEEC regions and cities in inter-regional cooperation projects with EU counterparts, through the provision of financial support to the CEEC partners;
- to build upon the successful ECOS/OUVERTURE scheme and to gradually adapt it to the needs and priorities of CEEC partners;
- to assist in developing the capability of local and regional authorities in CEEC countries to engage in inter-regional cooperation;
- to initiate the creation of a long term basis for the stimulation of inter-regional cooperation between CEEC countries and with EU Member States.

Two measures are provided for under the Programme:

- i) Project Support - 1.8 mecu will contribute to support inter-regional cooperation projects which meet the normal ECOS/OUVERTURE conditions - 108 proposals submitted to ECOS/OUVERTURE have been adopted for initial complementary support;
- ii) Programme Management and Technical Assistance - a contribution of 0.2 mecu is to be provided to supplement the existing arrangements for the management of the ECOS/OUVERTURE programme to ensure the immediate activation of the PHARE inter-regional cooperation initiative

In parallel to these actions, additional financial resources of 2 Mecu - of which 0,5 for the management and technical assistance and 1,5 for the projects - have been set aside in the framework of PHARE in order to support cooperation activities of the Central European Countries in the energy field, undertaken under Ecos / OUVERTURE.

Section 5. Conclusions

Introduction

- 5.1. The 1994 PHARE Cross Border Co-operation Programme has been a success. In spite of an uncertain start, and at very short notice, the governments of the PHARE countries concerned have designated the authority which would be responsible for the programme, and set up internal consultation mechanisms including line ministries and regional authorities with a view of preselecting projects; the relevant EU Member State and CEEC started to discuss, using existing or new discussion FORA and to jointly identify measures and projects; a legal basis for the programme has been worked out; and the 150 mecu allocated by the European Parliament has been fully committed by November, 1994. Most projects involve infrastructure works associated with transport or the environment but projects in other fields such as telecommunications, energy, education and the social sector have also been selected; in several cases implementation has already started. The complementary funding for the ECOS/OUVERTURE initiative made available through the Programme is supporting more than 100 inter-regional cooperation projects between regions and cities in the EU and the CEEC. This has been particularly valuable in contributing to one of the basic aims of the Programme: encouraging cooperation, contacts and dialogue between the people within the border regions.
- 5.2. In many respects 1994 has been a transitional year as far as the Cross Border Cooperation Programme is concerned. The Programme will need to be adapted for the 1995-99 period to take on the multi-annual character decided by the European Council in Essen and to achieve better coherence with INTERREG II. In view of the procedural and structural differences between the INTERREG and PHARE CBC programmes, a joint planning effort will be needed to achieve a maximum level of cohesion.

Funding

- 5.3. The budgetary provision for 1995 has now been adopted by the European Parliament with the overall figure for PHARE CBC remaining at the same level as last year, plus some additions for new borders following the EU enlargement on 01.01.1995. For planning purposes it can be assumed that this level of funding will remain largely unchanged for the period 1996 to 1999. A move to greater co-financing will be encouraged as well as greater use of sources other than INTERREG, particularly national funds and resources from international financial institutions.

Eligible Actions and Areas

- 5.4. Eligible actions as defined in article 5 of Commission Regulation 1628/94, are likely to remain in line with those specified in the Financing Proposals for 1994. Although the need for continued provisions in the field of infrastructure will remain, a greater level of diversification is expected with more soft actions being introduced gradually and above all complementarity and synergy with actions set up at the other side of the border.
- 5.5. Eligible border areas corresponding to INTERREG designations are in the process of being defined by the national governments of the Central and Eastern European countries. It is expected that the degree of precision adopted in the INTERREG Programme (on the basis of NUTS III) will inspire the identification of CBC Regions. With the accession of Austria to the European Union, four new border regions - with the Czech Republic, Slovenia, Slovakia and Hungary - will need to be defined. As to the Baltic Sea, a multilateral approach including the 4 EU Member States and the 4 CEEC concerned **has been worked out for the 1995-1999 period.**

PHARE CBC/INTERREG Cooperation

Indicative Multi-Annual Programmes

- 5.6. The Cross-Border cooperation should be based on a joint long term crossborder development strategy, considering the border regions concerned as one single geographical unit. In order to assure complementarity and coherence between PHARE CBC and Interreg II central and eastern European countries will need to operate on the basis of indicative multi-annual programmes (MIP), as a mirror image of the Member States' INTERREG Operational Programmes (OP). Both the MIP and the OP should be consistent with the CBC development strategy. The MIP be the framework for annual Financing Proposals to be submitted each year in view of formal approval of annual sections of the programme. Whilst the MIP and the OP should contain identical priority axes, the measures covered by these axes, will often diverge, reflecting the different stages of development and different priorities at either side of the border.
- 5.7. Cooperation arrangements between the partner countries are being worked out aiming at :
- providing a reference framework of agreed objectives and fields of cooperation to allow specific programming and implementation within the INTERREG and PHARE procedures;
 - establishing the necessary institutional machinery for coordinated and possibly joint operation of CBC activities.

These cooperation arrangements will cover a number of key points, including key long/short term objectives for cooperation, priorities and indicative measures as well as a financial framework for cooperation covering the whole of the multi-annual programming period, 1995-99. In addition, these arrangements will specify institutional arrangements, including the establishment of a Joint Programming and Monitoring Committee and standard arrangements for measure/project implementation wherever this should be done jointly.

Future Co-operation

- 5.8 The Essen Council, when adopting the Report from the Council on a strategy to prepare for the accession of the associated CEEC, recognised that intra-regional cooperation and promotion of "bon voisinage" will constitute concrete measures which will contribute to the realisation of this strategy. Its decision to establish the CBC programme on a multi-annual basis will allow for a better coherence with the EU Structural Funds. Moreover, the European Council decided to extend the geographical scope of the multi-annual crossborder cooperation programme to regions along CEEC-CEE and CEEC-CIS borders. Since these border regions are not eligible for co-financing schemes under the PHARE-Interreg programme, appropriate co-financing schemes will have to be elaborated which may include a.o. funds from PHARE, from the national budgets of the countries concerned, from IFI's and from TACIS (if permitted by the TACIS regulation). The geographical extension of the programme for interregional cooperation towards the CIS will also have to be looked upon.

Annexes

- ANNEX 1 Cross Border Cooperation Projects financed by PHARE in 1993
- ANNEX 2 Cross Border Co-operation Programme, 1994
- ANNEX 3 1994 Programme - Measures, Projects and Costs by Country and Sector

ANNEX 1

CROSS BORDER CO-OPERATION PROJECTS FINANCED BY PHARE IN 1993

COUNTRY	PROJECTS	MECU
ALBANIA	Border Crossing at Kakavia/Ktismata	0.5
BULGARIA	Environmental Study, Mesta (Nestos) River	0.7
Czech Republic	Border Crossing in Fomava and Bavaria	1.5
	Northern Bohemia - Saxony Regional Programme including the following cross border impact activities: <ul style="list-style-type: none"> - Cargo Railway Crossing at Vejprty - Border Crossing at Mnisek - Border Crossing at Moldava - Ferry Connection Reiharsdorf /Schona-Hrensko - Border Crossing at C. Potok-Johstadt - New Tourist Track Loucna-Oberweisenthal - Joint Sewerage system for Cesky Jiretin village - Waste water purification plant Moldava - Disposal of Waste Water Petrovice-Bahratal - Waste water purification Vejprty-Barenstein - Border Tourist Path Brandov-Olbernhan - Landscape Protection in Cinovec-Petrovice area 	1.72
POLAND	Border Crossing (bridge) in Olzyne- Forst	6.8
	Border Crossing at Kalboskowo, Route E28	2.8
TOTAL PHARE FUNDING		14.02

ANNEX 2

TABLE 1. CROSS BORDER CO-OPERATION PROGRAMMES, 1994

PROGRAMME	EU CONTRIBUTION (mecu)	TOTAL COST (mecu)
ALBANIA/GREECE/ITALY	20.00	24.05
BULGARIA/GREECE	25.00	65.12
CZECH REPUBLIC/GERMANY	25.00	55.34
ESTONIA/DENMARK	3.00	6.97
LATVIA/DENMARK	3.00	3.979
LITHUANIA/DENMARK	5.00	7.50
POLAND/DENMARK	3.75 ¹	8.07
POLAND/GERMANY	55.00	148.60
SLOVENIA/ITALY	4.00	5.173
ENVIRONMENT	3.00	n.a.
MULTIDISCIPLINARY	1.25 ²	n.a.
INTER-REGIONAL COOPERATION	2.00	n.a.
TOTAL	150.00	n.a.

¹The sum of 0.75 mecu was transferred to the Polish/Danish Programme from the Multi-disciplinary programme

²2.0 mecu was originally allocated to the Multi-disciplinary Programme but 0.75 mecu was transferred to the Polish/Danish programme to cover maritime borders

ANNEX 2

TABLE 2. CROSS BORDER CO-OPERATION PROGRAMME, 1994 - EXPENDITURE BY SECTOR

SECTOR	EU CONTRIBUTION (mecu)	TOTAL COST (mecu)
TRANSPORT	89.229	186.346
ENVIRONMENT	34.73	68.899
SOCIAL WELFARE	0.50	0.62
ENERGY	7.40	22.59
TELECOMMUNICATIONS	1.10	1.10
EDUCATION & TRAINING	4.00	35.70
TOURISM	1.90	2.845
AGRICULTURE	0.191	0.272
PROGRAMME MANAGEMENT	4.55	4.55
RESERVES	0.15	0.15
SECTOR - ENVIRONMENT	3.0	n.a.
SECTOR - MULTIDISCIPLINARY	1.25	n.a.
SECTOR - INTER-REGIONAL COOPERATION	2.00	n.a.
TOTAL	150.00	n.a.

ANNEX 3 - TABLE 1

1994 PROGRAMME - ALBANIA/GREECE/ITALY: MEASURES, PROJECTS AND COSTS

MEASURE 1: TRANSPORT

PROJECT	EU CONTRIBUTION	TOTAL COST
Durres-Rrogozhine (road upgrading)	11.75 MECU	11.75 MECU
Kapshtice-Pogradeci (road rehabilitation)		
Kakavia-Rrogozhine (feasibility study and road improvements)	5.25 MECU	9.30 MECU
Tre Urat and Konispoli (improvement of border crossing facilities)	0.50 MECU	0.50 MECU
Kapshtica (border crossing infrastructure)	1.40 MECU	1.40 MECU
	0.60 MECU	0.60 MECU
TOTAL	19.50 MECU	23.55 MECU

PROGRAMME MANAGEMENT 0.50 MECU
 TOTAL 20.00 MECU 24.05 MECU

ANNEX 3: TABLE 2

1994 PROGRAMME - LATVIA/DENMARK: MEASURES, PROJECTS AND COSTS

MEASURE 1: ENVIRONMENT

PROJECT	EU CONTRIBUTION	TOTAL COST
Jurmala (Waste water treatment project)	1.900 MECU	2.370 MECU
Riga (AV Environmental Communication Centre)	0.310 MECU	0.319 MECU
Riga (Hazardous waste disposal)	0.600 MECU	1.100 MECU
TOTAL	2.810 MECU	3.789 MECU

PROGRAMME MANAGEMENT 0.190 MECU
 TOTAL 3.000 MECU 3.979 MECU

ANNEX 3: TABLE 3**1994 PROGRAMME - LITHUANIA/DENMARK: MEASURES, PROJECTS AND COSTS****MEASURE 1: TRANSPORT**

PROJECT	EU CONTRIBUTION	TOTAL COST
Klaipeda (RoRo Terminal)	4.9 MECU	7.4 MECU
TOTAL	4.9 MECU	7.4 MECU

PROGRAMME MANAGEMENT 0.1 MECU

TOTAL 5.0 MECU 7.5 MECU

ANNEX 3: TABLE 4**1994 PROGRAMME - ESTONIA/DENMARK: MEASURES, PROJECTS AND COSTS****MEASURE 1: ENVIRONMENT**

PROJECT	EU CONTRIBUTION	TOTAL COST
Hazardous Waste Management	2.26 MECU	6.11 MECU
Mobile ground water Treatment (Feasibility Study)	0.14 MECU	0.14 MECU
TOTAL	2.40 MECU	6.25 MECU

MEASURE 2: SOCIAL WELFARE

PROJECT	EU CONTRIBUTION	TOTAL COST
Saaremaa (Home for the Elderly)	0.50 MECU	0.62 MECU
TOTAL	0.50 MECU	0.62 MECU

PROGRAMME MANAGEMENT 0.10 MECU

TOTAL 3.00 MECU 6.97 MECU

ANNEX 3: TABLE 5

1994 PROGRAMME - BULGARIA/GREECE: MEASURES, PROJECTS AND COSTS

MEASURE 1: TRANSPORT

PROJECT	EU CONTRIBUTION	TOTAL COST
Dupnitsa-Kulata (railway)	4.50 MECU	15.80 MECU
Kulata (Border Crossing)	0.78 MECU	0.78 MECU
TOTAL	5.28 MECU	16.58 MECU

MEASURE 2: ENERGY

PROJECT	EU CONTRIBUTION	TOTAL COST
Study of Joint Operation of Power Systems	0.40 MECU	0.40 MECU
Kozloduy (conservation of wastes)	4.00 MECU	19.19 MECU
Ichtiman-Stara Zagora (gas pipeline)	3.00 MECU	3.00 MECU
TOTAL	7.40 MECU	22.59 MECU

MEASURE 3; ENVIRONMENT

PROJECT	EU CONTRIBUTION	TOTAL COST
Waste Water Treatment Plants (Stara Zagora, Haskovo and Dimitrovgrad)	7.00 MECU	19.95 MECU
River Water Monitoring System (Maritsa, Mesta, Struma and Taouza)	0.40 MECU	0.80 MECU
River Protection Study (Arda and Luda Basins)	0.52 MECU	0.80 MECU
Water Supply Systems (Pamporovo and Sandanski)	3.00 MECU	3.00 MECU
TOTAL	10.92 MECU	24.55 MECU

MEASURE 4: TELECOMMUNICATIONS

PROJECT	EU CONTRIBUTION	TOTAL COST
Kavala-Haskovo (Fibre Optic Cable Link)	1.10 MECU	1.10 MECU
TOTAL	1.10 MECU	1.10 MECU

PROGRAMME MANAGEMENT 0.30 MECU
 TOTAL 25.00 MECU 64.82 MECU

ANNEX 3: TABLE 6**1994 PROGRAMME - CZECH REPUBLIC: MEASURES, PROJECTS AND COSTS****MEASURE 1: TRANSPORT INFRASTRUCTURE AT BORDER CROSSINGS**

PROJECT	EU CONTRIBUTION	TOTAL COST
Cheb (rail)	8.9 MECU	25.14 MECU
Zelezna (road)	1.0 MECU	1.10 MECU
TOTAL	9.9 MECU	26.24 MECU

MEASURE 2: ENVIRONMENTAL INFRASTRUCTURE

PROJECT	EU CONTRIBUTION	TOTAL COST
Vresova-Nejdek (steam pipeline)	4.9 MECU	6.4 MECU
Usti n. Ladem (sewer)		
Hradek n. Nisou (sewerage plant)	2.9 MECU	7.4 MECU
Rumburk (sewer)	1.2 MECU	2.3 MECU
Steti (oxygen delignification)	1.9 MECU	2.5 MECU
	4.1 MECU	10.4 MECU
TOTAL	15.0 MECU	29.0 MECU

PROGRAMME MANAGEMENT 0.1 MECU

TOTAL PROGRAMME 25.0 MECU 55.24 MECU

ANNEX 3: TABLE 7

1994 PROGRAMME - POLAND/GERMANY: MEASURES, PROJECTS AND COSTS

MEASURE 1: TRANSPORT

PROJECT	EU CONTRIBUTION	TOTAL COST
Gubinek	16.0 MECU	23.0 MECU
Kolbaskowo	10.0 MECU	10.0 MECU
Olszyna	15.0 MECU	35.0 MECU
Osinow Dolny	1.2 MECU	1.2 MECU
Radomierzyce	0.3 MECU	0.5 MECU
Swiecko	5.5 MECU	40.2 MECU
TOTAL	48.0 MECU	109.9 MECU

MEASURE 2: EDUCATION AND TRAINING

PROJECT	EU CONTRIBUTION	TOTAL COST
Viadrina	4.0 MECU	35.7 MECU
TOTAL	4.0 MECU	35.7 MECU

PROGRAMME MANAGEMENT 3.0 MECU

TOTAL 55.0 MECU 148.6 MECU

ANNEX 3: TABLE 8**1994 PROGRAMME - POLAND/DENMARK: MEASURES, PROJECTS AND COSTS****MEASURE 1: ENVIRONMENT**

PROJECT	EU CONTRIBUTION	TOTAL COST
Bialogoża (Effluent treatment)	0.535 MECU	0.715 MECU
Parseta (River Management)	0.945 MECU	3.945 MECU
Szczecin (Coastal Monitor)	0.220 MECU	0.415 MECU
TOTAL	1.700 MECU	5.075 MECU

MEASURE 2: TOURISM

PROJECT	EU CONTRIBUTION	TOTAL COST
Leba (Harbour Works)	1.900 MECU	2.845 MECU
TOTAL	1.900 MECU	2.845 MECU

RESERVE 0.150 MECU

TOTAL 3.750 MECU 8.07 MECU

ANNEX 3: TABLE 9

1994 PROGRAMME - SLOVENIA/ITALY: MEASURES, PROJECTS AND COSTS

MEASURE 1: TRANSPORT

PROJECT	EU CONTRIBUTION	TOTAL COST
Robic (border crossing)	0.362 MECU	0.548 MECU
Neblo (border crossing)	0.095 MECU	0.118 MECU
Ratece (border crossing)	0.069 MECU	0.115 MECU
Piran (sea border crossing)	0.164 MECU	0.329 MECU
Zaga-Uceja (road)	0.198 MECU	0.300 MECU
Volce-Solari (road)	0.705 MECU	0.940 MECU
Temporary Purifying Plant	0.056 MECU	0.056 MECU
TOTAL	1.649 MECU	2.406 MECU

MEASURE 2: ENVIRONMENT

PROJECT	EU CONTRIBUTION	TOTAL COST
Timav River Catchment	1.190 MECU	1.440 MECU
Nova Gorica (flood protection)	0.710 MECU	0.885 MECU
TOTAL	1.900 MECU	2.235 MECU

MEASURE 3: AGRICULTURE

PROJECT	EU CONTRIBUTION	TOTAL COST
Tolmin (Pilot Orchard)	0.191 MECU	0.272 MECU
TOTAL	0.191 MECU	0.272 MECU

PROGRAMME MANAGEMENT 0.260 MECU

TOTAL 4.000 MECU 4.913 MECU

ANNEX 3 - TABLE 10

1994 Environment Sector Programme - Projects and Costs

CEEC	PROJECT	BUDGET
Latvia	Leipaja Coastal Waters	0.50 mecu
Lithuania	Klapeida Geothermal Plant	0.10 mecu
Lithuania	Klapeida Coastal Waters	0.50 mecu
Estonia	Haapsalu and Matsalu Bays Environmental Project	0.30 mecu
Poland	Gliwice District Heating System	0.30 mecu
Poland	Jelenia Gora Waste Water Treatment	0.30 mecu
Poland	Zeilon Gora Waste Water Treatment	0.30 mecu
Bulgaria	Environmental component to transport project	0.10 mecu
Bulgaria	Air pollution Abatement	0.30 mecu
Reserve		0.09 mecu
Management, audit and evaluation		0.21 mecu
TOTAL		3.00 mecu