



Phare

Operational programmes 1994

Update n°2

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Introduction

Phare Updates aim to provide the interested public with clear and concise summaries of the programmes to be implemented by the partner countries with Phare support.

The programmes described in the following pages are the logical consequences of the priorities expressed by the partner countries in their Indicative Programmes. They have been given a favourable opinion by Phare's Management Committee and have been approved by the Commission. Phare Updates are published after each Management Committee meeting.

This copy contains summaries of the programmes approved by the Committee at its 30th meeting held on 13 July 1994.

Cross-border cooperation programmes are now included in this publication following introduction of a new budget line for 1994. Under this, ECU150 million is available to promote cross-border cooperation between regions of central and eastern European countries and adjacent regions of the European Union Member States. The new Phare programme on cross-border cooperation aims to help these regions to overcome specific development problems stemming from their relative isolation in the national economy and to address wider environmental problems. It aims to encourage the creation and development of cooperation networks on either side of these borders and the establishment of links between these networks and wider European Union networks.

In the initial stages of cooperation, infrastructure actions will be undertaken to provide the 'missing links' of transport communications, through the upgrading and creation of new border crossings, as well as road and rail connections. In the next stage, a better diversification of measures will be pursued.

Interested business people will find a full description of these programmes in the 'Infocontract' series of booklets, also published by the Phare Information Office.

It must be remembered that Phare is a flexible and pragmatic Programme implemented by the partner countries themselves. The emphasis of programmes described herein may accordingly change over time.

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What is Phare?

The Phare Programme is a European Union initiative which supports the development of a larger democratic family of nations within a prosperous and stable Europe. Its aim is to help the countries of central and eastern Europe rejoin the mainstream of European development and build closer political and economic ties with the European Union.

Phare does this by providing grant finance to support the process of economic transformation and to strengthen newly created democratic societies. Phare also provides grant finance to help countries with Europe Agreements integrate with the European Union.

In its first five years of operation to 1994, Phare has made available ECU 4,283 million to 11 partner countries, making Phare the largest assistance programme of its kind.

Phare works in close cooperation with its partner countries to decide how funds are to be spent, within a framework agreed with the European Union. This ensures that Phare funding is relevant to each government's own reform policies and priorities. Each country takes the responsibility for running its own programmes.

Phare provides know-how from a wide range of non-commercial, public and private organisations to its partner countries. It acts as a multiplier by stimulating investment and responding to needs that cannot be met by others. Phare acts as a powerful catalyst by unlocking funds for important projects from other donors through studies, capital grants, guarantee schemes and credit lines. It also invests directly in infrastructure, which will account for more Phare funds as the restructuring process progresses.

The main priorities for Phare funding are common to all countries, although everyone is at a different stage of transformation. The key areas include restructuring of state enterprises including agriculture, private sector development, reform of institutions and public administration, reform of social services, employment, education and health, development of energy, transport and telecommunications infrastructure, and environment and nuclear safety. Under the Europe Agreements, Phare funding is being used to make laws compatible with European Union norms and standards, and to align practices.

Section 1 - National programmes

Bulgaria

Energy programme

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	until June 1997
EU contribution	MECU 15
Responsible authority	Committee of Energy/ National Electricity Company

Background

Coal constitutes Bulgaria's main energy resource, with an estimated stock of 4.4 billion tons. Coal will remain an indispensable energy source for the foreseeable future, in particular for power generation. Over the next 20 years, the cheapest fuel for power plants will continue to be coal from Maritsa East, Bulgaria's most economic deposit and amongst the largest coal mines in the world.

However, 85 per cent of the Maritsa stock is lignite with a sulphur content of 2 per cent. This has led to Bulgaria being one of the biggest air polluters in the world: in 1989 sulphur dioxide emissions from power plants amounted to some 1.3 million tons.

Phare has previously made funds available for two emergency programmes (supplies of coal and spare parts) and for projects relating to the restructuring of the energy sector, including general policy formulation, price transparency projects, and studies on energy efficiency and security of supply. Support is now needed to reduce the environmental impact of emissions from the Maritsa East plants.

Programme objectives

The overriding objective of Phare's contribution is to help Bulgaria reduce environmental pollution as a first step towards compliance with the convention on long-range trans-boundary air pollution of the United Nations Economic Commission for Europe, of which Bulgaria is a signatory. This objective is also in accordance with Bulgaria's desire to reduce pollution levels and with its strategy on flue gas desulphurisation.

The programme will help restructure the energy sector and will finance the transfer of clean coal technologies to Bulgaria. The programme provides support for the environmental component of the project for the rehabilitation of the Maritsa East 2 complex of thermal power plants.

Programme description

The highest priority is the rehabilitation of Unit 8 of the Maritsa 2 plant. The programme is designed to help complete the plant and so to increase security of supply and reduce dependence on imports.

The programme is a component of a major project aiming to complete Unit 8 and the desulphurisation plant, to rehabilitate coal handling equipment, to build an ash disposal pond and to provide technical expertise. The total project, co-financed by the EIB, the EBRD, Phare and Bulgaria (whose contribution is supported by Phare counterpart funds) is worth ECU 114 million.

Phare will fund the provision of essential flue gas desulphurisation equipment.

Implementation

The National Electricity Company will have overall responsibility for the implementation of the programme. The Project Implementation Unit already established at the Committee of Energy will assist with tendering and contracting procedures and supervision and monitoring.

The Project Implementation Unit will also undertake the feasibility study for the flue gas desulphurisation plant and the ensuing preparation of tender documents. The EIB and EBRD's normal tendering procedures will be followed; the Phare financial contribution will be directed only to supplies originating from countries of the European Union or Phare countries.

Czech Republic

Agriculture and land registration programme

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	until June 1997
EU contribution	MECU 4.5
Responsible authority	Ministry of Economy

Background

The adjustments required as part of the government's agricultural reforms have caused considerable difficulties for the sector, especially in terms of declining profitability and the accumulation of losses. The government's aim is to promote new agro-food enterprise structures and rational economic behaviour. However, frequent amendments to the laws, the backlog in the settlement of restitution claims and the lack of facilities to cope with these administrative and technical issues have led to considerable delays. Privatisation of state farms has fallen well behind schedule, mainly due to the difficult political and social problems posed by land restitution.

The lack of clarity and legal certainty as regards property rights in a considerable part of the Republic is a significant obstacle to the development of a properly functioning land market. The resolution of previous ownership rights and claims is also being delayed by inadequate land registration systems and the antiquated cartographic and surveying system. There is an urgent need for the Czech Office of Surveying, Mapping and Cadastre to be modernised and for land records to be updated.

Given the low priority previously given by the government to the agricultural sector, justified by its declining share of the economy (agriculture accounted for 5 per cent of GDP in 1993), no Phare funding was allocated to the sector in previous years. However, the difficulties incurred by the Republic's agricultural reform programme and the implications which the Europe Agreement with the European Union have for the sector, resulted in agriculture becoming a Government priority for Phare funding in 1994. The Ministry of Agriculture is seeking to prepare sectoral policies and measures directed towards the gradual integration of the agricultural sector into the western European market.

Phare allocated ECU 2 million under the 1992 General Technical Assistance Facility for the procurement,

operation and installation of computers and local area networks for 52 district offices of the Czech Office of Surveying, Mapping and Cadastre. Further support is needed to improve the coverage and efficiency of land registration services so as to shorten delays in privatisation and the restitution of land rights and to develop a market in private land sales and other land transactions. Improved cartographic and land information systems, based on modern technologies, are also required to facilitate this process.

Programme objectives

The overall objectives of the programme are to help

- develop private farming and competitive agro-industries
- restructure the primary and secondary production sectors in agriculture with a view to full integration into the common agricultural policy and market of the European Union
- establish a property market and encourage the privatisation of land by removing constraints to an effective registration and certification system of land ownership.

The specific objectives of the programme are to

- further develop a set of policies within the framework of an agreed national strategy, based on a comprehensive review of relevant economic and social factors in the context of integration into the European Union's agricultural policies
- implement measures to support certain priority areas in primary and secondary production sectors, specifically oriented towards integrating the agricultural sector into the western European market
- accelerate the land registration and cartographic process and establish a new land registration system, including registration of ownership rights, through the modernisation of the Office of Surveying, Mapping and Cadastre.

Programme description

Agriculture **MECU 1.5**
Phare will strengthen the capabilities of the Ministry of Agriculture and related institutions in analysing, planning and testing agricultural and rural sector reforms and in developing and implementing competitive policies. The objective is to prepare the sector for gradual integration into the western European market.

For this purpose, expertise will be provided to the Ministry to

- help establish a policy advisory unit, to which a high-level policy adviser will be attached for 18 months
- establish and start implementing a plan for clearing the bottlenecks in priority areas of agricultural reform.

To ensure that the policy advisory unit plays an effective role in terms of policy development, expertise will also be provided to establish programmes in the meat, dairy, cereals, sugar and horticulture sectors. These programmes will be established on the following lines:

- the policy advisory unit will select priorities and prepare each programme
- each programme will take into account any existing studies, whether they be in-country studies or studies and concepts established under the European Union's agricultural policy
- existing agricultural and/or policy institutes in the republic should be used for the programmes
- the programmes will concentrate on the entire food chain, from primary production through secondary production to distribution
- special attention will be paid to the development of standards of food quality, sanitation, labelling and marketing compatible with those in use in the European Union
- attention will also be paid to the design and implementation of adequate land holding and lease policies for private farming.

Expertise and equipment will be provided to design and establish an agricultural statistics and market information system, oriented towards private farming and small and medium-sized agro-industrial enterprises. The systems will take the following into account:

- Agricultural statistics: special attention will be paid to the establishment of a farm management data survey system, on the basis of a representative sample of private farmers, which will be developed with the Ministry of Agriculture and the Research Institute of Agricultural Economics, in coordination with the national statistical office
- Market information system: the system will be developed with representative professional organisations in the primary and secondary agricultural sectors and will concentrate on the public dissemination of volume and price information on selected agricultural produce.

Land registration

MECU 3
Support will be provided to the Office of Surveying, Mapping and Cadastre for developing the land registration, information and sales system. The following activities will be supported

- expertise for the review, design and development of the system, in particular for planning, monitoring and supervising the design and production of specialised geographic information systems and land information systems outputs, with a particular application in important areas such as agriculture, environment, transport and thematic maps. Special attention will be paid to the legal and institutional aspects of land, housing and asset ownership titles
- expertise for the development and implementation of a training programme (training of trainers) for central office staff in the application of new technologies and the management and monitoring of the geographic and land information system
- provision of equipment for land surveying and measurement, digital mapping, map publication, topographical and geographical measurement systems and database development for land records. This might include the procurement of hardware and software technologies for the conversion of existing topographic maps into digital form as well as the procurement of global positioning systems technology and measuring stations for land registration offices.

Implementation

The Ministry of Economy will have responsibility for implementing the programme through the Programme Management Unit established at the Centre for Foreign Assistance. The Ministry will ensure the observance of Phare contracting and procurement procedures, the timely development of work programmes and will provide budgetary control mechanisms. The Programme Management Unit will delegate technical responsibility for preparing terms of reference, contract and technical specifications for consultancy, training and procurement to the Ministry of Agriculture and the Office of Surveying, Mapping and Cadastre.

Equipment procurement will be the subject of open public tendering or restricted consultation, if justified by the cost or special technical characteristics of the equipment. Small expenditures of minor importance may be the subject of direct agreement. Consultancy and training services will be contracted following restricted invitations to tender or direct agreement, depending on the cost and specialist nature of the services, in accordance with standard Phare procedures.

Estonia

Programme for economic development

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	to end 1997
EU contribution	MECU 8
Responsible authority	Ministry of Finance

Background

Estonia's privatisation programme, launched in mid-1991, gained momentum with the adoption of the Privatisation Law in 1993 and the creation of the Estonian Privatisation Agency. Forty per cent of all small enterprises, mostly in the retail and services sectors, were privatised by early 1994, and 179 medium-sized and large state enterprises have been advertised for sale. Sale agreements concluded in 1993 led to revenues of about 0.7 billion kroon.

The government is seeking to diversify its approach to privatisation, hitherto based primarily on sale by tender, and has set dead-lines to ensure that momentum is maintained. The government also recognises that Estonia's continuing ability to attract foreign investment through privatisation and restructuring will be the key determinant for improving competitiveness.

The Central Bank was established soon after independence. With the exception of the North Estonia Bank and the Savings Bank, all state-owned banks were privatised, although the government remains a significant shareholder in most cases. Independence also brought about a rapid increase in the number of commercial banks: there were 21 licensed commercial banks in early 1994, down from a peak of 42, but it is unlikely that all can survive. Some mergers will have to take place and fresh injections of capital will be needed. Competition will also increase when foreign banks are admitted.

The government must continue supporting the banking sector, particularly since the banking crisis precipitated by the currency reform of 1992 damaged confidence and left several banks in a precarious position. Training in a range of banking skills as well as further institutional development are required, and credit assessment capabilities need developing. The future of the North Estonia Bank has recently become an important issue and, following a Phare-funded study and discussions with the World Bank, it has been decided that it should be developed as one of the key banking institutions.

Tax reform progressed with the adoption in 1993 of a new land tax and the upcoming revision of VAT legislation and income taxes. Budgetary processes have been redefined, giving the Ministry of Finance the central role it needs to oversee and pilot budget policy. New accounting legislation is being developed, new legislation is being put in place and some training is being delivered under local and foreign initiatives.

Efforts in public finances and accounting are now concentrated on implementing the planned reforms. Key aims are to strengthen the organisation of the services, to establish adequate implementation procedures and structures, to train staff in new skills and to develop tax audit functions and taxpayer information services. Professionals in accounting and auditing also require training.

Programme objectives

This programme will help the government to develop the private sector and to further reform public finances. This will be achieved by:

- diversifying the government's new approach to the privatisation of state enterprises by assisting the Ministry of Economic Reform and the Estonian Privatisation Agency
- reforming the banking sector by helping banks develop their skills at assessing credits, boosting the Central Bank's supervisory role, supporting the institutional development of commercial banks, providing training and developing Estonia's training capacity
- improving the management and regulation of public finances (notably in taxation and budgeting) and the performance of the accounting, auditing and insurance professions.

The programme builds on the enterprise, banking and financial sector programmes funded through the 1992 and 1993 General Technical Assistance Facilities. In many cases, funds under the new programme will be used to extend existing operations.

Programme description

Privatisation and enterprise restructuring MECU 4
The Privatisation Agency will receive the following assistance packages:

- training and know-how in legal matters, financial management, accounting and auditing

- know-how to enable the Agency to exercise corporate governance functions at state enterprises being restructured and to train members of the supervisory boards
- expertise to formulate and implement management strategies for companies which will remain fully or partly in state hands
- support to enable the Agency's public relations unit to implement information and public relations campaigns and to organise briefings and seminars
- know-how to help the task force responsible for the public offering of shares to handle the required accounting, logistics, preparation of offerings and identification of foreign partners
- a resident programme manager to help organise and supervise individual support activities.

The Ministry of Economic Reform will receive policy and strategic advice to develop the privatisation programme and other initiatives.

The special restructuring programme, managed by the EBRD and funded by Phare, will receive assistance to deal with a number of large companies. The aim is to improve their production, finance and management. It is envisaged that this will result in investment of some ECU 10 million in four or five companies.

Some ten turn-around management assignments will be established for a number of companies with good prospects drawn from the privatisation programme and the special restructuring programme.

Banking

MECU 2.2

The Central Bank's skills in accounting, supervision and restructuring will be developed along the lines recommended by a Phare-funded report on bank restructuring.

The North Estonia Bank has already been the subject of a Phare-funded financial review and support will now concentrate on a programme that includes institutional development.

A framework agreement for bank training is planned for 1994 and will be used for all banking institutions.

A long-term adviser, co-financed with Danish and Swedish funding, will be seconded to the External Financing Board. The adviser will help develop banks' credit assessment capacities and should facilitate the channelling of donor funds through the system.

Institutional support will be provided to the commercial banks and the Savings Bank in areas such as accounting, international trade finance and asset and liability management. These issues may be addressed through the mechanism of a framework agreement.

Public finances and accounting

MECU 1.8

Know-how and training will be provided to the tax services to help them handle the legal, regulatory, administrative and organisational aspects of VAT. A tax information campaign will be launched, self-supporting training functions will be developed and the tax services will be progressively computerised, starting with the registration of tax payers and VAT.

Know-how, training and some electronic data processing support will be provided in the areas of budget planning and forecasting, budget execution, local government accounts, debt management and budgetary audit functions.

Support for accounting and auditing will concentrate on the implementation of legislation, training, the creation of an efficient professional environment, the provision of know-how for relevant new bodies and the definition of modern auditing standards.

Implementation

All contracts and payments will initially be organised from Brussels since there is no advance payments system in Estonia. If a decentralised system is not established, the Phare Aid Coordination Unit at the Ministry of Finance will continue to provide some support in the management and monitoring of programmes. In the enterprise sector, the current long-term resident adviser will retain responsibility for the day-to-day management of privatisation and enterprise restructuring capacities. For the banking and finance sectors, the current long-term resident programme manager will continue to be responsible for projects.

Hungary

Energy and environment programme

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	2 years
EU contribution	MECU 15.5
Responsible authority	Ministry of Environment and Regional Policy Ministry of Industry and Trade (Energy)

Background

Hungary is seeking to optimise the conditions for association with the European Union. With this objective in mind, it is looking to create ecological and environmental conditions favourable for balanced economic and social development and to solve specific problems in the field of air quality, water quality and quantity, waste management and nature conservation.

The Environmental Action Plan, adopted by the government in 1991, elaborated action plans in various fields but this framework needs to be developed into a more coherent environmental policy for the medium and long term, more in line with the environmental policy principles developed internationally. In addition, there is now a marked movement in Hungary's environmental policy making and implementation techniques are shifting in favour of decentralisation, encouraging participation from lower government levels and from the public and NGOs. The government now wishes to accelerate its efforts in the environmental field and has requested further Phare support for this purpose.

Phare funded environmental activities in 1990, 1991 and 1992. First, the most urgent environmental needs were addressed. The strategy then shifted to preventive measures and the adoption of the 'polluter pays' principle. In 1992, the basis for future direct external support, paying more attention to the requirements of the future association with the European Union, was laid.

Unlike the environment, energy has not always been considered by the government as a priority for Phare support, although a series of sub-sector studies and small demonstration projects were funded in 1991. Following the adoption of the energy policy guidelines in 1993, the Parliament requested the development of a detailed programme to increase energy efficiency. The Ministry of Industry has now requested Phare support to help it elaborate a national energy saving strategy.

Programme objectives

The environmental component of the programme has the following objectives:

- to develop a coherent environmental policy for the medium and long term that complies with internationally accepted principles, including the harmonisation of legislation and product standards with those of the European Union
- to upgrade the laboratories of the Regional Environmental Inspectorates to boost their law enforcement capacity
- to establish a funding facility within the Central Environmental Protection Fund to support municipalities in their environmental tasks
- to finance private investments directed at improving the environment.

The overall objective of the energy component of the programme is to help elaborate a national energy savings strategy focused on training, an energy savings campaign and a feasibility study for setting up a revolving fund for energy efficiency investments.

Programme description

Environment MECU 14.5

A medium and long-term environmental policy will be developed to gradually replace the 1991 Environmental Action Plan and to facilitate Hungary's accession to the European Union. Activities will include

- expertise to help design and elaborate policy
- expertise to help harmonise environmental legislation and technical and product standards with those of the European Union, following up preparatory actions already funded by Phare in 1990 and 1991
- expertise on developing new instruments, public information campaigns and environmental audit systems
- training of teachers to improve environmental education in primary and secondary schools, including the provision of educational material, the development of graduate and post-graduate programmes in association with universities in the European Union and the development of distance learning courses targeted at the greatest possible numbers of actors such as mayors or environmental engineers.

Support will also be provided to upgrade the laboratories of the Regional Environmental Inspectorates. This will include instrumentation and other actions, such as upgrading management structures, developing internal procedures, organising properly functioning quality control systems and providing training.

Phare will finance environmental improvement at the local and regional levels in two ways:

- Through a new funding facility, established within the Central Environmental Fund, to provide loans to municipalities, municipal public utilities and other regional administrative entities for part of their environmental investment needs
- Through funding channelled through the existing loan facility of the Central Environmental Protection Fund for private investments designed to improve environmental conditions.

Support will also be given to facilitate the implementation of the Programme by the Central Environmental Protection Fund by financing expertise, training, small studies and the dissemination and exchange of information.

Energy

MECU 1

A feasibility study will be financed to assess the most effective way to set up a revolving fund to enable industrial and municipal energy users to obtain finance for energy saving investments. The study will elaborate a set of operational procedures to enable the fund to be fully operational. The study will deal with the following issues:

- the form which assistance should take (a loan fund or Phare funding providing an interest rate subsidy for other commercial loans or another form)
- the manner in which risk will be treated and who will have responsibility for the credit risk
- the level of assistance and the appropriate interest rate level
- the operation of the fund (through banks or other financial institutions)
- the relationship with existing financial instruments
- criteria for eligibility
- the legal and procedural framework.

Support will be provided for a public awareness campaign about energy efficiency. The campaign will be aimed at stimulating actions to save energy. It will be implemented by the Hungary-EC Energy Centre.

Funding will also be provided to strengthen the development of the Hungary-EC Energy Centre, established in 1992 jointly by the European Union and the Hungarian government to promote energy management and cooperation. The Centre assumed partial responsibility for the implementation of Phare energy programmes in September 1993. The funding will support ongoing activities in the field of education, information and training about energy-efficient technologies.

Implementation

The Ministry of Environment and Regional Policy is responsible for the management of the Central Environmental Protection Fund. This management responsibility is delegated to the Fund's secretariat, which was established within the Ministry in August 1993. The secretariat is responsible for the coordination and administration of all Phare environmental projects.

The energy component of the programme will be implemented by the Hungary-EC Energy Centre, acting under the responsibility of the Ministry of Industry and Trade. The programme authorising officer tasks and financial responsibility will remain with the Ministry.

Romania

Transport infrastructure programme

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	until June 1997
EU contribution	MECU 25
Responsible authority	Ministry of Transport

Background

The transport system in Romania has relied primarily on rail. Until the late 1970s, the bulk of investment in the transport sector was directed to the railways. The balance then began to shift towards water transport. Investment in the road sector decreased from 9 per cent in the late 1970s to less than 5 per cent in the 1980s. Investment in transport generally tended to be substantially lower than western European levels and has virtually come to a halt in recent years, allowing only for urgent repairs and periodic maintenance.

As a result, road maintenance in Romania is deficient. Many roads have deteriorated seriously and cannot cope with the demands of modern traffic. To solve this problem, the National Administration of Roads has drawn up the Priority Roads Rehabilitation Programme, covering some 2,000 km to be resurfaced or rebuilt between 1993 and 1996. In 1992 and 1993, the EIB, the EBRD and the World Bank agreed to finance a roads rehabilitation programme to upgrade about 1,100 km of national roads. The World Bank contribution includes a road safety component, materials and equipment, know-how and a railway component.

Border crossing bottlenecks are also becoming a problem. These are caused by a number of factors, including insufficient or badly used transport infrastructure, insufficient and outdated customs clearance and control facilities and insufficient staffing.

The government has recognised the importance of the transport sector for the country's economic transition and development. The development of transnational networks is also seen as a prerequisite for Romania's integration with its neighbours and the European Union. The government's strategy for transport in the context of European integration was adopted in 1993 and is based on two fundamental principles:

- To put in place the economic and financial framework allowing the mechanisms of the market economy to operate freely

- To work towards European integration as regards the inter-operability and inter-connectivity of networks and by harmonising and approximating legislation and standards.

Phare support so far has concentrated mainly on the development of an appropriate regulatory and legal framework, the reorganisation of the Ministry of Transport and support for privatisation.

Programme objectives

This programme supports the government's transport strategy and is designed to:

- support integration with western Europe outlined in the Europe Agreement between Romania and the European Union, and the development of transnational networks
- support the economic reform and development programme and encourage social stability through the transformation and development of the transport sector.

The specific objectives of the programme are to

- develop and support the transformation of the transport sector
- increase the sector's efficiency and accommodate transport demand by improving the road network
- support the development of adequate international transit routes, including fast and flexible border crossings
- develop investment planning and implementation capabilities.

Programme description

The programme has three main components: roads rehabilitation, the elimination of border crossing bottlenecks and support for European integration.

Roads rehabilitation MECU 22

The Romanian Roads Rehabilitation Programme (RRRP), with a total budget of ECU 270 million, is co-financed by the EIB, the EBRD, the World Bank and the Romanian government. The RRRP is divided into 15 lots/contracts, responsibility for which is allocated among the three financing institutions, with each institution co-financing its designated lots with the Romanian government. Phare will support this initiative by co-financing the four lots allocated to the EIB. These four lots will thus be financed with 65 per cent funding from the EIB and 35 per cent from Phare, which takes over the contribution which the Romanian government would otherwise have made itself. This is worth ECU 21 million.

The four lots concerned are

- E 68 Serbes - Deva (Phare contribution: ECU 2.3 million)
- E 68 Deva - Lipova (Phare contribution: ECU 6.7 million)
- E 68 Lipova - Nadlac, including the Nadlac border post (Phare contribution: ECU 6.9 million)
- E 70 Arad - Timisoara - Moravita (Phare contribution: ECU 5.1 million).

Construction is planned to take place between August 1994 and December 1995.

Phare will also support the National Administration of Roads with expertise designed to support the implementation of the RRRP. This will focus on upgrading the planning of investments and management capabilities. It will also support pre-investment activities, feasibility studies and the introduction of road user charges. These activities will complement know-how funded by the World Bank.

Elimination of border crossing bottlenecks MECU 1

Phare will help to eliminate border crossing bottlenecks at Nadlac, Bors and Calafat by upgrading customs clearance and other administrative procedures and by providing communication and control equipment. This will directly support the RRRP's infrastructure work for these crossings.

European integration MECU 2

Building on the experience of ongoing programmes Phare will help integrate Romania's transport systems into European networks. In particular, Phare will finance the following:

- the development of a legal and regulatory framework in accordance with the standards and practices applied in the European Union
- the elaboration of overall policies and strategies for the development of transport infrastructures
- the upgrading of investment planning capabilities through a number of specific pre-investment activities, including feasibility studies for city by-passes
- the updating of the technical specifications for road construction and bridge inventories in accordance with European standards
- the upgrading of railway lines to European standards
- human resource development and on-the-job training.

Implementation

The Ministry of Transport will have overall responsibility for implementing the programme. The Phare Programme Management Unit, established in the Ministry, will be responsible for the application of consultancy and equipment while the National Administration of Roads will be responsible for the management and co-financing of the RRRP.

Slovak Republic

Energy programme

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration to end 1997

EU contribution MECU 4

Responsible authority Ministry of Economy

Background

The Slovak Republic is heavily dependent on the former Soviet Union for all its energy supplies, be they gas, oil, nuclear fuel or coal. This dependency is continuing due in part to major difficulties with the Republic's own nuclear power plants and the low grade of its domestic coal, which is produced in difficult economic conditions.

In 1993, the government adopted a market-oriented energy policy whose priorities include the diversification of energy sources and the improvement of energy conservation.

Phare began supporting the energy sector in Czechoslovakia in 1991. A least-cost development study for the power sector and a study on the development of regulatory institutions, processes and methods for the power, gas and heat sectors have been completed. A comprehensive study for the energy sector, with a complete analysis of pricing and taxation options, is due to be completed this year. Phare has also helped to develop energy efficiency and conservation programmes by funding demonstration projects in the construction industry and by carrying out energy audits on a number of industries and public buildings. The latter were designed to assess energy saving measures on the basis of their pay-back period. Support has also been given to promote the emergence of local energy consultants. The 1993 programme is building on these results by setting up an Energy Saving Fund which will finance energy savings investments for small and medium projects with co-financing from local banks.

Programme objectives

This programme is designed to improve energy efficiency in the industrial and public sectors in order to reduce energy consumption, decrease Slovakia's dependence on imports, lower production costs and lessen the impact of pollution.

The programme will tackle the following issues:

- implementing an energy efficiency policy run by the Ministry of Economy and the Energy Agency

- establishing energy audits to identify projects to be supported by the Energy Saving Fund
- financing the Energy Saving Fund
- diversifying energy sources.

Programme description

Energy efficiency policy **MECU 0.65**
Support will be provided to the Energy Agency to develop activities which encourage consumers to change their behaviour to energy-efficient ways. Promotional activities and information campaigns will be developed together with other tools.

Energy audits **MECU 0.25**
Support will be given for energy audits to define energy saving investment projects. Where possible, these audits will be performed by local consulting firms acting in partnership with firms from the European Union where this will facilitate the transfer of know-how and ensure reliable results.

Energy saving fund **MECU 2.5**
The Energy Saving Fund, set up in 1993, can finance up to 40 per cent of the cost of energy saving investment projects through low interest loans (up to a maximum of ECU 50,000) complemented with commercial loans. Phare allocated ECU 1 million to the Fund in 1993 to finance investment projects in the industrial sector. The 1994 Programme will allocate a further ECU 2.5 million to the fund for similar projects.

Energy diversification **MECU 0.5**
Phare's Regional Energy Programme funds projects related to the interconnection of gas and electricity grids and the European Energy Charter. This programme will complement these activities by supporting projects to develop local energy sources, including renewables such as biomass, waste incineration and geothermal energy and cogeneration plants. Studies will be funded to provide detailed feasibility assessments, in particular of geothermal energy projects.

Implementation

An Energy Programme Management Unit in the Ministry of Economy will manage the programme in close cooperation with the various departments of the Ministry and the Energy Agency.

Consultancy and training services will be selected through restricted invitations to tender or by direct contract, depending on cost and the expertise sought. Participation in tenders will be open to all natural and legal persons of the Member States and the Phare partner countries.

Slovak Republic

Agricultural reform and land registration programme

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	until June 1997
EU contribution	MECU 5
Responsible authority	Ministry of Foreign Affairs

Background

Agricultural reforms have so far caused considerable difficulties for the sector, especially in terms of declining profitability and growing losses. The government's aim is to promote new agro-industrial enterprise structures and rational economic behaviour amongst primary producers. However, frequent changes in legislation, the backlog of restitution claims and the lack of facilities to cope with administrative and technical issues have led to considerable delays. The privatisation of state farms has fallen well behind schedule, mainly due to the difficult political and social problems posed by land restitution.

The lack of clarity and legal certainty as regards property rights in a considerable part of the Republic is a significant obstacle to the development of a properly functioning land market. The resolution of previous ownership claims is being delayed by inadequate land registration, cartographic and surveying systems. There is an urgent need for the district registration offices of the Authority for Geodesy, Cartography and Cadastre to be modernised and for land records to be updated.

Phare funded agricultural activities in 1993 under the Agriculture and Land Registration Programme, which complemented limited funding for preparatory activities made available from the 1992 General Technical Assistance Facility. This was used to establish a Policy Advisory Unit at the Ministry of Agriculture, to undertake policy review for five different food processing sectors, to initiate institutional and business development in agro-industries, to introduce food standards compatible with those of the European Union and to implement a market price information system. The Ministry of Agriculture has requested additional support to help it prepare and implement measures to overcome the difficulties faced by the sector.

The land registration component of the 1993 programme provided long-term expertise, training and equipment for the digitalisation of maps in three pilot areas and the partial implementation of a computerised survey and geodetic control network. However, it is now evident that considerably more support is needed than was originally anticipated.

Programme objectives

This programme, which expands the scope of Phare's 1993 agriculture and land registration programme, has the following objectives:

- to develop private farming and competitive agro-industries
- to restructure the primary and secondary production sectors in agriculture
- to establish a property market and privatise land by removing constraints to an effective registration and certification system of land ownership.

Specifically, this programme will

- complete the reviews undertaken under the 1993 Programme and extend them to other important sub-sectors and, on their basis, to implement policy measures supporting the restructuring and development of production sectors
- restore and consolidate private land holdings in the farm sector in order to develop a property market
- improve the coverage and efficiency of the land and property registration system and accelerate the land registration and cartographic process through the continued modernisation of the Authority for Geodesy, Cartography and Cadastre and its district offices.

Programme description

Agriculture **MECU 2**
Phare will finance the following measures to restructure both agro-industries and the primary production sector:

- Additional policy reviews for sub-sectors not covered by the 1993 Programme
- A review of the role and functions of the various public sector management institutions operating in the sector in order to consolidate their responsibilities. Special attention will be given to the privatisation of state farms, the restructuring of cooperative farms and the design and implementation of adequate land holding and lease policies

- Implementation of a land consolidation programme to promote farming both during the transition towards privatisation and afterwards, together with training and equipment provision for the Ministry's regional Land Offices
- Advisory and training services to implement an extension and advisory services system for farmers, small and medium-sized agro-industrial private enterprises and state enterprises being restructured or privatise
- Short-term expertise and training on procurement and contracting to enable the Ministry to establish a Programme Management Unit.

Land registration

MECU 3

The district and regional offices of the Authority for Geodesy, Cartography and Cadastre must be modernised and a land registration, information and sales system needs to be developed. The programme will help by providing

- expertise to review and develop the system by planning, monitoring and supervising the use of outputs produced by geographic and land information systems. Particular attention must be paid to the legal and institutional aspects of ownership titles
- expertise to develop and implement a training programme, including the training of trainers and some study visits, for central office staff to learn how to apply new technologies and how to manage and monitor geographic and land information systems. Essential equipment and training will also be provided to district office staff
- land surveying and measuring equipment, digital mapping tools, map publication systems, geodetic measurement systems and customised databases to hold land records. This is to include the modernisation of existing equipment, equipment to review and measure geodetic points and to incorporate them into the databases and to establish a geographic information system location base
- short-term expertise and training on procurement and contracting to enable the Ministry to establish a Programme Management Unit.

Implementation

The Ministry of Foreign Affairs will be responsible for implementing the programme through the Programme Management Unit established under the 1992 General Technical Assistance Facility and will ensure the observance of Phare contracting and procurement procedures, the timely development of work programmes and the provision of budgetary controls. The Programme Management Unit will delegate technical responsibility for preparing terms of reference, contract and technical specifications for consultancy, training and procurement to two sub-programme management units to be established at the Ministry of Agriculture and at the Authority for Geodesy, Cartography and Cadastre.

Equipment procurement will be the subject of open public tendering or restricted consultation, if justified by the cost or special technical characteristics of the equipment. Small expenditures of minor importance may be the subject of direct agreement. Consultancy and training services will be contracted following restricted invitations to tender or direct agreement, depending on the cost and specialist nature of the services, in accordance with standard Phare procedures.

Slovenia

General Technical Assistance Facility

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	until December 1996
EU contribution	MECU 12.5
Responsible authority	Ministry of Science and Technology

Background

Slovenia compares favourably to most other economies of central and eastern Europe. Despite the war and the virtual disappearance of the Yugoslav market, the steep fall in GNP was halted in 1993, and the economy is expected to grow by 2.5 per cent in 1994. Fiscal policy is admirably tight: budget surpluses were achieved in 1991 and 1992 and the deficit in 1993 is forecast to be about 1.7 per cent. This was achieved by maintaining high real interest rates. As a result, inflation has been drastically reduced, from 247 per cent in 1991 to 23 per cent in 1993, but at the cost of a sharp decline in output. The main inflationary impulses now have their roots in the depreciation of exchange rates, the upward adjustments in government controlled prices and the centralised wage-setting process.

It is apparent that the recent macro-economic improvements have been achieved despite the same unbalanced micro-economic factors which led to hyperinflation and economic stagnation in the former Yugoslavia during the 1980s. Unless the enterprise and banking sectors are rapidly and successfully reformed, the success of the stabilisation programme could be endangered. The government has started to implement structural reforms which include plans for the privatisation of most socially owned enterprises providing public services, the restriction of ownership links between enterprises and banks and the rehabilitation and privatisation of banks. The government is also planning to conclude collective agreements with public sector and social enterprise employees to harmonise wage levels between the sectors and control increases. In addition, in early 1993 the budget provided for an allocation of some 5.5 per cent of funds for enterprise restructuring, bank rehabilitation and the social safety net. The 1994 budget foresees an allocation at least equal to this and possibly larger.

Phare has funded two previous programmes in Slovenia which are currently being implemented. A major priority

has been to help the privatisation process by providing know-how to the Development Fund, which is responsible for the privatisation of some 100 enterprises, about sector strategies and restructuring programmes, and by helping the Ministry of Economic Activities design industrial policies. The development of small businesses has also been a priority for Phare and was encouraged by providing policy advice to the Ministry of Economic Activities and by establishing the Small Business Foundation Advisory Network. In the financial sector, Phare has helped reorganise Ljubljanska Banka dd, helped to strengthen the role of the Bank of Slovenia and has advised the Ministry of Finance on a new payment system structure, the reform of the tax administration and the preparation of VAT and excise duty regulations. Expertise has been provided on certain aspects of European economic legislation and on the development of the economic legal system generally. A science and technology appraisal has been conducted. Some Phare funding has also been given for the development of infrastructure and telecommunications.

Programme objectives

This programme is designed to

- strengthen the industrial sector by addressing the imbalances which exist at all levels of the sector
- stabilise the banking sector and enable it to service the industrial sector
- improve public utilities and increase fiscal revenues
- strengthen trade and investment relations with new markets.

It will concentrate on the following priorities:

- Private sector development: industrial sector support, in particular through restructuring, privatisation and investment promotion; support to the banking and financial sector; support for SME development; support for human resources development.
- Western European know-how: support for the implementation of the objectives of the Cooperation Agreement between Slovenia and the European Union and for the negotiation of the Europe Agreement, in particular as regards harmonisation of economic legislation.
- Public sector: support for the development of the telecommunications and transport sectors, in particular in the framework of large investment programmes partly financed by international institutions.

- Science and technology: support for the promotion of private sector involvement in research and its funding and the development of private/public sector research cooperation.

Programme description

Industrial and private sector development MECU 5.35

Support will be provided for the restructuring and privatisation of key industries, defined in terms of their contribution to GDP, export potential and employment. Expertise will be provided to help

- develop the Privatisation Agency's capacity to acquire expertise on the legal and technical aspects of privatisation transactions and in preparing a public relations campaign on the privatisation process for public and enterprise managers. This action will enable the Agency to fulfil its responsibility in guiding and monitoring the privatisation of socially-owned enterprises in accordance with the 1993 Law on Ownership Transformation
- enterprises implement recommended restructuring programmes, prepare privatisation plans and establish long-term business plans
- restructure 10 to 15 strategic companies which could be part of a special restructuring programme, financed by the EBRD (equity) and the Slovenian Development Fund (assets), and which is designed to provide turnaround assistance for enterprises with long-term potential but which are experiencing financial difficulties.

Phare will also finance analyses of the chemical and paper industries to define a specific policy for the sector. These analyses will involve the following steps

- an analysis of the marketing, technological and economic factors leading to the preparation of a sectoral strategy
- the selection, on the basis of the sectoral strategy, of around five companies for which specific restructuring and privatisation plans will be prepared following an operational audit
- the provision of expertise in the initial phases of the restructuring plans.

Support will be provided for the development of an investment promotion and export development programme. The main objective will be to enhance the institutional capability to attract foreign investment and to assist Slovenian companies to improve their export capabilities. Two bodies will be established for this purpose:

- An independent government agency to create strategies and target markets which will promote foreign investment and increase exports
- A government department which will deal primarily with external investment and which will be responsible for ensuring that investor interests are reflected in the policy making process.

For the SME sector, Phare will support the elaboration of a national development strategy that identifies hurdles to establishment and growth, designs promotional activities and enhances contacts with SME institutions in the European Union. Activities financed by Phare will include

- establishing networks emphasising the need to exchange information and to develop contact points for further partnership development
- linking the Small Business Foundation Advisory Network to the European Union's BC Net, to strengthen the internationalisation of partnership cooperation and to provide the Slovene network with inputs of methods and approaches adopted elsewhere.

Financial sector development MECU 3.45

Phare funding will focus on key banking institutions and the rehabilitation of portfolios, including:

- direct support in the restructuring or reorganisation of banks entering the rehabilitation process, in particular Ljubljanska Banka dd, in coordination with the Bank Rehabilitation Agency (BRA)
- support to the BRA in restructuring two major debtor banks, including the Kreditna Banka Maribor
- support to the Bank of Slovenia in carrying out on-site inspections of banks due to join the BRA.

Financial sector reform will also be supported through activities to:

- establish a Unified Public Revenue Service, under the supervision of the Ministry of Finance
- prepare and implement the tax regime and administer the introduction of VAT and excise duties.

Western European know-how MECU 8.5

Phare support will help Slovenia prepare itself for the economic integration with the European Union outlined in the Cooperation Agreement. Slovenia is now negotiating a Europe Agreement and will face even stronger pressures towards integration once it is concluded. Phare will help by financing the following activities:

- the transfer of expertise and training to draft and enforce a corpus of economic legislation compatible with the legal and regulatory framework of the European Union. Of particular interest will be trade law, financial services legislation, commercial law, competition law, state aids and labour law
- the provision of documentation, translation, basic equipment and software for a legislation consultation system
- the development of a comprehensive training programme on economic legislation, principally for law-making officials and judges
- support for the introduction of the combined goods classification nomenclature for registration, statistical and trade purposes.

Public infrastructure

MECU 1.4

Expertise will be provided to the EBRD-financed East-West Highway project. This will help with the following activities:

- the preparation of revised guidelines and evaluation methodologies for highway feasibility studies
- the preparation of an environmental audit of the transport sector to assess the effects of road improvement on the environment and to clarify the legal and administrative procedures necessary to address these effects
- policy advice to the Ministry of Transport to develop a coherent transport policy in the context of integrating Slovene transport systems with their European counterparts.

As regards telecommunications, Phare will support the following:

- the restructuring of Telecom Slovenia following its recent separation from the Ministry of Transport and Telecommunications
- the preparation of legislation to standardise the development of mobile telephone systems and cable TV networks and make them compatible with European Union standards.

Science and technology

MECU 0.55

Phare will support the cooperation of the private and public sectors in science and technology. In particular, the Slovenian Science Foundation, designed to attract private and public sector investment and cooperation on research, will receive help. The main priority is to elaborate a scheduled action plan to deal with the following issues:

- the legal status of the Foundation
- the management and decision-making procedures and regulations

- the role of the Ministry for Science and Technology and its relationship with shareholders
- procedures for project selection and assessment
- the Foundation's interface with national science and R&D policy, actions and funding systems
- means of attracting further private sector investment
- measures to include and promote innovative SMEs.

Implementation

The Ministry of Science and Technology will ensure the overall coordination of the programme in its capacity as National Phare Coordinator.

For the private sector component, the Ministry of Economic Activities and the Ministry of Finance will be in charge of monitoring project implementation. They will support the preparation of projects, enhance linkages and the exchange of information between projects, carry out on-going and end of project evaluations and will report to the National Coordinator and Phare.

The transport and telecommunications component will be implemented by the Ministry of Transport and Communications, in close coordination with the National Coordinator, Phare and, where relevant, the EBRD.

The western European Union component will be monitored by the secretary-general of the Government, in close coordination with the National Coordinator and Phare. Relevant ministries, the Parliamentary Commission and universities will implement the assistance.

Science and technology projects will be implemented by the National Coordinator.

The financial management of the General Technical Assistance Facility will be carried out by the Commission of the European Union and all contracting and procurement will follow the rules and regulations as specified in the Phare Regulation.

For direct financing of assistance, equipment procurement will be by international tender, open to individuals and companies from the Member States and countries of the Phare Programme, or by restricted consultation, if justified by the cost or special technical characteristics of the equipment. Small expenditures of minor importance may be the subject of direct agreement. Consultancy and training services will be contracted either by international tender or by restricted consultation, depending on the cost and specialist nature of the services, in accordance with standard Phare procedures.

Section 2 - Cross-border cooperation programmes

Albania

Cross-border cooperation with Greece and Italy

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	until July 1997
EU contribution	MECU 20
Responsible authority	Ministry of Construction, Housing and Territory Adjustment

Background

One of the principal aims of the government's economic reform programme is to address the urgent need for investment to improve the country's poor infrastructure. More than a third of the total estimated needs included in the public investment programme for 1994-1996 relates to infrastructure, in particular transport networks.

The Albanian and Greek governments recognise the importance of developing trans-European networks and have agreed to cooperate closely on this matter. Border crossing improvements are an integral part of this cooperation policy.

In view of the geographical and geopolitical location of Greece on the outskirts of the European Union, with no direct land connection with the core Member States, the improvement of the transport network in Albania will also facilitate Greece's links with the rest of the Union. The programme may also ease communications between Italy and central Europe.

Programme objectives

The specific objectives of the cross-border cooperation programme for Albania are to

- improve transport links between Greece, Albania and Italy
- alleviate bottlenecks at border points to deal with the increased traffic flows
- facilitate economic exchanges between Greece and Albania, particularly in the border region
- improve the technical condition of traffic and safety conditions.

Programme description

In view of Albania's small size, its long isolation, the gravity of its developmental problems, the lack of administrative structures at local level and the key

geographical link which Albania provides between the Member States of the European Union and the countries of central and eastern Europe, the whole of the country is eligible for the programme.

However, for 1994, the measures covered are concentrated in the administrative regions which border directly on Greece, or which are immediately adjacent to such regions, and in administrative regions on the maritime border.

The programme has three components:

- upgrading roads
- improvement of border communications
- improvement of border crossing infrastructures.

Upgrading and rehabilitating roads

Upgrading the Durres - Rrogozhine road MECU 11.75
The road covered by the project is part of the north-south and west-east axis linking the port of Durres to the eastern and south-eastern regions and, ultimately, Greece. The road runs southwards from Durres to Rrogozhina, some 30 km away. It carries high traffic flows and the pavement is showing substantial signs of distress, due to the continuous impact of a particularly large proportion of heavy vehicles. The project involves rehabilitating the pavement, widening the road's shoulders and partially realigning tight horizontal curves. A bypass will also be built around Kavaje. Phare's contribution will pay the total cost of the project.

Rehabilitation of the

Kapshtice-Pogradeci road MECU 5.25
This road makes up the southern leg of the corridor crossing the whole country from the west to the east and south-east and links central eastern Albania to the Greek border of Kapshtice. The 75 km road runs south from Pogradec to Korça, the major regional centre of south-east Albania. Running through the plain of Korça, the road continues to the village of Kapshtice, 7 km from the Greek border. This project will improve traffic conditions and facilitate the movement of passengers and goods between the Greek border region, the Korça region and central Albania and thence cross-country to Durres. The project involves limited improvements/rehabilitation of the existing road. Alternatively, the project may involve the construction of an alternative alignment in the central part of the road, branching off the present road some 12 km south of Pogradec and rejoining it between Plasa and Zemblacku.

A new 21 km road would be needed, shortening the overall length of the present route to about 56 km. Limited improvements would need to be made as well to 35 km of the existing road. Another alternative would be to use an existing road north of Korça in the west-east direction but the geotechnical condition of this area, a valley of farm marshland, renders this solution less promising. An update of the feasibility study already prepared will be made, funded by the national Phare transport programme, to assess the feasibility of these various approaches and to determine the detailed design of the project. Phare will contribute ECU 5.25 million, the total cost of the project. If the new 21 km road is approved, a further ECU 4.05 million will be required from other sources.

Border communications

Feasibility study and rehabilitation of the Kakavia-Rrogozhine road MECU 0.5

The project involves improvements to the road from the border crossing at Kakavia to Rrogozhine. Part of the project will comprise a feasibility study, including a cost/benefit analysis and environmental impact assessment, relating to the improvement of the road covering the 235 km between the two centres. The remainder of the project will concentrate on rehabilitating 'hot spots' on the first 5 km segment of the road from Kakavia. Phare will finance the full costs.

Border crossing infrastructures

Feasibility study and construction of new crossing facilities at Tri Urat and Konispoli MECU 1.4

The districts of Saranda and Permet are linked to Greece only through the border post at Kakavia. This means that travel times are considerably longer than they should be. For example, while the actual distance from Permet to Konica is some 40 km, a journey of 200 km has to be made via Tepelena and Gjirokastra to reach the border crossing. The project involves the creation of two new border posts and their connection to the Albanian roads network. The project includes the preparation of a feasibility study and full detailed engineering designs for the new crossings. Based on the findings and recommendations of the study, access facilities to the existing road network will be created, together with the construction of the necessary border crossing infrastructure (such as car parking facilities, administrative accommodation, equipment for customs and police officials). Phare's contribution will cover the total costs of the project.

Feasibility study and border crossing infrastructure at Kapshtice MECU 0.6

The project is designed to complement the planned works on the Kapshtice-Pogradec road and to enable the existing border crossing to process the anticipated increases in traffic resulting from the road improvements. The project involves the preparation of a feasibility study and full detailed engineering design. The second part of the project involves the enlargement of the access road into the existing roads network and improvements to the border crossing infrastructure (such as car parking facilities, administrative accommodation, equipment for customs and police officials).

Implementation

The Ministry of Construction, Housing and Territory will have overall responsibility for coordinating and implementing the Programme. A Project Management Unit will be established within the Ministry. The Ministry will designate responsibility to a number of Project Authorising Officers for preparing and launching tenders, signing contracts and authorising payments.

Contracts for works will be awarded through normal Phare tendering and evaluation procedures. Participation will be open to companies from the Member States of the European Union and from the Phare partner countries. Tender documents will be published and made available locally, a notice being published as well in the Official Journal of the European Communities. The procurement of equipment and services will follow standard Phare procedures.

Bulgaria

Cross-border cooperation with Greece

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	until July 1997
EU contribution	MECU 25
Responsible authority	Ministry of Regional Development, Housing and Construction

Background

The Bulgarian government attaches great importance to improved cooperation between the border regions of Bulgaria and Greece. In 1993, the National Centre for Territorial Development and Housing Policy was commissioned to design a strategy for the development and promotion of these regions. Measures envisaged include the creation and upgrading of border crossings and the reform of customs procedures so as to bring them closer to accepted European standards.

The proposed mid-term programme for development and cooperation in the border regions specifies a number of priorities, including

- the improvement of roads and communications networks
- the improvement of local water supplies and local energy supplies
- the prevention of pollution and control of waste disposal
- assistance to investors and the provision of various services and facilities to SMEs and cooperatives, in particular technologies and marketing support
- the promotion of tourism, including agro-tourism
- actions to develop farming
- actions to reduce unemployment.

This cross-border programme reflects the difficulties faced by the Bulgarian-Greek border region owing to the mountainous geography. The resulting poor infrastructural situation is aggravated by the lack of a comprehensive development strategy and leads to a relatively high level of unemployment.

Programme objectives

The objectives of the cross-border cooperation programme for Bulgaria are to

- alleviate the bottlenecks at border points with Greece

- improve the local supply of energy and the joint operation of energy networks;
- improve nuclear safety in the region
- develop telecommunications facilities
- improve the supply of drinking water and water treatment.

Programme description

The regions covered by the programme are Pirin with Struma and Mesta, Rhodopes (central and eastern) and Maritsa. Measures to improve nuclear safety are included in the programme in view of the cross-border impact of this issue.

The present programme has four components:

- transport facilities
- energy supply networks
- environment
- telecommunications.

A fifth component provides for the creation of a Programme Management Unit for the general coordination, implementation and management of the programme.

Transport facilities

Modernisation of the Dupnitza -

Kulata railway line

MECU 4.5

The project is designed to improve relations between railway administrations, to improve commercial links, increase traffic capacity, economise energy and reduce running and maintenance costs. The project involves reconstructing several sections of the line, electrifying the line one way over 114 km, creating telecommunications links and energy supplies, and building traction force substations and maintenance posts. The project will cost ECU 8.06 million. Phare will contribute ECU 4.5 million, with the remainder being funded by Bulgaria.

Upgrading of the Kulata check-point

MECU 0.78

The project is designed to improve access to the check-point and facilities and to improve traffic flows and safety. The project will upgrade, modernise and rebuild two sections of the E 79 road north and south of Kulata. It includes building five access lanes, a new service road, parking spaces and a new bridge. The project's total cost is estimated to be ECU 0.86 million, met by Phare and Bulgarian authorities.

Energy supply networks

Joint operation of Bulgarian and Greek power systems

MECU 0.4

This project is designed to facilitate the joint operation of the Bulgarian and Greek power stations through the dispatching centres at Sofia and Athens with a view to increasing cross-border energy sales, introducing a more stable operation of both systems and reducing energy losses. The project also aims to bring the operation of the Bulgarian power system in parallel with UCPT. The project involves a study analysing the technical, financial, economic and institutional feasibility of the joint operation of the power systems and a technical study of the type of equipment which is compatible with the existing Swiss equipment in Bulgaria and the French equipment in Greece. Phare's contribution will cover the total cost of the project

Reprocessing of the radioactive wastes of Kozloduy

MECU 4

The project is designed to process low level radioactive waste (LLRW) at the Kozloduy nuclear power plant in compliance with both IAEA and national regulations, to provide medium-term storage for LLRW and to release temporary storage space already filled to allow continuation in production. The project will finance a plant for compacting LLRW into solid waste, concentrating liquid waste and encasing it in concrete containers. The project also provides for the construction of storage facilities for processed LLRW and the provision of a mobile contaminated oil incinerator working to IAEA standards. The total project costs will be ECU 4 million.

Completion of the Ichtiman-Stara

Zagora transit gas pipeline

MECU 3

This project will complete the transit gas pipeline from Russia to Greece. This means expanding a gas compressor station at Kardam, laying 150 km of pipeline between Ichtiman and Stara Zagora and installing a radio relay system. The project will cost ECU 8.9 million. Phare's contribution will be matched by ECU 5.9 million funded by Bulgaria.

Environment

Stara Zagora waste water treatment plant

MECU 3

The project will treat sewage and improve quality of river water prior to its flow into Greece. The project involves building a sewage treatment plant at Stara Zagora for domestic and industrial wastes. The water quality must conform to the urban waste water standards of the European Union. The project will cost ECU 7.6 million. Phare will contribute ECU 3 million, with the remainder being funded by Bulgaria.

Haskovo waste water treatment plant

MECU 2

The project involves the construction of a waste water treatment plant at Haskovo for domestic and industrial waste water. The water quality must conform to the urban waste water standards of the European Union. The project will cost ECU 4.6 million. Phare will contribute ECU 2 million, with the remainder being funded by Bulgaria.

Dimitrovgrad waste water treatment plant

MECU 2

The project involves the construction of a waste water treatment plant at Dimitrovgrad for domestic and industrial waste water. The water quality must conform to the urban waste water standards of the European Union. The project will cost ECU 8.2 million. Phare will contribute ECU 2 million, with the remainder being funded by Bulgaria.

Water monitoring systems for the Struma and Mesta rivers and the Maritsa basin

MECU 0.4

The project is designed to improve the environment and reduce cross-border pollution by creating a water quality and quantity monitoring system for the Maritsa, Mesta, Struma and Taouza rivers. Four monitoring stations will be refurbished or built and four mobile stations, two chemical laboratories and a tele-transmission system will be procured. The project will cost ECU 2.2 million, funded by Phare and Bulgaria.

Protection of the Arda and Luda basins

MECU 0.52

The project is designed to improve the operational efficiency of the Ivailovgrad hydroelectric power station by converting it from base-load to peak-load only use. This will improve the effectiveness of the Greek Kiprinos irrigation system and will thus protect certain areas of agricultural land. The project involves the reconstruction of the riverside, bank protection and rivers regulation and reclamation of the surrounding lands. It will cost ECU 2.0 million.

Improvement to the water supply for Pamporovo and Smolyan

MECU 2

The project is designed to complete the water pipeline and pumping stations to provide a continuous water supply to Pamporovo and Smolyan, which is currently limited to 5 hours per day. The project will include the construction of a pumping station and 1 km of 400 mm pipeline at Mugla, 10 km of 400 mm pipeline from the distribution shaft to Smolyan and 10 km of 300 mm pipeline from the distribution shaft to Chepelare, as well as environmental improvements along the entire route. The project, which will cost ECU 2.4 million, will be funded by Phare and Bulgaria.

Provision of drinking water to Sandanski MECU 1

The project is designed to provide a continuous water supply to Sandanski (currently limited to 2 hours per day), to improve water quality and to allow the hydroelectric station to work at peak efficiency. The project will include the construction of a purification plant to treat outfall from the hydroelectric station, 10 km of 300 mm and 400 mm pipeline, a 5.5 km distribution shaft from the purification plant and two storage tanks of 8,000 and 3,000 m³ capacity. The project will cost ECU 2.12 million. Phare will contribute ECU 1.0 million, with the remainder being funded by Bulgaria.

Telecommunications

Fibre optic cable link from Kavala to Haskovo MECU 1.1

The project will help to service the increased demand for telecommunications between Bulgaria and Greece and will provide an ISDN service by 1996. The project forms part of the trans-European network which will provide new routes between northern and southern Europe and southern Europe and the Middle East. The project involves laying 120 km of fibre optic cable and installing a digital transmission system in Sofia. The project will cost ECU 2.9 million. Phare will contribute ECU 1.1 million, with the remainder being funded by Bulgaria.

Implementation

The Ministry of Regional Development, Housing and Construction will have overall responsibility for coordinating and implementing the programme. A Programme Management Unit will be established within the Ministry.

The Ministry will designate responsibility to a number of Project Authorising Officers for preparing and launching tenders, signing contracts and authorising payments. The Ministry may also delegate responsibilities to existing Project Management Units or relevant regional and local authorities. Local project managers will be directly responsible for project implementation.

Contracts for works will be awarded through normal Phare tendering and evaluation procedures. Participation will be open to companies from the Member States of the European Union and from the Phare partner countries. Tender documents will be published and made available locally, a notice being published as well in the Official Journal of the European Communities. The procurement of equipment and services will follow standard Phare procedures.

Czech Republic

Cross-border cooperation with Germany

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	until July 1997
EU contribution	MECU 25
Responsible authority	Ministry of Economy

Background

The Czech government wishes to encourage the development of disadvantaged regions with relatively high unemployment and economic development and adjustment problems. Most of the affected regions are situated in the eastern part of the Republic, particularly in the Ostrava agglomeration. In view of the objective of integration into the European Union, the coordination and development of joint programmes in the Czech-German border regions are viewed as highly important, in particular as regards the development of the transport infrastructure (roads and railways) and the improvement of the environment.

The linking of the Czech Republic to the trans-European transport system and an increase in the capacity of border crossings are seen as priorities. Crossings at some border points have increased ten-fold since 1990, resulting in substantial bottlenecks. The improvement of the environment in highly polluted regions, such as Northern Bohemia and the Sokolov district, and the reduction of cross-border air and water pollution are also crucial issues.

Programme objectives

The objectives of the cross-border cooperation programme in the Czech Republic are to

- reduce environmental pollution in border regions by improving air and water quality and by improving the purity of the Elbe and its tributaries
- improve cross-border transport infrastructure through activities to increase the capacity and efficiency of transport links with Germany.

Programme description

The regions covered by the programme are northern and western Bohemia, although other regions may be included in the programme in later years.

The programme has two components: environmental infrastructure and border crossing infrastructure.

Environment

District of Karlovy Vary: construction of a steam pipeline between Vresová and Nejdek

MECU 4.9

The town of Nejdek (population 9,000) is supplied by obsolete heat plants burning low-quality brown coal. Due to the proximity of the border, the resulting high air pollution affects Germany and the Republic alike. The heat produced by the Sokolov Coal Mining Corporation at the Vresová Power Plant as a by-product of power generation is not fully used. The project will thus finance the construction of an 11 km long feed pipeline able to provide 70 MW of heat. This will contribute to solving the environmental problems in the area and help economise electric power production. The project will cost ECU 6.5 million. Phare's contribution will be complemented by the Republic's State Environmental Fund (ECU 1.1 million) and the Sokolov Mining Corporation (ECU 0.5 million).

District of Usti nad Labem: construction of sewer from Usti nad Labem to Nestemice

MECU 2.9

The town of Usti nad Labem (population: 98,000) is the biggest municipal polluter of the Elbe river upstream of the German border. The small waste water treatment plant there was constructed in the early twenties and is now obsolete, serving only a small part of the town. Most of the sewage is discharged directly into the Elbe without treatment. To overcome this problem, it is planned to discharge the waste water into the treatment plant at Nestemice, the construction of which started in 1992 and is due to be completed in 1997. The project covers the construction of a sewer with a capacity of 3 m³/s from Usti nad Labem to Nestemice. The project will cost ECU 7.5 million. Phare's contribution will be complemented by ECU 4.6 million from the Republic.

District of Liberec: new sewage treatment plant at Hradek Nad Nisou

MECU 1.2

The sewage of Hradek nad Nisou is discharged directly into the River Lausitzer Neisse. A sewage treatment plant for 14,000 inhabitants is being constructed with an expected capacity of 3,067 m³ per day. The plant consists of engineering works, mostly in the form of concrete constructions (reservoirs and troughs) as well as mechanical and electrical equipment. The project will cost ECU 2.6 million. Phare will contribute ECU 1.2 million, with the remainder being funded by the Republic.

District of Decin: construction of sewer at Rumburk**MECU 1.9**

The untreated waste of Rumburk (population: 14,600) is discharged directly into the Mandava. A waste water treatment plant at Varnsdorf has been operational since 1991 and should treat water from Seifhennersdorf in Germany. The collector, crossing from the German border and returning back to the Republic, is under construction. The project will cover the construction of three sewers (length: 2.2 km, 1 km and 1.6 km) at Rumburk (maximum discharge of 220 l/per second) and this net will be connected to the collector, crossing the German border. The project will cost ECU 2.6 million. Phare will contribute ECU 1.9 million, with the remainder being funded by the Republic.

District of Litomerice: oxygen delignification at Steti**MECU 4.1**

The SEPAP Steti pulp and paper mill is the biggest industrial polluter of the Elbe upstream from the German border. This project is designed to decrease the residual lignin content in the pulp entering the bleaching process so as to eliminate chlorine usage and decrease the current pollution. Stopping the use of chlorine compounds will also benefit the stratospheric ozone layer. The project will fund an oxygen delignification plant in a new production line for the manufacture of bleached pulp replacing the old equipment. The project is being completed in four phases. Phase 1 (new production line) was completed in 1992 and phase 2 (new cooking plant) is due for completion in 1994. Phare will help finance phase 3 (construction of the oxygen delignification and ECF bleaching lines). Phase 4 will cover the construction of the peroxide bleaching line. Phase 3 of the project will cost ECU 10.4 million. Phare will contribute ECU 4.1 million for the pipeline, reservoirs and pumps, with the remainder (for washing equipment and the oxygen reactor) being funded by the Republic.

Transport and infrastructure**District of Cheb: modernisation of the Cheb transit station****MECU 8.9**

The Cheb railway station is the main transit point between Czech and German railways in the east-west direction. The objective of the modernisation process is to

- adapt the transit corridor from the German border to the Polish border to western European standards and future requirements
- increase the permeability and marshalling capacity of the transit station
- speed up freight and passenger transport

- electrify and automate the railway operation and increase its safety.

The modernisation process consists of two phases related to distinct sections of the Cheb junction, requiring total financing of ECU 24.1 million. The first phase (ECU 1.2 million) has already been completed. The second phase is divided into three lots:

- Lot 1 (ECU 4 million): 3,334 m of railway tracks; 42 new switches; connection to relay block equipment - 65 switches; electrical heating - 45 switches; 5,400 m of traction wire; three lighting towers with distribution cables
- Lot 2 (ECU 9.9 million): 5,134 m of railway tracks; 57 new switches; connection to relay block equipment - 59 switches; electrical heating for 50 switches; 17,400 m of traction wire; 8 lighting towers with distribution cables
- Lot 3 (estimated at ECU 9 million): electrification of the Cheb-Schirnding section (crossing the German border).

Phare's contribution will finance the second lot with complementary funding of ECU 1 million. The first lot will be funded by local financing.

District of Domazlice: construction of road and bridge at Zelezna**MECU 1**

The II/197 road is an approach road from Horsovsky Tyn Bela nad Radbuzou towards the border crossing at Zelezna. At the village of Bela nad Radbuzou, the road crosses the Radbuza river and the Bezdekov brook. The existing bridges are stone-vaulted and their width and bearing capacity are not up to the requirements of increasing traffic flows. The objective of the project is to extend cross-border traffic for passenger cars and light commercial traffic, reduce time losses at the border crossing and increase safety and reduce accidents. To address these problems, a bypass road is being laid around the village and will connect to a new concrete bridge with a 20 m span.

The project will cost ECU 1.1 million. ECU 100,000 is being funded from local resources.

Implementation

The Ministry of Economy will have overall responsibility for coordinating and implementing the programme. A Project Management Unit will be established within the Ministry. The programme will be implemented in close cooperation with relevant line ministries (such as the Ministry of Transport and the Ministry of the Environment).

The Ministry of Economy will designate responsibility to a number of contracting authorities for preparing and launching tenders, evaluating offers, contracting, accounting to the Programme Management Unit, supervising works and accepting projects.

Contracts for works will be awarded through normal Phare tendering and evaluation procedures. Participation will be open to companies from the Member States of the European Union and from the Phare partner countries. Tender documents will be published and made available locally, a notice being published as well in the Official Journal of the European Communities. The procurement of equipment and services will follow standard Phare procedures.

Poland

Cross-border cooperation with Germany

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	until July 1997
EU contribution	MECU 55
Responsible authority	Office for Transborder Cooperation, Office of the Council of Ministers

Background

Traffic across the border between Germany and Poland has increased substantially in recent years. In view of these escalating trends, the Polish and German authorities have agreed to streamline existing crossings and to open additional points to cater for high volumes of traffic.

A number of agreements and arrangements between Poland and Germany form the institutional basis for bilateral cooperation on cross-border issues. Transport traffic falls under the auspices of two main agreements. The first identifies border crossing sites and covers such matters as the types of traffic catered for; the second concerns the practical question of roads and bridges. Additional special agreements deal with issues concerning the right of certain officials to act on the other side of the border from their own.

The border crossings chosen for improvement under this new programme currently account for about 75 per cent of all traffic crossing the border between Poland and Germany. The measures proposed for Phare funding under the programme will be complemented on the German side of the border by funding from the German authorities, coming from their own or from Interreg II financial resources. The programme is linked to the 1993 Phare Transport Programme for Poland and to World Bank projects related to the financing of the A6 motorway and of road n°3.

The programme will also encourage higher educational activities across the border by contributing to the establishment of a German university's extension on the German/Polish border.

Programme objectives

The objectives of the cross-border cooperation programme in Poland are to

- alleviate bottlenecks at crossing points on the border with Germany

- stimulate the development and economic cooperation of the border regions adjacent to Germany
- promote higher education in the border area and foster collaboration between Polish and German students through shared curricula and courses.

Programme description

The programme will begin in the voivodships of Szczecin, Gorzów, Wielkopolski and Zielona Góra, and may be extended to further regions from 1995.

The programme has two components: transport and infrastructure, and training and education.

Transport and infrastructure

Voivodship of Zielona Góra: Gubinek bypass and border crossing

MECU 16

Since the town centre crossing cannot be improved, a new, 280 metre long bridge crossing the border will be built nearby, together with a bypass, a 250 place car park and 12 km of new access roads. Twenty km of existing roads will be strengthened. The project also involves the construction of a new freight terminal with a capacity of 1,500 trucks per day. Services to be provided include customs services, sanitary services, veterinary and sanitary controls and a new automated communications system. The project will cost ECU 23 million. Phare will contribute ECU 16 million, with complementary Polish funding of ECU 7 million.

Voivodship of Szczecin: access to

the Kolbaskowo-Pomellen border crossing

MECU 10

Szczecin has the nearest Polish port to Berlin and is linked to the E28 motorway. A freight terminal and customs offices are planned on the German side of the border to increase freight capacity. However, for the new border clearance facilities to operate effectively, the quality of access motorways needs to be significantly improved. This project will fund the refurbishment of the motorway on the Polish side of the border and environmental measures including landscaping, culverts for wild animals and waste water cisterns. The project covers those motorway sections which provide access to the border crossing of Kolbaskowo-Pomellen as well as two bridges over the east and west of the Oder. Phare's contribution will pay for the total costs of the project, while the Polish government will provide for the effective maintenance of the motorway stretches and the bridges and will cater for particular environmental aspects connected with the nearby national park.

Voivodship of Zielona Góra: new freight terminal and road modernisation at Olszyna MECU 15
 A new freight terminal will be built, together with accompanying administrative offices, the transport infrastructure, border services and 8 km of motorway to the border crossing. Work began in 1993 with funding from the national Phare transport programme for Poland. The project will cost ECU 35 million. Phare's contribution will be complemented by Polish funding of ECU 20 million.

Voivodship of Szczecin: road modernisation at Osinów Dolny - Hohenwutzen MECU 1.2
 This project forms part of a much larger plan to relieve heavy transit traffic from the crossing at Krajnik-Donly, 30 km away. The project is designed to re-route a section of road n°126 (1,500 m long) and upgrade an existing link to road n°124. Phare's contribution will cover the total cost of the project. The Polish government has invested in planning side and has set aside ECU 120,000 for compensation for the loss of economic benefit from the part of the forest which is to be used in the project.

Voivodship of Jelenia Góra: construction of the Radomierzycze - Hagenwerder crossing MECU 0.3
 The project will create a new border crossing for coaches and cars which will relieve the neighbouring crossing, particularly at Zgorzlec-Görlitz. The bridge for the crossing was made available by the German side and the Polish side will reinforce the access and customs clearance facilities, including light building construction and connections to utilities (water, electricity, sanitation and telecommunications). The project will cost ECU 500,000. Phare's contribution will be completed by ECU 200,000 from the Polish side.

Voivodship of Gorzów Wielkopolski: freight terminal construction at Swiecko MECU 5.5
 The freight terminal will occupy an extensive site (1 km x 0.5 km) and will provide buffer parking areas for trucks from both the Polish and German sides. Access will be provided through the construction of 8 km of road. Computerised customs clearance procedures will be introduced to track vehicles through the system. Administrative buildings are planned to cater for customs clearance, veterinary controls and sanitary checks. Special parking facilities will cater for trucks carrying toxic chemicals. Security checks will be provided to control smuggling and cater for detention arrangements. The project will cost ECU 40.2 million. Initially, Phare will contribute ECU 5.5 million to the infrastructure for the freight terminal, with complementary Polish funding of ECU 34.7 million.

Training and education MECU 4
 The project involves an intermediate phase in the construction at Slubice of a new complex to complement the existing facilities of the Viadrina European University, located on the German side of the border at Frankfurt an der Oder. The plan is to develop the Collegium Polonicum involving lecture halls student hostels catering for about 2,500 students. Courses will be provided in Polish history, language and culture, the history of Polish-German relations and European studies. Phare will contribute ECU 4 million for the construction of the first accommodation unit, with complementary Polish funding of ECU 35.7 million.

Implementation

Responsibility for the overall coordination of the programme will lie with the Office for Transborder Cooperation at the office of the Council of Ministers. It will establish a Programme Management Unit under the responsibility of the director of the Office. The Office will be responsible for preparing and launching tenders, evaluating bids, contracting and supervising works and final acceptance of projects. The Office will delegate certain responsibilities to the Road Fund Administration, the Ministry of Education and the offices of the voivodship, where special working teams will be established to implement the programme. Local project managers will be directly responsible for implementing projects.

Contracts for works will be awarded through normal Phare tendering and evaluation procedures. Participation will be open to companies from the Member States of the European Union and from Phare partner countries. Tender documents will be published and made available locally and in the Official Journal of the European Communities. The procurement of equipment and services will follow standard Phare procedures.

Slovenia

Cross-border cooperation with Italy

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	until July 1997
EU Contribution	MECU 4
Responsible authority	Ministry of Science and Technology

Background

The development of the Slovenian border region adjacent to Italy has taken on particular importance in recent years.

In view of independence and the hostilities in the south, east-west traffic through Slovenia has increased significantly, resulting in bottlenecks at border crossings which do not have sufficient capacity to deal with this increased flow. The Slovenian authorities are under pressure to increase the number of international crossings and to modernise border administration facilities.

The adoption of a new environmental policy by the government, aimed at improved environmental protection and management, combined with increased dialogue and cross-border cooperation in the environmental sector, has resulted in important initiatives being taken in the regions adjacent to Italy.

The introduction in Slovenia of a regional policy which makes provision for disadvantaged regions means that part of the region bordering Italy is eligible for assistance under the government's programme.

Programme objectives

The objectives of this programme are to

- increase the capacity and efficiency of border crossings and transport links within the region
- reduce water pollution, improve environmental and water resource management and preserve the natural heritage in the border regions
- contribute to agricultural development involving communities on both sides of the border.

Programme description

The regions covered by the programme are the municipalities of Tolmin, Koper and Nova Gorica, although other regions may be included in the programme in later years.

The programme has three components: transport and infrastructure at border crossings, environmental improvement, and agricultural development.

Transport and infrastructure at border crossings

Modernisation of the Robic crossing ECU 362,000

The Robic border crossing is situated along the Nadiza river and connects with the Italian village of Stupizza. The renovation and reconstruction of the border crossing platform and access road started in 1990. The project is designed to bring the crossing's capacity and efficiency to international standards and to reduce accidents and improve safety. The project involves completion of the platform and of ancillary facilities, including a parking lot for private vehicles, drainage facilities, an exit road from the weigh scales to the main road, a parking lot for trucks, a projecting roof over the weigh scales and lighting of the platform to the border. The project will cost ECU 548,000. Slovenia will fund the project parts not financed by Phare.

Expansion of the Neblo border crossing ECU 85,000

The existing border post building is too small to cope with the police and customs personnel required by the increased traffic. This project will bring the border crossing to international standards and will increase the check-point's capacity and efficiency. The project involves renovating the existing customs facilities and constructing an additional building. The project will cost ECU 118,000. Phare's contribution will be complemented by ECU 33,000 of Slovene funds.

Modernisation of the Ratece check-point ECU 69,000

The Ratece border crossing project is designed to help the border crossing meet international standards and to increase the capacity of the check-point. The project involves building a new cabin for the police and customs service, paving the platform's surface, installing new ramps, fitting sewage and drainage facilities, replacing lighting on the platform and installing new road signs and information panels. The project's total cost will be ECU 115,000.

Modernisation of the port of Piran's customs facilities ECU 164,000

The facilities at the maritime border crossing of Piran have been rendered inadequate by the increase in sea traffic. Modernisation of the crossing began in 1993. This project will improve access control, the navigational qualities of the port and provide tourist and economic information at the facility. The project involves building a new control building on the shore that will include premises for police, customs and community port management as well as a fuel point for boats. The building will stand on a new jetty. The project will cost ECU 330,000. Phare's contribution will be complemented by Slovene funding.

Road reconstruction at the Uceja border crossing **ECU 198,000**

The project is designed to increase the capacity of the border crossing in conformity with international standards and to improve road connections between the Bovec (Slovenia) and Resian (Italy) valleys. The project involves relaying, asphaltting 1.7 km of the R 3018 road (Zaga-Uceja) between the border control building and the border at Uceja. Slovenia will complement Phare's contribution to make up the total project cost of ECU 300,000.

Building and upgrading the Volce - Solari road **ECU 705,000**

A length of 8.7 km of the Volce - Solari road across the Kolovrat Mountain will be modernised to cope with increased traffic. The project will also support the development of local economic activities and facilitate public transport between Tolmin and Cividade. The project involves relaying the road, including grading, asphaltting and drainage, between Volce and Perse; widening, reconstructing and asphaltting 2.8 km of road between Perse and Kamnica; building a new 4 km road between Kamnica and Hlevnik; and widening, upgrading and asphaltting over 1.9 km between Hlevnik and Solari. The project will cost ECU 940,000. Phare will contribute ECU 705,000, with the remainder being funded by Slovenia.

Environmental works at Vrtojba **ECU 56,000**

The project is designed to improve the quality of ground water and drinking water and to improve waste treatment. Pending the improvement of the municipal purification plant, the project will pay for the construction of a temporary purifying plant for the border crossing and customs office. Phare will pay for the total cost of the project.

Environment

Timav catchment area and Karst **ECU 1,190,000**

There are two project components. The first relates to the flow and quality of the Timav spring and the second will prepare the opening of a natural park in the Karst region, which spans both Slovenia and Italy.

The Timav spring at Duino in Italy, which draws water from a large area, 80 per cent of which is located in Slovenia, could be a major water source for Trieste and its surroundings. Work is required to ensure that the spring's flow remains at adequate levels and to preserve the quality of the water, which is threatened by the many leaking rubbish tips in the region. The project involves studying the construction of sewage treatment systems

and the revitalisation of surface streams and river cleaning. These studies will be coordinated with the Interreg I study on water quality improvement in the Italian Timavo catchment area. The project will prepare a water quality and pollution propagation model and a study on the use of accumulated water.

A natural park is being created in the Karst region, an area which contains a system of caves that are good surface water collectors. The location of an information centre needs to be chosen and the centre built, programmes to develop various agricultural, tourist, forestry and small business activities must be conceived and financial instruments able to stimulate the implementation of pilot projects must be devised.

The Timav spring project will cost ECU 940,000 and Phare will contribute ECU 790,000, with the remainder being funded by Slovenia. The Karst park project will cost ECU 500,000 and Phare will contribute ECU 400,000, with the remainder being funded by Slovenia.

Water outflow optimisation at Nova Gorica and Gorizia **ECU 705,000**

Unsatisfactory outflows in Nova Gorica and Gorizia lead to periodic high waters and sporadic floods which are impeding the development of the town and its surroundings. Although measures have already been taken to reduce the scope of the floods, there are still some areas which are severely endangered, including Rozna Dolina, an urban area on the Italian side of the border. To solve this problem, the project will build a water retention site at Pikol which can be used for agricultural purposes during ordinary outflow conditions. The project also includes the arrangement of the Vrtojba brook through urban areas. Total project cost is ECU 880,000, paid for by Phare and the Slovene authorities.

Agriculture

Orchard planting in Tolmin **ECU 191,000**

The municipality of Tolmin is a structurally disadvantaged border region: development is lagging and incomes are low. The population of this mountainous region has declined significantly in recent years. Transport and telecommunications are poor and the level of economic development is substantially behind that of the rest of Slovenia. The municipality is seeking ways of stimulating local development and has identified the cultivation of fruit (apples, pears and plums) as a means of diversifying the agricultural base and of reclaiming overgrown areas.

This project involves planting nine hectares of orchards for the villages of Kamnica, Logje and Volcanske Rute. The work to be done includes clearing and levelling the land, building irrigation facilities, ploughing and seeding. Various root stock varieties and new technologies will be tested and the orchards will be used as a demonstration project for local farmers. The project will cost ECU 272,000 and will be financed together by Phare and Slovenia.

Implementation

The Ministry of Science and Technology is responsible for coordinating and implementing the programme. A programme management unit will be set up in the Ministry. The programme will be implemented in close cooperation with the relevant line ministries, such as the Ministry of Transport and the Ministry of the Environment.

The Ministry will nominate a number of Project Authorising Officers charged with preparing and launching tenders, signing contracts and authorising payments. The Ministry may also delegate responsibilities to existing Programme Management Units or relevant regional and local authorities. Local project managers will be directly responsible for project implementation.

Contracts for works will be awarded through normal Phare tendering and evaluation procedures. Participation will be open to companies from the Member States of the European Union and from the Phare partner countries. Tender documents will be published and made available locally, a notice being published as well in the Official Journal of the European Communities. The procurement of equipment and services will follow standard Phare procedures.

Inter-regional cooperation programme

Ouverture and Ecos

Approved by the Management Committee at meeting n°30 on 13 July 1994

Duration	18 months
EU contribution	MECU 2
Responsible authority	Strathclyde Regional Council and the Committee of the Councils and regions of Europe (CCRE)/Council of European Municipalities and regions (CEMR)

Background

Inter-regional cooperation is a substantial and successful area of activity within the European Union and has been supported by a number of European Union programmes. It aims to encourage the pooling of experience, the development of cooperation and the support of innovatory actions which have a marked interest for the European Union as a whole.

The European Union has also provided support to inter-regional cooperation activities involving European Union and central and eastern European partners. Inter-regional cooperation offers central and eastern European countries a major opportunity to gain access to best practice and know-how from European Union Member States, as well as to exchange experience, ideas and approaches to problem solving.

Ouverture and Ecos are well-established schemes which have stimulated and supported inter-regional cooperation between central and eastern European countries and European Union countries at local and regional level. Ouverture/Ecos is a multi-thematic scheme and its areas of cooperation have included economic and business development, city and regional democracy, urban service provision and environmental issues. The scheme comprises the Ouverture component, managed by a group of European Union regions led by the Strathclyde Regional Council, and the Ecos component, managed by CCRE/CEMR. The focus of Ouverture, established in 1991, has been regional services and democratic structures, regional environmental issues as well as economic and business development. Ecos, established in 1992, has focused on the urban level, including the provision of urban services and policies, the urban environment and urban democracy.

Since 1991, the scheme has supported more than 200 projects involving more than 700 partners with more than ECU 12 million. All projects must involve at least two European Union partners and one partner from central and Eastern Europe. Partners must be local or regional authorities and the overall budget of projects should not normally exceed ECU 150,000, with a maximum of 50 per cent support from the European Union.

However, although projects supported by the European Union under Ouverture/Ecos are required to include at least one partner from a central and eastern European country, financial support has until now been available only to the European Union partners and this has been a major disadvantage for participants from central and eastern Europe. This has restricted activities to exchanges of experience, study visits, identification of best practice and limited training activities. In addition, European Union partners have had to play the role of lead partner in all cases, placing their central and eastern European partners in a largely passive and secondary role.

The new budget line allocating ECU 150 million for the promotion of cross-border cooperation between Phare countries and adjacent Member States of the European Union also permits a small allocation for inter-regional cooperation. This inter-regional cooperation component is to be used to provide financial support to central and eastern European partners participating in Ouverture/Ecos projects and to extend the programme management and technical support of the scheme to the central and eastern European countries. This will enable them to cooperate with their partners from the European Union on a parity basis and to fully explore the potential benefits of regional cooperation.

Programme objectives

The inter-regional cooperation initiative of Phare under the new 1994 budget line will form part of an expanded Ouverture/Ecos scheme and serve as a one-year transitional arrangement to further stimulate the inter-regional cooperation between central and eastern European countries and the European Union, and to facilitate the testing and adaptation of the scheme to central and eastern European needs and priorities.

The main objectives of the new initiative are to

- strengthen the participation of central and eastern European regions and cities in inter-regional cooperation projects with European Union counterparts, through the provision of financial support to the central and eastern European partners

- build upon the successful Ouverture/Ecos scheme and gradually adapt it to the needs and priorities of central and eastern European partners
- assist in developing the capability of local and regional authorities in central and eastern European countries to engage in inter-regional cooperation
- lay the foundations for the long-term for inter-regional cooperation between central and eastern European countries and European Union Member States.

Programme description

The initiative will support inter-regional cooperation projects which meet the normal conditions of the current Ouverture/Ecos scheme and which comply with the following:

- The project should fall within one of the fields of activity covered by Ouverture/Ecos.
- There must be at least one partner from a central and eastern European country, such as a local or regional government authority or other local or regional bodies supported by such an authority; priority will be given to projects with more than one partner from central and eastern Europe.
- Central and eastern partners should represent, as far as possible, all central and eastern countries equitably; priority will be given to regions and cities in central and eastern Europe which are not supported by other actions funded under budget line B7-612 and to those which are less developed by national standards.
- Each partner from central and eastern Europe will be required to provide a contribution towards its own share of the project costs as a general rule (normally in the range of 10 - 25 per cent).
- The maximum level of support to partners from the Phare Programme will correspond to that provided to European Union partners, making allowance for lower costs in central and eastern European countries.

Support for projects will be channelled through the existing managers of Ouverture/Ecos. The existing application processes, evaluation procedures and other arrangements will be used, with some adjustments:

- The membership of the committee responsible for evaluating Ouverture/Ecos project applications will be enlarged to include representatives of Directorate-General I of the European Commission and, if possible, of organisations representing regions and cities of central and eastern European countries.

- The managers of Ouverture/Ecos must establish at least one office in central and eastern Europe, with priority to countries not directly benefiting from cross-border projects under budget line B7-612 (Romania, Hungary, Slovak Republic).
- A special know-how facility will be offered to central and eastern European regions and cities, coordinated by the office set up and carried out by experts from the European Union and central and Eastern European countries, with experience in inter-regional cooperation.

Implementation

The implementation of the initiative will be entrusted to the managers of the existing Ouverture/Ecos scheme during the transitional period, namely Strathclyde Regional Council and CCRE/CEMR. They will be required to submit six-monthly work programmes and progress reports, accompanied by detailed financial statements.

Transfers to central and eastern European partners will be made directly by the programme managers. Transfers will be made in tranches at the commencement, mid-way stage and completion of the project, the last two payments being subject to satisfactory progress/completion reports from the lead partner of each project.



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