

**LACE-PHARE CBC**  
**PRACTICAL MANUAL**

**June 2000**

## ***Foreword***

*The LACE-Phare CBC project is carried out by AEBR (Association of European Border Regins). Its activities cover networking, information and training for the border regions of Central Europe which are eligible under Phare CBC.*

*The Practical Manual provides information and advice for regional/local practitioners who would like to become involved in the preparation and implementation of cross-border cooperation programmes and projects under Interreg IIIA/Phare CBC and Phare CBC/Phare CBC. It has been produced for use in the regional workshops of the project and its other information and advisory activities, and will supplement the LACE Practical Guide.*

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*The contents of the Manual are based on good practice in cross-border cooperation throughout Europe as distilled by AEBR and its experts, and do not represent official guidance of the European Commission.*

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# 1. OVERVIEW: CROSS-BORDER COOPERATION IN EUROPE

## 1.1 Evolution of Cross-Border Cooperation

Since the end of the 1950's, local and regional authorities and other organisations have developed cross-border cooperation in an organised way, especially along the Rhine and in Scandinavia. This, initially slow process, was greatly strengthened since the end of the 1980's by the following factors:

- internal changes in the EU leading to European Integration, notably the establishment of the Single European Market in 1993 and subsequently the Economic and Monetary Union;
- political changes in Central and Eastern Europe making possible cooperation across borders of ex-communist countries;
- a series of inter-state agreements facilitating cross-border cooperation between various countries;
- financial support from the EU for cross-border cooperation through the Interreg since 1990 within the EU, and through Phare CBC and other programmes since 1994 outside the EU;
- active support from the Council of Europe for cross-border cooperation and for strengthening local democracy.

## 1.2 EU Programmes Supporting Cross-Border Cooperation

There are EU programmes supporting cross-border cooperation both within the EU (regarding internal and external EU border) and in Central European Countries (initially regarding their borders with the EU and subsequently also borders between candidate countries). These programmes have been introduced at different points in time since 1990 and have various forms and regulations.

Within the EU, there are several Community Initiatives in the framework of the EU Structural Funds. In the period 2000-06, approximately 5.5% of the Structural Funds will be devoted to the Community Initiatives. *Interreg* is one of the Community Initiatives and as such is governed by the Regulations of the SF, as amplified in the Interreg Guidelines. The new Interreg III is the largest of the Community Initiatives with an allocation of €4,875 in the 2000-06 period. Interreg III supports transeuropean cooperation in three different forms (known as "strands"):

- ***Cross-border cooperation*** between adjacent border regions in neighbouring countries, normally involving multi-sector programmes (Interreg III, Strand A);
- ***Trans-national cooperation*** between groups of countries and regions, mainly in the field of spatial planning (Interreg III, Strand B);
- ***Inter-regional cooperation*** between regions or cities in various countries, mainly on specific projects (Interreg III, Strand C).

Cross-border cooperation was the only type of cooperation supported by Interreg I (1990-93) and will continue to receive by far the largest amount of EU funding under Interreg III. Trans-national cooperation was introduced in Interreg II (1994-99). Until 1999, inter-regional cooperation programmes (eg RECITE within the EU, and Ecos/Ouverture between EU and CEC) have been supported under Article 10 of the ERDF of the SF (which provides funding for "innovative and pilot actions").

**Phare CBC** (Cross-Border Cooperation) was introduced in 1994 to mirror Interreg, covering the border regions of Phare beneficiary countries with the EU Member States. It was extended in 1998 to cover border regions on the borders between candidate countries. It forms part of Phare and is governed by the general Phare regulations, and a specific Phare CBC Regulation. It is assumed that during the Interreg III period (2000-06) a closer coordination and eventually integration will be achieved between the cross-border strand of Interreg and Phare CBC.

In the 1997-2000 period Phare support for cross-border cooperation projects is also provided through the Phare **CREDO** programme, which covers CEC border regions on CEC/CEC and CEC/NIS borders. It is assumed that the programme will not be extended as most of these borders are now covered by Phare CBC.

Cross-border cooperation on NIS borders with the EU and CEC is supported since 1996 by **Tacis**. Tacis CBC does not involve a programmatic approach and institutional arrangements similar of a cross-border nature.

### **1.3 Institutional Aspects**

Diverse cross-border structures have emerged, reflecting national variations in government systems and the stage of cooperation.

*Permanent structures.* These broadly fall into two categories:

- “**euoregions**” and similar bodies: with separate identity from their members and with their own administrative and financial resources and decision-making;
- “**working communities**” and similar bodies: mostly maintaining an inter-organisational form of decision-making and rarely having a separate identity and own resources.

*Programme structures,* such as joint committees, working groups and secretariats created for the purpose of developing and managing cross-border EU programmes or components of such programmes.

In the majority of the EU’s internal land borders, permanent cross-border structures like euoregions are used for all or some aspects of programme development and management.

### **1.4 Fields of Action**

Cross-border cooperation within the EU and the candidate countries has progressed stage-by-stage from addressing common everyday problems and socio-cultural cooperation, to developing common strategies for exploiting common potential. It has further developed to cover the preparation and implementation of EU programmes supporting cross-border cooperation both in EU Member States and CECs.

Major fields of cross-border action are: economic development, tourism, environment; training/education/labour market. Culture/media and health/social services have been growing in importance. Transport and other infrastructure projects represent a major field of action in the case

of less developed EU regions (Objective 1 status) and most border regions covered by Phare CBC. Examples of good practice in the main fields of cross-border cooperation are in *Annex E*.

Interreg supports a wide range of eligible actions which address problems associated with the border (ie those that result from the barrier effect of the border including the differing competencies and structures in the neighbouring states, or from the peripheral in national terms situation of the border regions). Phare CBC supports a similar range of eligible actions, albeit this support is restricted to small projects in some fields of action. Both Interreg and Phare CBC support the creation of cross-border structures and other pre-requisites for effective cross-border cooperation.

## 2. REGULATIONS AND PROGRAMMES SUPPORTING CROSS-BORDER COOPERATION

### SUMMARY

- *In the 2000-06 period, cross-border cooperation is supported by the EU through the Community Initiative Interreg III (Strand A) which applies to border regions of the EU, and the Phare CBC which applies to the border regions of the CEC candidate countries.*
- *Phare CBC is governed by the general regulations concerning Phare and EU external aid programmes, and the specific Phare CBC Regulation of 1998 which defines eligible areas and actions and has introduced a number of common programming and implementation elements for Interreg / Phare CBC programmes (for EU/CEC borders) and for Phare CBC / Phare CBC programmes (for CEC/CEC borders), namely: Joint Programming Documents; Joint Cooperation Committees; and Joint Small Project Funds.*
- *Interreg is governed by the regulations of the Structural Funds and the new Guidelines of the European Commission for Interreg III which were published in May 2000. The Guidelines also cover the co-ordination of Interreg IIIA and Phare CBC coordination, however, significant differences remain. The Commission has promised to publish later in 2000 proposals concerning greater decentralisation of Phare, including Phare CBC, and hence greater approximation of Phare CBC to Interreg to make it an effective pre-accession instrument.*

### 2.1 The New Guidelines for Interreg

Interreg is governed by the Regulations of the Structural Funds and the specific Interreg Guidelines, issued by the European Commission<sup>1</sup>. Interreg will be the largest Community Initiative under the EU Structural Funds for the period 2000-06 ("Interreg III") with an allocation of €4,875 million. It will have three strands covering:

- **Strand A: cross-border co-operation** - a continuation of Interreg I and IIA;
- **Strand B: transnational co-operation**, which represents an extension of Interreg IIC; and
- **Strand C: interregional co-operation** – a new strand which corresponds to an extension and possibly widening of the field of cooperation previously covered by RECITE and Ecos-Ouverture type programmes.

Strand A, which concerns the promotion of "integrated regional development between neighbouring border regions", is the longest standing form of co-operation across national borders, and will receive the bulk<sup>2</sup> of the financial resources of Interreg III. With very few exceptions, such as for certain maritime regions, the development, approval and implementation of programmes under Strand A is expected to be carried out separately from those of Strands B and C.

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<sup>1</sup> On 13 October 1999 the European Commission published Draft Interreg Guidelines and these were finally approved, with modifications, and published in the Official Journal on 11 May 2000.

<sup>2</sup> Strand A will receive between 50% and 80%, Strand C will be allocated 6%; the remainder will go to Strand B.

Some of the provisions in the new Guidelines concerning Strand A show considerable continuity with Interreg I and IIA and will be familiar to the practitioners who are already involved in the development and management of Interreg programmes. These include:

- The method of designation of eligible areas. As with Interreg I and IIA the eligible areas are specified in an annex to the Guidelines (and which with very few changes cover the same areas and borders as in Interreg IIA).
- The extent of eligible areas, which remains at NUTS III level, with the provision that in special cases up to 20% of the programme budget may be spent in adjoining NUTSIII areas.
- The very wide range of eligible actions. The Guidelines provide an indicative list of priority topics (see *Box 2.1*), which together with eligible measures are amplified in an annex. It is however emphasised that this is an indicative list and the full range of eligible actions under the Structural Funds is available.

### ***New requirements***

Some of the provisions in the Guidelines mark significant changes in content or emphasis, as summarised below.

A ***common strategy and common programme development*** (truly “common”, starting with a common SWOT analysis of the cross-border region) are essential conditions and all measures and operations must be based on joint programming for the regions concerned. Moreover, the establishment of a common bank account for at least all EU contributions is a major new requirement. Joint management of the programme implementation through cross-border mechanisms is another key condition for the acceptance of an Interreg IIIA programme by the European Commission.

The principle of wider ***cross-border partnership*** and emphasis on a ***‘bottom-up’ approach*** to be developed and applied from the phase of the elaboration of the joint strategy to the implementation of the operations characterise the new Guidelines. Regional-level cross-border structures based on regional/local authorities in border areas are expected to take the lead in the preparation of the programmes, and subsequently in their management and evaluation, working in partnership with national authorities where appropriate.

***Two types of programme*** will be possible. The first type will involve a single programme for the whole of a border. This single programme will normally comprise several regional-level sub-programmes. The second type will be represented by regional-level programmes for parts of a border (ie euroregion or similar level), as already done under Interreg I and IIA for the D/NL, NL/B D/F, F/UK, and many of the Scandinavian and other borders. Border regions may also wish to consider an intermediate solution, involving separate regional-level programmes sharing certain functions, as presented in the AEBR/LACE working document on Interreg IIIA Programme Management Models<sup>3</sup>.

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<sup>3</sup> e.g. with one and the same Monitoring Committee for a group of programmes. This possibility is not mentioned in the Guidelines, but border regions could propose it, with Member State support, if it allows greater scope for a bottom-up approach.

As required by the General Regulation of the Structural Funds, there will be a common cross-border **Monitoring Committee** to supervise the programme. A common **Steering Committee**, reflecting the membership of the cross-border partnership, will be responsible for the operational management of the implementation of each programme or sub-programme, including the final selection and approval of projects.

The General Regulation also requires the designation of a **Managing Authority** with overall responsibility for managing the common programme and a **Paying Authority** for common financial administration. The Guidelines also envisage a **joint technical secretariat** to assist the Managing Authority with operational management tasks. They also suggest that the three functions of managing authority, paying authority and joint technical secretariat may be combined and be undertaken by the same body. It will be appropriate to assign these functions to existing cross-border structures, such as euroregions and similar bodies.

The financial management system will be simpler and more flexible through the use of a single Structural Fund (ERDF) with enlarged scope to cover actions normally eligible under ESF, EAGGF and FIFG. Moreover, the transfer of all ERDF funds (and preferably national matching funds) will be made to a single programme account, without splitting the ERDF funds by Member State.

## **2.2 The Phare CBC Regulation and its Coordination with Interreg**

The original Commission Regulation concerning Phare CBC was introduced in 1994 with the aim of “mirroring” Interreg and provided for Phare CBC programmes in CEC border bordering EU Member States. Such approximation between Interreg and Phare CBC programmes was achieved only to a limited extent. In 1998 the Commission introduced the current Regulation which governs Phare CBC (No 2760/98 – see Annex A). This Regulation established some key parameters for cross-border cooperation programmes concerning CEC borders, which remain valid to date, notably:

- it included for the first time in Phare CBC CEC/CEC borders between candidate countries;
- it redefined eligible actions under Phare CBC (*see Box 2.2*);
- it introduced:
  - Joint Programming Documents;
  - Joint Cooperation committees; and
  - Joint Small Project Funds.

The Phare CBC Regulation is subordinate to the main Phare Council Regulation and the general regulations concerning external aid programmes of the EU. These make the Commission responsible for implementation<sup>4</sup>, including the approval of individual projects. A minimum size of projects, currently set at €2m, but allowing exceptions, has also been stipulated for all Phare programmes. These and other key provisions contradict those of the Structural Funds which apply in Member States for all SF programmes including Interreg.

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<sup>4</sup> Articles 107 and 108 of the Financial Regulation (adopted by the Council and Parliament) state that the Commission retains responsibility for the utilisation of the (external aid) appropriation and has to control and approve all tenders and contracts.

The new Interreg Guidelines express the desire for effective coordination between Interreg and external EU policy instruments, especially in view to enlargement. A special section of the Guidelines is devoted specifically to this matter (*see Annex B*). Accordingly, some key changes which were heralded in the Phare CBC Regulation No 2760/98 are being put into effect.

A common programme (*Joint Programming Document*, JPD) will cover both Interreg and Phare CBC, albeit its preparation, approval and implementation will still be governed by two different sets of rules and procedures (*see Chapter 4*). The programming work and the monitoring of the implementation of the JPD will be done in an integrated way by the *Joint Co-operation Committee*, which will be known as the “*Interreg/Phare-CBC Monitoring Committee*” (*see Chapter 3*). Moreover, a broadening of the scope of the *small project funds* will facilitate decentralisation of decision making down to the regional/local level (*see Chapter 5*).

However, differences remain and important issues need to be resolved, including:

- Phare CBC as a financial instrument still lacks the multi-annual nature of Interreg - only indicative financial allocations are envisaged for a shorter period (2000-02)<sup>5</sup> than Interreg and budget commitments can be made only on an annual basis;
- More restricted range of eligible actions under Phare CBC – some “soft” types of action are acceptable only for small projects, under the small project funds (SPFs), eg local economic and employment development including tourism, communications/media, cultural exchanges, cooperation in health. (The scope for joint projects is further restricted, on the one hand by the tendency in Interreg programmes to allocate only small amounts for people-to-people projects, and on the other hand by the availability of much larger amounts of money under Interreg for certain types of project which are eligible only in the framework of SPFs, under Phare CBC);
- Strict limits concerning project size under Phare CBC – outside the SPFs, only in special cases a derogation will be allowed from the required minimum size of €2 million for Phare projects and even so the large size of projects envisaged will be unsuitable for many types of projects.
- Phare CBC projects, outside the SPFs, will normally require the approval of the European Commission unlike Interreg;
- The Joint Programming Document must meet two sets of not-fully-compatible requirements of the Structural Funds/Interreg IIIA and Phare regulations.

Preparing and implementing a truly joint programme for Interreg and Phare CBC will certainly require further improvement in the co-ordination of the two instruments and further clarification. Some medium-term improvements have been promised in the Interreg Guidelines<sup>6</sup>, namely the delegation of project selection and approval for both Interreg and Phare CBC under Article 12 of the Regulation No 1266/99 concerning the co-ordination of the pre-accession instruments. Overall, the orientation of Phare CBC should be towards the Interreg principles in order to become an accession driven instrument.

In terms of timing, it looks impractical that Interreg IIIA and Phare CBC will be synchronised, at least in the first year of the 2000-06 period. The final Interreg Guidelines were published in the Official Journal on 11 May 2000. At the same time the European Commission invited Member

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<sup>5</sup> Phare CBC will assist cross-border cooperation with up to €480M in the 2000-02 period.

<sup>6</sup> See para. 42 of the Guidelines (in *Annex C*). Today none of the candidate countries is close to fulfilling the conditionality of Article 12 and substantial work is required to reach EU standards.

States to submit Interreg IIIA programmes within six months. This will be followed by a period of five months within which the Commission has to approve the programmes. Therefore only in exceptional circumstances it will be possible for the new programmes to be approved before the end of the year 2000. The approval of Programme Complements by Monitoring Committees will follow within three months. In practical terms, this timetable will mean that Phare CBC will not have a counterpart Interreg programme for the year 2000.

### **BOX 2.1: Priority Topics for Interreg IIIA**

- a) Promoting urban, rural and coastal development.
- b) Encouraging entrepreneurship and the development of small firms (including those in the tourism sector) and local employment initiatives.
- c) Promoting the integration of the labour market and social inclusion.
- d) Sharing human resources and facilities for research, technological development, education, culture, communications and health to increase productivity and help create sustainable jobs.
- e) Encouraging the protection of the environment (local, global), increase energy efficiency and promote renewable sources of energy.
- f) Improving transport (particularly measures implementing more environmentally-friendly forms of transport), information and communication networks and services and water and energy systems.
- g) Developing co-operation in the legal and administrative spheres to promote economic development and social cohesion.
- h) Increasing human and institutional potential for cross-border co-operation to promote economic development and social cohesion.

### **BOX 2.2: Eligible Actions under Phare CBC**

- a) alleviation of the administrative and institutional obstacles to the free flow of persons, products or services across the border while taking into account the security aspects of such flows,
- b) improving infrastructures, in particular communication facilities and the provision of local water, gas and electricity supplies, providing benefits across border areas,
- c) environmental protection, for instance waste management, environmental management and pollution prevention dealing with problems exacerbated by the proximity to external borders,
- d) agricultural and rural development measures with particular attention for facilitating cross-border co-operation projects,
- e) measures in the fields of energy and transport, aimed at complementing the development of trans-European networks in accordance with orientations adopted by the Commission,
- f) actions related to Justice and home affairs Community policy,
- g) promotion of business co-operation, enterprise development, financial cooperation and cooperation between institutions representing the business sector (e.g. chamber of commerce),
- h) aid to investment and provision of supporting services and facilities, in particular for technology transfer and for marketing for small and medium-sized enterprises,
- i) training and employment measures,
- j) local economic development, including tourism,
- k) measures to promote co-operation in health, particularly the sharing of resources and facilities on a cross-border basis,
- l) 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,
- m) cultural exchanges,
- n) local employment, education and training initiatives.

### 3. INSTITUTIONAL ASPECTS OF CROSS-BORDER COOPERATION

#### SUMMARY

- Different types of cross-border structures exist throughout Europe. Some of these are **permanent** and some are **programme-specific**, ie they have been created for the purpose of developing and implementation of EU cross-border cooperation programmes.
- Many of the regional/local level structures take the form of a “**euoregion**” or a similar structure. These are permanent structures with their own identity and administrative, technical and financial resources. Such structures are common in the Dutch/Belgian/German borders and Scandinavia where they have been functioning for many years. Lately they have also become common in central and eastern Europe. Other types of cross-border structures are common in other borders, such as “**working communities**” on the Portuguese/Spanish and Spanish/French borders, and various **associations** on other borders (eg Ireland/Northern Ireland).
- EU regulations and guidelines require certain cross-border structures for the development of cross-border programmes and the management of their implementation. These are often based on existing structures (euoregions and similar structures). The regulations require for each programme a **Joint Coordination Committee** (and a **Managing/Paying Authority** under Interreg, and an **Implementing/Paying Agency** under Phare CBC).
- The new Interreg Guidelines also require for each programme or sub-programme a **common Steering Committee** and a **Joint Technical Secretariat**, and if possible a common bank account, which on the basis of best practice in Europe represent essential elements for genuine and effective cross-border programmes on EU/EU, EU/CEC and CEC/CEC borders.

#### 3.1 A Typology of Cross-Border Structures

There is a wide variety of existing cross-border structures, which represent a considerable diversity in purpose, competencies and capacities, including involvement in Interreg and Phare CBC programmes and related projects. The main factors determining the type of structures which have developed include:

- different legal prerequisites on either side of the border;
- different administrative structures which result in different competencies and responsibilities at regional and local level;
- different stages of cross-border cooperation between the regions involved.

The following typology summarises the main characteristics of structures with a multi-purpose orientation, and actual (or potential) capacity for programme-level functions.

##### 3.1.1 Euroregions and Similar Structures

Many of the border regions with a long tradition of cross-border cooperation have cross-border bodies known as ‘euroregions’ or ‘euregios’. While they are not identical in legal form or organisation, they share many common characteristics:

- have permanent structures;
- have a separate identity from their members;
- have their own administrative, technical and financial resources; and

- have their own internal decision-making.

From a legal perspective, the organisation of a euroregion can be:

- a) according to private law based on national associations or foundation from both sides of the border according to the respective public law; or
- b) according to public law based on international treaties, which also regulate the membership of regional authorities.

The geographical area of a euroregion is typically determined by a common interest and not by administrative units. It is not a new tier of local and regional government, but an interchange point for existing public and private sector bodies and a balance of different competencies existing on both sides of the border. Most of the euroregions within the EU, including on its external borders, have acquired an important management role in relation to the implementation of Interreg IIA programmes and establishment of linkages with Phare CBC on EU external borders.

The earliest euroregions were established on the German-Dutch border (EUREGIO was established in 1958), and it was not until the late 1980s and 1990s that the structure was applied to many other border regions, particularly the internal EU borders between Germany and France / Luxembourg / Belgium / Austria. By the 1990s, euroregions were also created on the external EU borders between Germany and Poland / Czech Republic. The mid to late 1990s saw a rapid increase in euroregion type structures across the external borders of the EU (e.g. GR / BG; A / HU) and also across CEC borders (e.g. PL/CZ, PL/SK, SK/HU).

Regional cross-border structures in the Nordic countries have considerable similarities with euroregions, especially in terms of identity, regional / local capacity and role in Interreg IIA programmes. The earliest structure in Scandinavia is the Øresund Council (DK/S) which was created in 1964, supplemented by the Øresund Contact in 1974 and merged as the Øresund Committee in 1994, established under the Nordic Council Agreement. By the late 1990s, new structures had developed to include the Baltic states and Russia (e.g. FIN/ES, FIN/RF).

Cross border regions with genuinely common structures have achieved a significant level of integration in the development and implementation of EU funding programmes, including the joint management of all EU and national co-financing. This is particularly evident in the Interreg programmes for the Euroregions along the German–Dutch–Belgian borders, where integrated decision-making structures had existed before the Interreg Initiative. The Euroregions in these areas have complete responsibility for overall financial and programme management. Newer euroregions have also started to play a role in EU programme management (eg Pomerania), many of them manage Small Project Funds (eg PL/D and CZ/D) and generally are represented on the Joint Coordination Committees of Phare CBC (and in its predecessors, Joint Programming and Monitoring Committees).

### **3.1.2 Other Permanent Structures**

Various other types of permanent structures can be found on European borders. Some of them retain their form over a long period of time whilst others gradually evolve towards the format of a euroregion or similar structure. Probably the largest group are known as ‘*Working Communities*’, which while generally inter-regional in composition, do engage in cross-border cooperation.

‘Working Communities’ (communauté de travail) are structures where regional / local authorities, or other organisations have agreed to cooperate by for example the signing of a protocol of cooperation or a legally non-binding agreement.

Common features of such structures are:

- they are permanent;
- they sometimes have a separate identity, but often retain the identity of their members;
- they rarely have separate capacity from their members and are without substantial financial and personnel resources of their own; and
- they rarely have separate decision-making from their members.

Some of the best known ‘Working Communities’ include large groupings such as ARGE-ALP (D/I/A/CH), Alpen-Adria (I/A/D/H/SLO), COTRAO (F/I/CH), Pyrénées (F/E) and in Central/Eastern Europe the Carpathian Euroregion (PL/SK/HU/RO/UKR). Other working communities represent bilateral regional-level cooperation, eg Jura (F/CH), Extremadura/Alentejo (E/P). A variety of other names are also in use such as cross-border ‘clusters’ (informal associations) of local authorities on the Ireland / Northern Ireland border. These are EBRC (East Border Region Committee); ICBAN (Irish Central Border Area Network); and NWRCBG (North West Region Cross Border Group).

These structures are typically focused on strategic planning activities such as studies and the development of specific projects. Due to their very large groupings in terms of geographical area covered and number of members, many of these structures had a limited involvement in Interreg I&IIA and Phare CBC programmes. Geographically smaller and more focused structures such as the ‘clusters’ (IRL / NI) and the ‘Working Community’ of Galicia/Norte (P/ E) have been playing an increasingly larger role in Interreg IIA projects and functions, and are poised to play an even bigger role in the 2000-06 period.

## **3.2 Structures Specific to EU programmes**

### ***3.2.1 Background***

Structures created specifically for a programme such as Interreg IIA exist in one form or another for all EU internal borders. These include structures such as Programme Monitoring Committee, Secretariats and one or more Steering Committees / Working Groups (eg E/P, UK/IRL, UK/F, GR/I). Most do not have a specific legal entity and financial accountability often rests with national authorities.

There is some evidence that some of these structures are transforming from programme management and implementation bodies to a more permanent cross-border structure for other cross-border cooperation activities. For example, PAMINA (D / F) was established in 1991 as a structure for the management of the implementation of the Interreg programme. The Monitoring Committee and the PAMINA Board (senior officers’ working group) function as the Steering Committee for Interreg. Other implementation functions have been assigned to the “PAMINA office” which acts as the Programme Secretariat, services the PAMINA Board and the Monitoring Committee and monitors project implementation.

In many other cases, especially on the D/NL/B and Scandinavian borders, the structures required for the development and management of EU programmes have been based on existing permanent, regional-level, cross-border structures. For example, on the Dutch/German border, a monitoring Committee and a Steering Committee have been specifically set up for each of the Interreg programmes, but for all other aspects of programme development and management the permanent structures of the Euregios (euroregions) are used.

The introduction of Phare CBC required the establishment of a Joint Programming and Monitoring Committee (JPMC) for each of the external EU borders with CECs. JPMCs comprise representatives from the countries concerned, including in most cases regional-level representatives. CEC representatives have been able to attend meetings of counterpart Interreg IIA Monitoring Committees as observers.

Overall there has been a strengthening of the role of regional/local authorities in the institutional aspects of the development and management of cross-border programmes of the EU. This has been achieved, on the one hand, through the growing use of permanent cross-border structures based on regional/local authorities, and/or on the other hand through the participation of regional/local actors in programme management structures as required by the Structural Funds/ Interreg and the Phare CBC regulations and guidelines. However, much remains to be done in the future to turn into reality the stated intentions of these regulations and guidelines, concerning a bottom-up approach in the EU cross-border cooperation programmes..

### ***3.2.2 Interreg / Phare CBC in the post 1999 period***

The institutional requirements of the regulations and guidelines for Interreg IIIA and Phare CBC have been presented in Chapter 2, including the possibility of two types of programme: a single programme for the whole border (comprising autonomous sub-programmes); and regional-level programmes for parts of the border (eg euroregion or similar level). Translating these requirements into reality, in a way that follows good practice under Interreg and is pre-accession driven will require considerable effort on behalf of the states and regions concerned. Without further improvement to the coordination of the two instruments, the practical solutions will inevitably be complex and asymmetrical. A typical management scheme for Interreg/Phare CBC is summarised in ***Annex A, Box A.1***, and is illustrated by ***Charts A.3 (i) and (ii)***.

The strategic management of the programme will be the responsibility of the ***Joint Cooperation Committee***, acting as Monitoring Committee for the JPD (ie, Monitoring Committee of the CIP under the Structural Funds regulations, and Sub-committee of the Phare Monitoring Committee under Phare regulations). It will have responsibility for strategic coordination, monitoring and evaluation of the programme. The committee will comprise representatives of:

- the competent national authorities;
- the European Commission; and
- the Steering Committees of the sub-programmes.

The operational management should be carried out by a ***cross-border structure*** headed by a Steering Committee, and comprising a Joint Technical Secretariat and a number of working groups

or consultative committees. For programmes consisting of autonomous sub-programmes, there should be a separate cross-border structure responsible for each sub-programme.

The **Steering Committee** will comprise representatives of national and regional authorities. Its decisions will be based on the principle of equality between the two sides and unanimity. The frequency of its meetings will need to reflect the project approval cycle. If the programme consists of autonomous sub-programmes, there will be a separate Steering Committee for each of them.

The Steering Committee will direct the management of the implementation of the programme (or its sub-programmes) and will be the final decision-making body concerning project selection and approval for Interreg projects. In the case of Phare CBC projects its decisions will be subject to further ratification – see *Chapter 5 on Implementation*.

The **Joint Technical Secretariat** will:

- provide administrative support to the Steering Committee and other components of the cross-border structure;
- provide information and advice to potential beneficiaries, and generally carry out programme publicity and dissemination;
- receive, and check for eligibility and completeness project applications, and carry out administrative tasks in connection with project appraisal, selection and approval.

There will normally be a number of common (cross-border) **working groups** or **consultative committees** corresponding to the measures or fields of action of the programme / sub-programmes. They will comprise representatives of local authorities, social partners and other interests (eg universities, NGOs) from geographical areas which are eligible under the JPD. These groups will play an active role in the promotion of the programme / sub-programme and generally in the full project cycle, including cross-border studies, project development and project appraisal.

If there are existing regional cross-border structures, such as euroregions or similar structures, they should be used as a basis for the above. For example, they can operate the joint technical secretariat and their working groups/committees can function as the working groups or consultative committees for the programme / sub-programmes. If there are no suitable existing structures, appropriate cross-border structures can be established with technical and financial support from the JPD.

In order to meet the formal requirements of the Structural Funds and Phare regulations and guidelines:

- a **Managing Authority** and a **Paying Authority** must be designated on the Interreg side of the programme. To avoid unnecessary complexity, one body on the EU Member State side can combine the roles of Managing and Paying Authority;
- an **Implementing Agency** and a **Paying Agency** must be designated on the Phare CBC side of the programme (unless the latter were to be performed by the National Fund). Unnecessary

complexity can be avoided if one body combines the roles of Implementing and Paying Agency on the CEC side.

In order to ensure that the genuine cross-border nature of the programme is maintained, it will be essential that these bodies act on the basis of decisions taken by the Steering Committee of the programme / sub-programme.

The Interreg IIIA Guidelines envisage a major degree of decentralisation to the regional/local level. In the case of programmes with autonomous sub-programmes this should be reflected in the institutional aspects of programme management. For instance, there can be separate bank accounts or secondary Paying Sub-authorities for each sub-programme. Moreover, the role of the programme-wide Joint Technical Secretariat, including support for the JCC, can be assigned to the Joint Technical Secretariat of one of the sub-programmes, which in this way will act as a “Coordinating JTS” or “General Secretariat”.

### **3.2.3 Phare CBC / Phare CBC in the post 1999 period**

A simpler institutional scheme should be possible for CEC/CEC borders for the purposes of Phare CBC programmes, since these programmes will be governed by the same regulations. This is summarised in *Annex A, Box A.2*.

Still, it is unlikely that under the present regulatory regime it will be possible to operate the financial aspects of the programme on a common basis. In practical terms this will mean:

- separate annual financial proposals and memoranda for each CEC;
- separate Implementing and Paying Agencies for each CEC.

In the latter case, the possibility of appointing one and the same Implementing and Paying Agency for both sides of the border (eg a euroregion-type structure) should be considered on a bilateral basis, as part of the preparation of the Phare-CBC/Phare-CBC Agreement.

### ***Box 3.1 Euroregion criteria - Association of European Border Regions / LACE<sup>7</sup>***

#### Organisation

- amalgamation of regional and local authorities from both sides of the national border, sometimes with a parliamentary assembly;
- cross-border organisations with a permanent secretariat and experts and administrative staff;
- according to private law based on national associations or foundations from both sides of the border according to the respective public law;
- according to public law based on international treaties which also regulate the membership of regional authorities.

#### Method of working

- development and strategic-oriented cooperation, no measures based on individual cases;
- always cross-border-oriented, not as national border region
- no new administrative level;
- hub for cross-border relations; citizens, politicians, institutions, economy, social partners, organisers of cultural events etc.;
- balancing between different structures and powers on both sides of the border and with regard to psychological issues;
- partnership cooperation, vertically (European, governmental, regional, local) as well as horizontally beyond the border;
- implementation of cross-border decisions at national level and according to procedures applicable on both sides of the border (avoidance of competence and structural power conflicts);
- cross-border participation of citizens, institutions and social partners in programmes, projects and decision-making processes;
- direct initiatives and the use of own resources as preconditions for help and support of third parties.

#### Content of cross-border cooperation

- definition of fields of action according to joint interests (e.g. infrastructure, economy, culture);
- cooperation in all areas of life: living, work, leisure time, culture etc.;
- equal emphasis on social-cultural cooperation as on economic-infrastructure cooperation;
- implementation of treaties and agreements and concluded at European level between countries to achieve cross-border practice;
- advice, assistance and coordination of cross-border cooperation, particularly in the following fields:
  - economic development;
  - transport and traffic;
  - regional development;
  - environmental protection and nature conservation;
  - culture and sports;
  - health affairs;
  - energy;
  - waste disposal;
  - tourism and leisure;
  - agricultural development;
  - innovation and technology transfer
  - schools and education;
  - social cooperation;
  - emergency services and disaster prevention;
  - communications;
  - public security.

<sup>7</sup> AEBR-LACE Working Paper on the EU Initiative Interreg and future developments, July 1997, p 36.

## 4. DEVELOPING COMMON CROSS-BORDER STRATEGIES & PROGRAMMES

### SUMMARY

- A **common** strategy for the development of a **cross-border region** is a major step in cross-border cooperation and provides a framework for cross-border programmes and projects.
- From 2000, a common cross-border process will be required for the development and implementation of common programmes (**JPD - Joint Programming Document**) with EU funding.
- The JPDs will cover funding from two instruments (Interreg and Phare CBC) on **EU/CEC borders** and their approval and implementation will therefore come under the provisions of two different sets of EU rules and regulations. JPDs for **CEC/CEC borders** between candidate countries will be funded by Phare CBC.
- This Chapter of the Manual reflects, on the one hand, the **guidance of the European Commission** concerning JPDs, and, on the other hand, the wider **European experience** concerning cross-border strategies and programmes, including the importance of common development of strategies and programmes through a bottom-up approach and cross-border partnership.

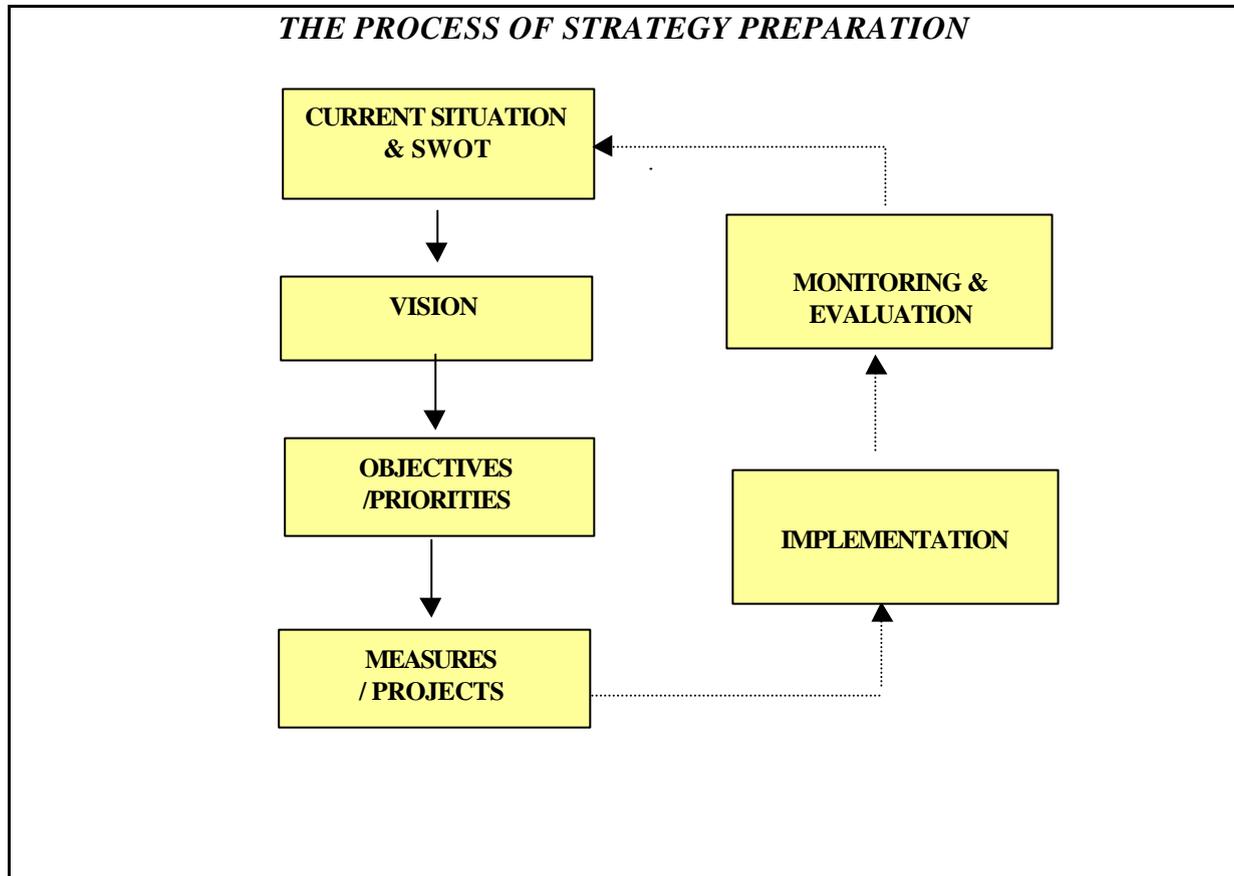
### 4.1 Common Cross-Border Strategies

Over time, cross border development strategies have become increasingly popular mechanisms driving the economic and social development of the cross border regions. Such a strategic framework provides a “vision” of the future and defines the objectives and development priorities for the cross border region. Moreover this type of framework allows for planned and integrated action, in place of ad-hoc and uncoordinated intervention. Overall cross-border strategies constitute a natural development beyond the dealing with day-to-day problems and provide a useful framework for funding programmes.

While the formulation of a regional development strategy for any region is important, the *joint* preparation of such a strategy for a cross-border region is of particular importance. This arises from having different national territories included within the cross-border region and the resultant need to minimise the “barrier effect” caused by the border, and the need also to reduce development and income differentials between the two parts of the region. In the past, the focus of co-operation between actors in cross-border regions was mainly on matters relating to physical planning and probably little else. Nowadays it is recognised that there is scope for fruitful exchanges on a whole range of different issues, ranging from socio-cultural cooperation to the environment through to economic development issues. Significantly, formulation of a cross-border strategy allows the joint working on developing an understanding of problems and opportunities together.

The preparation of a *common* cross border development strategy gives the communities on both sides of the border, the opportunity to collaborate and to jointly define the future of their cross-border region. It will help further each community’s understanding of the other, and enhance the organisational, business and other linkages which exist, to the benefit of all those involved. Moreover

collaboration and joint working in the preparation phases of such a strategy provides a solid base for on-going joint working in programme definition, implementation and monitoring, as well as in the emergence of truly joint projects with a genuine cross border character. The main steps in preparing a strategy are listed below:



The Phare CBC Regulation of 1998 and Interreg III Guidelines stipulate that border regions between EU Member States and accession candidates, in addition to border regions between accession candidates need to prepare a **Joint Programming Document**. This is an immediate requirement in the case of EU/CEC borders, and it is also required but can be perfected gradually over a longer period in the case of CEC/CEC borders.

This document must include “common development strategies and priorities” for the cross-border region which must be viewed as “a single economic and geographic entity”. The purpose of this document is to guide the programming and implementation of the actions to be undertaken in the framework of the relevant programmes and initiatives for cross border co-operation assisted by the European Community.

## 4.2 Preparing the Joint Programming Document (JPD)

The Joint Programming Document (JPD) is a new feature of cross-border programming, designed to bring closer together Interreg IIIA and Phare CBC, and to ensure that in the border regions a joint approach is taken to regional co-operation and project selection despite the fact that Interreg and Phare CBC are subject to different EU rules and procedures. The same approach to programming, involving a JPD, will apply to CEC/CEC borders between candidate countries, where only one financial instrument (ie Phare CBC) will be in use for both sides of the border.

Important pre-conditions for a genuine and effective cross-border development and management of an include the establishment of a ***cross-border partnership***, backed by a formal agreement. A wide cross-border partnership should be developed, in the case of both Interreg/Phare CBC and Phare CBC/Phare CBC programmes, including regional and local authorities, and as appropriate national authorities. The composition and functioning of the partnership will differ from region to region, reflecting variations in structures and competencies and traditions, and should also engage in appropriate ways the social partners and other relevant bodies. This partnership should be developed from the outset, from the phase of elaboration of the joint strategy to the implementation of the operations.

Good practice shows that a normal programme document suffices in the case of “national mainstream” programmes but it should be complemented by a separate ***agreement*** in the case of cross-border programmes, in order to overcome the differences that exist between the two sides of the border in administrative systems and detailed interpretation of EU regulations and guidelines. A comprehensive Interreg / Phare CBC agreement (or Phare CBC / Phare CBC agreement) between the partners in the cross-border partnership would be desirable, although not required by the EU regulations and guidelines, and should be prepared at the same time as the draft JPD in order to create implementation conditions which approximate those of national mainstream programmes. The agreement should define the membership of the Monitoring and Steering Committees, establish common procedures for all sub-programmes, designate the financial administration body(ies) and deal with financial liability issues between national and regional/local partners. It should also cover matters such as co-financing and the role of existing cross-border structures, such as euroregions. A checklist of the main contents of such an agreement are in ***Annex D***.

A single programme (JPD for Interreg/Phare CBC or for Phare CBC/ Phare CBC), will be drawn up for each national border. Reflecting the approach defined in the European Commission’s Guidelines for Interreg IIIA, such a programme should include regional-level sub-programmes, which will be autonomous in management terms (ie each of them with its own Steering Committee and decision-making concerning project selection etc – *see Chapter 3*). Such a programme with sub-programmes is envisaged, for example, for the PL/D and A/CZ borders. For duly justified cases (eg. very long borders and well-established cooperation based on well established cross-border structures) the Guidelines envisage that the programme may be drawn up for one cross-border region (eg euroregion level).

The programme (JPD) must cover of both sides of the border with the cross-border region seen as a “single socio-economic and geographical entity”. The JPD will have a seven year perspective (2000-2006) and will be jointly financed by the EU, Member States, the Phare countries. Its approval procedure and legal status will differ under the two financial instruments, Interreg and Phare CBC (see below).

### ***Principles Relating to the Preparation of JPD***

The Phare CBC Regulation of 1998 and the INTERREG III guidelines provide a number of principles guiding the preparation of the JPD:

- The common programme (JPD) will be prepared and its implementation monitored by a cross-border structure - the Joint Co-operation Committee;
- For the cross-border region seen as a “single socio-economic and geographical entity” it will include:
  - a common development strategy;
  - common priorities; and
  - common measures (as far as possible).
- All operations selected to implement the JPD must have a clear impact on the other side of the border;
- Actions taken under Interreg and Phare CBC will be integrated into the wider framework of regional development policy (notably the National Development Plans of the candidate countries, as well as the European spatial planning perspective);
- Partnership and involvement of regional/local actors - regional/local authorities and social partners (bottom-up approach) are key features;
- Co-ordination and complementarity with mainstream pre-accession aid (Phare, ISPA, SAPARD) and Structural Fund support will be required.

### ***Approval of JPD***

The JPD will be agreed by the Joint Co-ordination Committee (JCC) as a whole. It will then be submitted to the European Commission for its approval. Different submission and approval procedures apply under Interreg and Phare CBC. Generally, a fundamental difference between the two instruments will persist and while the JPD will remain indicative in the case of the Phare CBC Programme, it will obtain the legal status of a Community Initiative Programme (CIP) in the case of Interreg.

In the case of Interreg, the JPD/CIP will be submitted to the European Commission by the Member State concerned. When the Commission approves each programme, it shall grant a single contribution from the ERDF. The Commission may also make a global grant to an approved intermediary body, for all or part of the programme, in agreement with the Member State concerned. Each CIP will be accompanied by a Programming Complement, which defines the measures planned to implement the priorities and is approved by the Monitoring Committee for the CIP (ie the JCC). This Complement must be sent to the European Commission no later than three months after the Commission decision approving the CIP and is valid for the whole 2000-06 period, subject to normal review and modification procedures under the Structural Funds.

In the case of Phare CBC the JPD will be sent to the European Commission by the country's Phare National Aid Co-ordinator, and then transmitted for information and discussion to the Phare Management Committee. (For JPDs covering Phare CBC/Phare CBC borders, parallel submissions to the Commission will be required by the Phare National Aid Co-ordinators of the countries concerned).

As an external aid programme of the EU, the Phare CBC part of the JPD requires annual approval through the system of financial proposals and financing memoranda between the European Commission and each of the Phare countries concerned (including approval of all projects other than those under the SPFs). This applies to both Interreg/Phare CBC and Phare/CBC/Phare CBC.

Thus an annual approval process is necessary in the case of the Phare CBC funding instrument, but a one-off approval exercise is required in the case of Interreg for the whole seven-year period. (*See Programme Management summaries in Annex A*).

### **4.3 The Content of the Joint Programming Document (JPD)**

The main contents of the JPD should include the following:

#### ***Eligible areas***

Definition of the eligible areas forming the cross-border region (as identified at NUTS III level), including a map.

#### ***Description and analysis of current situation***

A description of the current situation in the cross-border region as a whole. This should include:

- A quantified description of disparities, gaps and potential for development.
- A detailed analysis per sector;
- A description in terms of competitiveness and innovation, SMEs, employment and the labour market;
- A description of the environmental situation of the region and the arrangements for integrating the environmental dimension into the assistance to ensure compliance with the “Acquis”;
- A description of the financial resources deployed, the main results of operations in the previous programming period and the evaluation of the results available.

The description of the existing situation should be concluded with a systematic ***SWOT analysis***, which should be conducted in common for the whole of the cross-border region. The SWOT should pay particular attention to problems (including weaknesses and threats) which are associated with the border and to common cross-border “potential” (including strengths and opportunities).

#### ***Strategy for long-term cross-border co-operation***

This will include definition of the objectives, the main priorities and measures; the criteria for accessing the cross border character and impact of the actions.

The cross border programmes should be integrated into wider regional development policies and are additional and complementary with programmes receiving support from mainstream Phare, other pre-accession instruments (ISPA, SAPARD), mainstream Structural Funds and other Community Initiatives). They should also take account of the European spatial planning perspective.

National Development Plans and strategies in the Member State and neighbouring candidate countries need to be taken into account when developing a long-term development strategy for the cross-border region, seen as one single socio-economic entity. Operational objectives need to be indicated, quantified where they lend themselves to quantification.

This part also needs to include a description of the strategy to be followed to obtain the global objectives of development for the region, on the basis of an integrated approach. Priorities should then be selected which will lead to the attainment of the objectives. An outline of the planned

priorities for action should also include the strategy for their implementation and their expected impact.

It is also necessary to describe the extent to which the strategy takes account of:

- specific features of the areas of the cross-border region, including demographic trends;
- the spatial planning and environmental situation;
- integration of men and women into the labour market;
- the national employment strategies.

Other EU, national, and regional policies, relevant for cross-border cooperation and the degree of consistency with those should be mentioned.

**Priorities** should be limited in number (say, maximum 5), and contain an outline of the measures to implement them. Priorities and measures could, for example, be as illustrated in the example below. The nature of any technical assistance measures required to prepare, monitor and evaluate the programme should be mentioned, possibly in the form of a separate priority or measure.

***EXAMPLE: Priorities & Measures***

**Priority A: Improving infrastructures**

- measure 1: transport
- measure 2: environment
- measure 3: utilities

**Priority B: Promotion of enterprise development and business cooperation**

- measure 1: industrial parks, business incubators
- measure 2: support to SME's, credit schemes

**Priority C: Agricultural and rural development**

- measure 1: rural development

**Priority D: Training and employment**

- measure 1: vocational training
- measure 2: entrepreneurship

**Priority E: People to people actions (SPF)**

***Priority or Measure on Implementation / Technical Assistance***

***Financial table***

An indicative general financial table should summarise the national/regional and EU co-financing to be provided over the relevant period, and the breakdown per priority:

- 2000-2002, within a 7 year perspective, for PHARE CBC; a mid-term review at the end of 2002 should allow to elaborate a new financial table for the 2003-2006 period .
- 2000-2006 for INTERREG.

This table should include:

- Co-financing Plan which will mention the co-financing from Interreg/Phare CBC and the national/regional budget, and indicate potential investments by IFI's and private sector;
- Time schedule for implementation.

The typical structure and contents of the JPD are summarised below.

#### *Typical Structure and Contents of JPD*

- Definition of eligible regions;
- Description of current situation;
- A strategy for long-term cross-border cooperation;
- An indicative financial table;
- Description of joint programming and monitoring structures;
- Description of implementation arrangements;
- Description of system of financial management;
- Description of the system of financial control and evaluation.

## 5. IMPLEMENTING CROSS-BORDER PROGRAMMES

### SUMMARY

- *Programme level implementation requires genuine cross-border structures and procedures. These are still difficult to achieve in Interreg/Phare CBC programmes due to differences in the regulations governing the two financial instruments, but it should prove easier for Phare CBC / Phare CBC programmes which rely only on one instrument. An Interreg/Phare CBC or Phare CBC/Phare CBC partnership and formal agreement between the partners involved in the management of the programme, will therefore be essential.*
- *Successful implementation of a cross-border programme depends above all on developing and implementing genuine cross-border projects, which in turn need appropriate conditions, such as common criteria for project selection defined in the programme agreement.*
- *Projects under Phare CBC are normally required to be over €2m and are approved by the European Commission. Due to their size and co-financing requirements, these projects tend to be developed and implemented by national authorities, rather than by regional / local bodies, and very often lack a clear cross-border dimension. Even common projects currently need to be contracted and financed separately under Interreg and Phare CBC, the latter in accordance with the Decentralised Implementation (DIS) System of Phare.*
- *Small Project Funds (SPF) have been increasingly used in the implementation of Phare CBC programmes since 1995. They have joint a Steering Committee and Secretariat, and approve projects up to €50,000. They have been very successful in getting large numbers of small, especially, people-to-people projects, implemented, but differences between Interreg and Phare CBC have prevented common projects.*
- *There is greater scope for genuine cross-border projects in the future. The Phare CBC Regulation and the Interreg IIIA Guidelines encourage Joint SPF in future with up to 20% of Phare CBC funds and a higher limit per project (€300,000).*
- *Although the JSPFs will legally comprise separate funds for both Interreg/Phare CBC and Phare CBC/Phare CBC borders, they can lead to large numbers of genuine cross-border projects if they are endowed with similar financial allocations for the sides of the border, and are operated under common structures and procedures, as well as with common eligibility criteria.*

### 5.1 Programme-level Implementation

The structures for managing the implementation of JPDs (for both Interreg/Phare CBC and Phare CBC/Phare CBC borders) have been presented in *Chapter 3* and are summarised in *Annex A*.

To be effective these structures must:

- be adapted to the conditions appertaining in each border – these conditions relate to existing administration structures, competencies and traditions, levels of decentralisation and the existence of cross-border structures, etc.
- there should be streamlined procedures and a clear definition of decision-making for both technical and financial aspects of programme management;
- be set up and operated in a thorough way, based on a formal agreement (*see Annex D*) which will be prepared at the same time, and will accompany the JPD.

These arrangements must clearly specify the key responsibilities for the following programme implementation functions:

- who will provide ***information and advisory support to beneficiaries on project development*** and generally promote the implementation of the programme (eg the joint technical secretariat);

- to whom the *project applications* must be submitted, by what deadline, and in what form;
- who will be responsible for initial screening and checks (e.g the joint technical secretariat) and for subsequent technical / financial *project appraisal* (e.g. initially a sectoral working group);
- who will be responsible for *project selection* (e.g ultimate responsibility of the Steering Committee, but possibly pre-selection by working groups);
- who will issue *approval letters / contracts* (normally, the Managing/Paying Authority for Interreg, and Implementing / Paying Authority for Phare CBC);
- who will make *payments* and who will be responsible for financial *control* of the programme and for *audit*;
- who will be responsible for *monitoring* the programme and reporting, and for *evaluating* its results/impact (eg who will carry out the necessary tasks on behalf/for the Monitoring Committee).

There is considerable experience and examples of good practice from various European borders to inform the process of setting up implementation structures and procedures for the management of programme implementation. For instance, there are many examples of sound practices concerning the provision of information and advice/technical assistance to potential beneficiaries and generally for programme promotion, including info-days, newsletters, informal consideration of applications and feedback, etc. There are also examples and good practice advice concerning monitoring/evaluation, based on a system of indicators specifically developed for the objectives and types of actions eligible under Interreg and Phare CBC (output, result and impact indicators, eg reduction in travel time due to improvements in border crossings, reduction in unemployment due to dual qualifications achieved through training).

However, like the approval procedures for JPDs, it is unavoidable, for the time being, that some aspects of implementation will be carried out separately, due to the regulatory differences between Interreg IIIA and Phare CBC. This will apply especially to the transfer of EU funds and generally the financial administration, which will not be based – at least in the immediate future - on a single bank account system, which is the best practice model in the EU and is also envisaged in the Interreg III Guidelines.

The development and implementation of genuine cross-border projects is essential for the success of an Interreg/Phare CBC or Phare CBC/Phare CBC programme. Appropriate conditions are required for such projects to emerge and be carried through all stages of implementation, and among these conditions well-developed programme criteria, which have been established in the programme agreement, are of crucial importance. *Box 5.1 and Box 5.2* illustrate such criteria concerning the quality and definition of cross-border projects, with examples from the Dutch/German border.

Notwithstanding the differences between Interreg and Phare CBC, the aim should be to implement the JPD through *common* structures and procedures, based on common and fully agreed criteria. The same approach to implementation will equally apply to Phare CBC/Phare CBC borders.

### **Box 5.1 Project Selection Criteria:**

#### ***Quality of Cross-Border Projects (Example from Dutch/German Border)***

Future programmes must particularly ensure the quality of cross border-projects, their influence on the economy and commercial locations, coherence and their cross-border importance. It therefore is important to jointly define what a cross-border project should look like. Some basic questions could help to elaborate an appropriate definition:

- Are projects based on joint regional sector strategies (tourism, waste disposal, environment, infrastructure)?
- Do the joint sector-specific criteria for projects clarify the value of the project (e.g. for jobs, infrastructure, tourism, SMEs, the economy)?
- What is the minimum and maximum size of a project? For example, the minimum must not be below €50,000 or 100,000 and the maximum of a project must not be so big that it uses the funds of an entire sector (e.g. a road would use up so much funds that there would be nothing left for the other projects of the programme).
- What is the cross-border character of a project?
- How does the possible development of a project look, its viability with regard to the economy, jobs etc.?
- How high is the regional share of funding, which is regarded as proof that there is an actual demand for the project?

### **Box 5.2 Project Selection Criteria:**

#### ***Definition of Cross-Border Projects (Example from Dutch/German Border)***

A standard definition of cross-border projects is essential. Such a definition based on the experience of the Dutch/German border is as follows: a project is a ***cross-border project*** if the partners from both sides of the border participate with regard to ***contents, organisation, staff and funds***.

- ***With regard to contents:*** German/Dutch co-operation with regard to the project's contents and objectives, even if there is only one national location.
- ***With regard to organisation:*** a joint organisational body on both sides of the border chaired by one of the partners as legal organiser. This applies also if only one national location exists.
- ***With regard to staff:*** joint implementation of the project through organisational bodies on both sides of the border.

***With regard to funds:*** the project organisers raise jointly their minimum share of 20%. The financial participation of the regional level must also be ensured if the project is located on the other side of the border. In addition and besides the German/Dutch quota of a maximum of 30%, funds made available by the German and Dutch Ministries of Economic Affairs will flow into the co-funding. This also applies for projects with only one national location.

## 5.2 Project-Level Implementation

In the period 2000-06, project selection/approval procedures should be operated in common for the Interreg IIIA and Phare CBC parts of the JPD. The same should apply to the two “national” Phare CBC parts of a JPD for a CEC/CEC border. In practical terms, this should mean that larger projects (ie other than those coming under the JSPFs) will be selected the Steering Committee of the programme or sub-programme, having been assessed by relevant working groups, experts’ panels, etc. (The duties of the Steering Committee may be carried out by the Monitoring Committee, i.e. the JCC, acting as the Steering Committee).

However, as noted above, differences between Interreg and Phare in contracting and paying procedures will continue, at least in the initial years of the 2000-06 period. This will mean that even common projects will have to be funded separately. For a project (or part of a project) funded under Interreg, the Managing/Paying Authority in the relevant Member State will issue the formal contractual documentation, make payments, and monitor its implementation in accordance with national procedures and Structural Funds Regulations.

A project (or part of a project) to be funded under Phare CBC, will have to be previously agreed by the European Commission, through the annual programming system of financing proposals etc. These projects will then be implemented normally in accordance with the Decentralised Implementation System (DIS) which applies generally to Phare programmes. The Managing/Paying Agency for the Phare CBC programme in the country concerned will be responsible for issuing the contractual documentation, making payments and monitoring the project.

A DIS Manual specifies detailed procedures for different types and sizes of projects (see *Annex F*). Under “procurement” it specifies the procedures concerning the procurement of “services” and “supplies”, and Phare funding for public works and tender procedures. For example, national procedures apply if the Phare contribution is less than €1 million, but FIDIC rules and regulations apply if the Phare contribution exceeds €1 million (FIDIC = Federation Internationale des Ingenieurs Consultants, International Federation of Consulting Engineers).

In the case of procurement of services, different procedures apply according to budget:

- up to €300,000 (subject to revision to €200,000), utilisation of multi-country sectoral framework contracts, through “requests for services” / “service orders”;
- from €300,000 to €10 million, restricted tender procedures following public announcement on Internet;
- above €10 million, restricted tender procedures with prior official prequalification or open tendering announcement in the EU Official Journal.

In all cases, endorsement by the Commission is required for the tender dossier / terms of reference and contract dossier. This is done by the Delegations of the Commission in the CECs for projects up to €5 million and the SCR in Brussels for projects with larger budgets.

The DIS Manual is available on the following website:

<http://europa.eu.int/enlargement/pas/phare/implementation/index.htm>

The current version of the DIS Manual was issued in September 1998 and it is due to be revised following later this year following a Commission Communication concerning greater decentralisation in Phare (*see below*).

A further difference concerns co-financing requirements. In the case of Interreg IIIA projects, in common with all Structural Funds projects the EU contribution cannot exceed 75% for Objective 1 regions and 50% for any other region. In the case of Phare CBC, the EU contribution can reach 100% but national/local co-financing, similar to that for EU Objective 1 regions is expected by the European Commission, especially for public works projects.

The above differences combined with the current requirement for Phare projects to exceed €2 million mean that larger projects (ie those outside the SPFs) tend to be developed, co-financed and implemented by national authorities/agencies rather than regional/local authorities and other organisations in the border regions. Moreover, they tend to be “national” projects, rather than regional/local level projects of a cross-border character.

Nevertheless, the successful implementation of a cross-programme depends above all on developing and implementing genuine cross-border projects and therefore every effort should be made to overcome the existing constraints. This has already been achieved in some cases, as illustrated in the following examples of common cross-border projects:

- ***Sewage Treatment Plant ‘Bärenstein‘***

***Interreg partner:*** Municipality of Bärenstein, Germany

***Phare CBC partner:*** Municipality of Vejprty, Czech Republic

***Description:*** This project aimed to extend the use of an existing sewage treatment plant in Vejprty on the Czech/German border allowing waste water from the German municipality of Bärenstein to be treated across the border in Vejprty. The project involved the extension of the treatment plant’s canal network on the German side of the border and the renovation of the treatment plant in Vejprty - augmenting the capacity from serving a population of 4,000 to over 7,000

***Budget:*** €13,728,698 Total costs; €2,193,442 Interreg II; €5,624,210 Phare CBC

***Contact:*** Beate Ebenhöf; Euroregion Erzgebirge/Eggenis; Am St. Niclas Schacht 13; 09599 Freiberg;  
Tel: +49 3731 781 303; Fax: +49 3731 781 301; [euoregion@mail.freibergnet.de](mailto:euoregion@mail.freibergnet.de)

- ***Euroforest Peitz/Zielona Gora***

***Interreg partner:*** Municipality of Peitz – Office for Forestry, Germany

***Phare CBC partner:*** Office for Forestry, Zielona Gora, Poland

***Description:*** The forestry offices in the two border towns implemented this project in order to improve joint fire fighting in the border region – the project comprises several components reaching from the establishment of improved forecasting systems and related equipment to the strengthening of joint Polish/German fire-fighting interventions as well as dissemination of information.

***Budget:*** €899,873 Interreg II; €600,000 Phare CBC

***Contact:*** Ilona Petrick; Euroregion Spree-Neiße-Bober; Uferstraße 22-26; 03172 Guben;  
Tel: +49 3561 31 33 / 68 70 -290; Fax: +49 3561 31 71;

Smaller projects, ie those implemented through the SPFs, are governed by a much more decentralised system, which places key responsibilities for project selection/approval with the regional/local authorities in the border regions and cross-border structures. Joint SPFs and common projects are promoted since the introduction of the current Phare CBC Regulation in 1998 (*see section 5.3, below*).

In the spirit of genuine cross-border cooperation, much of the implementation process should be operated in common, including project selection, monitoring and evaluation, etc. even if formal approvals and financial aspects (co-financing, payments, controls, etc) will continue to differ considerably in the immediate future between Interreg IIIA and Phare CBC. In the medium term there is the prospect of a greater degree of decentralisation being introduced for Phare. A Commission Communication on this subject is expected in July 2000 and its adoption will also lead to corresponding changes in the DIS, and should bring the implementation procedures of Interreg IIIA and Phare CBC closer, possibly from 2001 onwards.

### 5.3 Joint Small Projects Funds (JSPFs)

Small Project Funds (SPFs) were developed in the context of the Phare CBC Programme and have proven to be a highly successful mechanism for supporting small-scale actions in border regions. Many hundreds of successful projects have been supported and there has been an excellent record in terms of absorption of funds and project completion, but the differences between Interreg and Phare CBC have prevented the emergence of a high proportion of common projects.

Moreover, the SPFs through their emphasis on decentralised decision-making structures (for project selection for example) and their stress on long-term sustainable impact are proving a good preparation for EU accession and future access to the Structural Funds.

In terms of the projects supported there has been an emphasis on socio-cultural and other “people-to-people” projects. Examples of common projects or projects with a strong cross-border character which have been supported by SPFs include:

- ***European Children Choir***

- Lead partner:** Pevecke sdruzeni ve Vratislavicich (Choir Association of Vratislavice), Czech Rep.  
**Further partners:** Children’s Choir Löbau, Germany; Choir Szkola Podstawowa, Jelenia Gora, Poland  
**Description:** This project implemented in 1998, strengthened the co-operation between three children choirs from Liberec, Löbau and Jelenia Gora. The project organised a series of joint choir training lasting 2-3 days as well as joint concerts in all involved partner regions. Each concert was attended by some 60 children (8-14 years) and 6 adults. Costs covered under this project included travel costs, meals, translation and printing, rental of training rooms and insurance.  
**Budget:** €1,020 Phare CBC; Czech beneficiary contribution: €110  
**Contact:** Tomas Kolafa, Zakladni skola Vratislavice, pevecke sdruzeni ve Vratislavicich (Choir Association of Vratislavice), Nad skolou 278, CZ 463 11 Liberec; Tel/Fax: +420/48/5160624; [zs26@skoly.liberec.cz](mailto:zs26@skoly.liberec.cz)

- ***Libraries Without Border***

- Lead partner:** Mestska knihovna Rumburk (Municipal Library of Rumburk), Czech Republic  
**Further partners:** Staatliche Fachstelle für Öffentliche Bibliotheken im Regierungsbezirk Dresden, Germany; Wojewodzka biblioteka publiczna Jelenia Gora, Poland  
**Description:** This project organised a three-day conference involving more than 50 library experts from the Czech-German- Polish border region (Euroregion Nisa). The conference ‘Libraries without border’ focussing on new technologies was the first event of its kind in the border region and further regular follow-up events are planned in the Polish and German parts of the Euroregion Nisa. Costs covered under this project included travel costs, meals, translation and printing, rental of conference venue, fees and cultural programme.  
**Budget:** €5,000 Phare CBC; Czech beneficiary contribution: €550  
**Contact:** Kvetoslava Candrikova, Mestska knihovna Rumburk, tr. 9. Kvetna 150/29, CZ 408 01, Rumburk; Tel: +420/413/332120; [mkrbk@indata.space.cz](mailto:mkrbk@indata.space.cz)

#### ***Structure and procedures of SPFs to date***

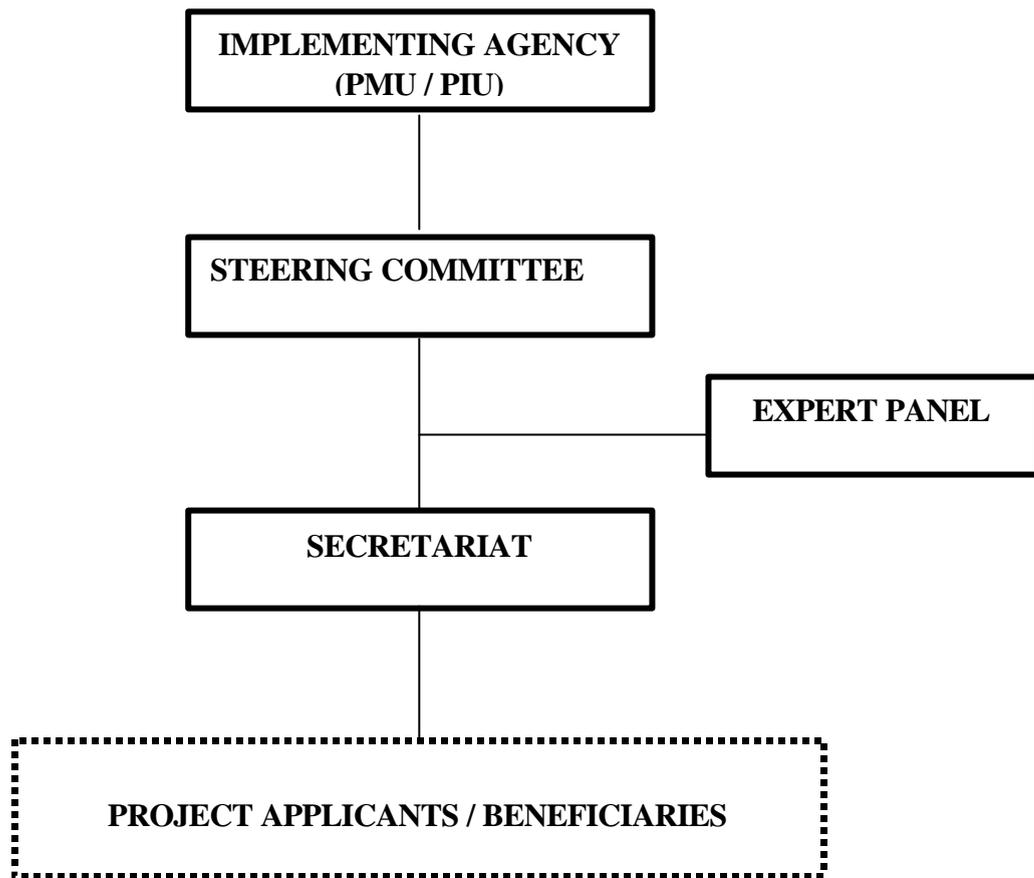
The first generation of SPFs were established from 1996 onwards by the Phare countries. Their basic structures and procedures were defined in the European Commission’s Guidelines for Small project Funds (December 1996) and these were customised to reflect the specificity of the situation in each Phare country and border. There are now operational SPFs in almost every Phare CBC

border region on land borders with the EU (and an equivalent small project facility has been in operation for the Baltic maritime borders).

The key elements in the structure for the Small Projects Funds are (see illustration in **Box 5.3**):

- Implementing Agency;
- Steering Committee;
- Expert Panel (or Sub-committee);
- Secretariat;
- Project beneficiaries/applicants.

**Box 5.3: Typical Structure of Small Projects Funds**



The role of the *Implementing Agency* (or PMU or PIU) which is set up within a national Ministry for the overall management of the Phare CBC programme, is to define the SPF as a project to be agreed in the context of the programme and the annual Financing Proposal. The Implementing Agency is also responsible for proposing the operational structure for the SPF to the satisfaction of the appropriate EC Delegation and Commission services in Brussels. It plays a major role in setting up the appropriate organisational structures and procedures and remains ultimately responsible for the operation and management of the SPF.

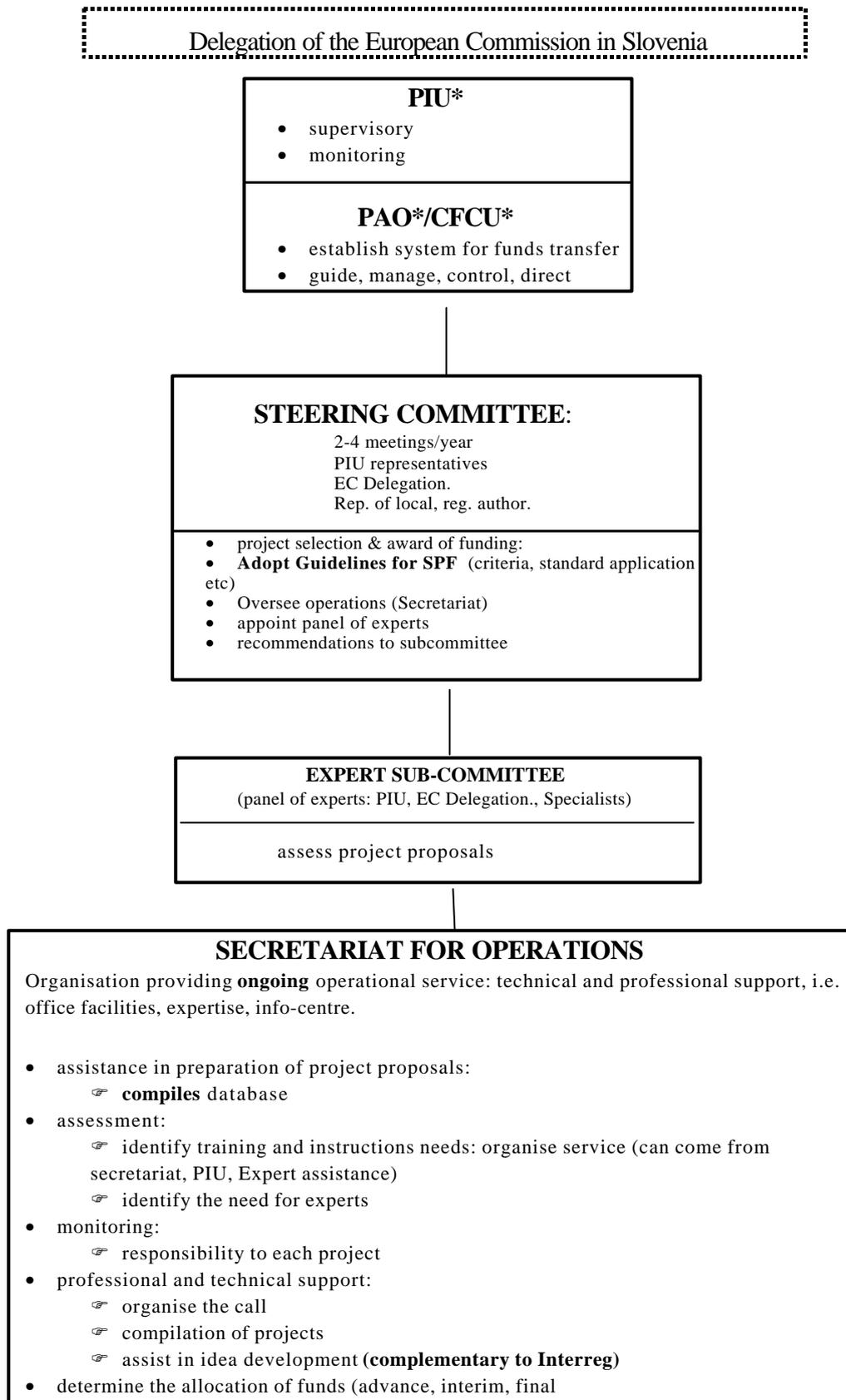
A central component of the structure of SPFs in all the countries in which they operate is the *Steering Committee*. The Steering Committee, based within the cross-border/border region, provides the main decision-making vehicle for the management of the SPF process. The Steering Committee is responsible for the final project selection decisions and usually meets between 2 and 4 times a year. It is normally comprised of regional decision-makers together with observers representing interested parties from outside the region. These might include representatives of the implementing agency from the relevant national Ministry, representatives of the EU delegation as well as from the counterparts from the border region within the EU Member State. In the case of Hungary and Slovenia, there exists simply one Steering Committee to cover the operation of the entire SPF across the defined border region. In the case of the Czech Republic and Poland, there

exist a separate Steering Committee for each of the Euroregions around which the SPFs are organised.

A further component of the structure of each SPF is the *Secretariat* which provides technical support to the Steering Committee both during the project selection process and subsequently in relation to the monitoring of project activities. The Secretariat is a permanent or semi-permanent unit, based within the cross-border/border region, with technical and administrative capacity, as well as local knowledge. In Slovenia, for example, the Secretariat assists potential beneficiaries in the preparation of proposals and compiles a database of proposals subsequently received. It organises and co-ordinates the call-for-proposals process and prepares reports to the Steering Committee and to the Phare CBC PMU, as required. The Secretariat also plays a monitoring role in the course of project implementation as well as the task of ensuring that projects remain on schedule and are completed on time. In addition, it plays a role in identifying training requirements in relation to the operation of the SPF within the region. In the case of Poland and the Czech Republic, the secretariats of the Euroregions (or corresponding RDAs in the Czech Republic) undertake this role.

In addition, an *expert panel* also plays a further role within the overall SPF organisational structure. In the Czech Republic, the expert panel is appointed by the Steering Committee and includes members of the Secretariat as well as independent local experts and representatives of the Phare CBC PMU. The EC Delegation and regional representatives of the Member State may send observers. The expert panel must then undertake an evaluation of project proposals based on a standardised scoring system. It is of course, important that the panel of experts is independent of project applicants and in no circumstances may experts be involved in assessing a proposal with which they are associated. The Steering Committee then decides which project to support, on the basis of the assessments made by the expert panel. A similar approach is followed in other countries within which SPFs are in operation.

**Box 5.4: Example of SPF Structure and Functions from Slovenia**



\* *PIU:* Programme Implementation Unit

*PAO: Programme Authorising Officer*  
*CFCU: Central Financing and Contracting Unit*

## *Towards Joint SPFs*

The Phare CBC Regulation of 1998 (Article 5.2) includes provision for the establishment of *Joint Small Projects Funds*. JSPFs can be co-financed by Phare CBC, Interreg and/or contributions from both national/regional/local authorities. The Phare CBC Regulation provides for a percentage of the Phare CBC appropriations to be used for this purpose. Currently, the guidance provided by the European Commission is that up to 20% of Phare CBC funds may be used for JSPFs in the old eligible borders (ie CEC/EU borders) and up to 10% in the new ones (CEC/CEC). The Interreg III Guidelines do not introduce any new rules concerning JSPFs, but there is ample scope for establishing such funds under the Structural Funds Regulations and considerable experience.

Eligible actions described under Article 5,1, (j) to (n) of the Phare CBC regulation largely coincide with those mentioned in the general Phare SPF Guidelines (issued by the European Commission in December 1996 and due to be updated) and concern:

- Local economic development, including tourism;
- Health promotion;
- Improving information and communication flows;
- Cultural exchanges;
- Local employment education and training initiatives.

Moreover, the Phare Guidelines of October 1999 have included small infrastructure projects in the eligible actions.

The maximum amount of Phare funds allowed per project under the SPFs has recently been raised by the European Commission to €300,000. This higher ceiling will not necessarily be adopted for all individual SPFs, as in many cases the countries concerned will prefer to support a larger number of small projects through the limited total funding allowed for SPFs. A further reason for avoiding larger projects under JSPFs is the desire to match established practices under Interreg, which often allow only very small projects under such funds (*see below*).

The above points suggest that although the establishment of *joint* SPFs is being encouraged by the regulatory framework of Phare CBC and Interreg, serious difficulties of “equivalence” between the two instruments will remain in the post-1999 period. These difficulties will emanate not only from the legal framework of the SPFs but also from:

- different total amounts of money being available for SPFs on either side of the border;
- a tradition under many Interreg programmes, especially in German border regions, to use SPF-type allocations for a narrower range of projects than that of Phare CBC SPFs, namely only for people-to-people projects, for which a low limit of expenditure per project is normally set, often as little as €10,000 and rarely exceeding €50,000;
- availability of much larger amounts of money under Interreg for certain types of project (eg local economic development and tourism) which are eligible only under SPFs in the case of Phare CBC and can therefore receive much lower levels of support.

Such difficulties should not arise on CEC/CEC borders covered by the same instrument, namely Phare CBC. Moreover, these border regions will have the benefit of the successful foundations of genuinely cross-border projects which have been developed under the Phare CREDO programme. However, given the overall programme management characteristics of JPDs for Phare CBC/Phare

CBC borders (*see Chapter 4 and Annex A*), a joint SPF will unavoidably consist of two separate (in legal terms and in financial administration terms) funds. The same will, of course, be the case for JSPFs under Interreg IIIA and Phare CBC. A typical management structure is illustrated in Annex A (*Chart A.4*).

In these circumstances, with JSPFs consisting of two separate funds, it will be essential to create the following common elements, in order to establish and operate effectively a truly joint SPF:

- **common structures** - such as those illustrated in Box 5.3, but ensuring that their membership and decision-making (of Steering Committee and expert panel) are based on equality and consensus between the two sides of the border. A common secretariat will also be essential, ideally operating on a single location in the cross-border region;
- **common procedures** - (common bilingual) information leaflets and application forms, submission of a single application per project, project appraisal and selection by common structures, common notification of approval (with only contracts/payments/controls handled separately, but in accordance with the common decisions of the Steering Committee);
- **common criteria** - a well developed scheme specifying the project selection criteria, such as those indicated in Boxes 5.1 and 5.2.

Finally, in order to ensure the cross-border nature of the JSPF it will be essential that the overall supervisory and control functions are performed by the relevant JCC or the common Programme Steering Committee for the JPD concerned. Any specific actions of Managing/Paying Authorities (under Interreg IIIA) or Implementing/Paying Agencies (under Phare CBC) should be in accordance with the decisions of the JCC or Programme Steering Committee.

An example of a new JSPF for Polish/Czech border, which is in the process of being established, is presented in **Box 5.5**.

### **Box 5.5: JSPF, Poland/Czech Republic Phare CBC Programme (1999)**

The general aim of the JSPF is to support people-to-people / non-investment projects with a genuinely cross border impact. The purpose of the support of these projects is to encourage local involvement and to facilitate the implementation of small-scale actions, which may constitute the basis for larger cross border co-operation projects. Priority will be given to projects that are planned, selected and realised jointly by Czech and Polish partners and supported by the JSPF on both the Czech and Polish side. The JSPF aims also at building and developing specialist resources for local and regional institutions involved in regional development, groundwork and implementation of cross border projects in line with EU practice. The JSPF has been introduced under the 1999 Phare CBC Programme, and currently the Czech / Polish CBC authorities are finalising the implementation arrangements.

The specific SPF objectives are in accordance with regional priorities in the Polish/Czech cross-border region:

- The development of cultural and youth cooperation between the neighbouring cross border regions;
- Support for actions aimed at local and regional socio-economic development, in particular measures in support of tourism development;
- The support for educational activities for institutions and individuals involved in local/regional development, in local government and in organisations of public interest.

The minimum co-financing contribution of the beneficiary of the project is 25%. The minimum Phare contribution per project is 1,000 Euro, the maximum contribution is 50,000 EURO. Within these limits the Regional Steering Committee may establish differing limits. The total allocation for the JSPF amounts to EURO 800,000 (i.e. respectively 400,000 under the Czech/Polish and Polish/Czech CBC Programmes).

The JSPF will be implemented following the European Commission's general guidelines concerning SPFs and draw on the Czech Guidelines for the SPF endorsed by the European Commission and in similar measure the Polish SPF functioning within the context of the PL/D Euroregions since 1995. A Regional Steering Committee (RSC) will be established for the whole Czech-Polish border region and will be the principal institution responsible for the JSPF, under the auspices of the relevant implementing agencies. The RSC is likely to be composed by 12 Czech and 12 Polish voting members including representatives from the concerned Euroregions, the Voivodships and other relevant organisations and regional institutions (e.g. social partners, chambers, culture, education/training, youth and sports, churches). Representatives of the Implementing Agencies and of the EC Delegations will be always invited to the meetings of the RSC as observers.

Responsibilities of the RSC include:

- Decision on detailed conditions within the framework and limits of the Guidelines;
- Issuing the calls for proposals;
- Appointment of the members of the Expert Panels;
- Decision on project selection and provision of grants;
- Supervision of the operation of the Joint Small Projects Fund.

Five joint Sub-Committees on the level of the Czech-Polish Euroregions, a Secretariat for the Joint Small Projects Fund, and Panels of Experts for the assessment of project applications will support the implementation process.

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