

**Phare Environment
Thematic Evaluation**

May 2007



The views expressed are those of the MWH Consortium and do not necessarily reflect those of the European Commission.
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GLOSSARY OF ACRONYMS

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GLOSSARY OF ACRONYMS

Acronym	Description
CBC	Cross Border Co-operation
CC	Candidate Country
CFCU	Central Finance and Contract Unit
CoA	Court of Auditors
DPP	Department of Project Programming
€	Euro
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECD	European Commission Delegation
EDIS	Extended Decentralised Implementation System
EEA	European Environment Agency
EPI	Environmental Policy Integration
FM	Financing Memorandum
GDP	Gross Domestic Product
GEF	Global Environment Facility
IE	Interim Evaluation
IFI	International Financing Institution
IoA	Indicators of Achievement
IPPC	Integrated Pollution Prevention Control
ISPA	Instrument for Structural Policies for Pre-accession
LSIF	Large Scale Infrastructure Facility
MBP	Multi-beneficiary Programme
MRDPW	Ministry of Regional Development and Public Works
MoE	Ministry of Environment
MoESP	Ministry of Environment and Spatial Planning
NAC	National Aid Coordination Unit
NEAP	National Environmental Action Programme
NEPF	National Environmental Protection Fund
NGO	Non-governmental Organisation
PAA	Pre-Accession Adviser
SEA	Strategic Environmental Assessment
STTS	Short Term Technical Specialist
TA	Technical Assistance
ToR	Terms of Reference
UNEP	United Nations Environment Programme
WB	World Bank
WFD	Water Framework Directive

PREFACE

The purpose of this *ex post* thematic evaluation is to review 1999-2001 Phare environment programmes as well as post-2001 allocations to Phare environment programmes. It forms part of a broader Phare *ex post* evaluation exercise that covers Phare multi-beneficiary programmes (Phase 1), national and cross border co-operation programmes (Phase 2), and the thematic evaluations (Phase 3).

This report was prepared during April and June 2006,¹ and took account of developments up to and including the end of May 2006. The evaluation is based on an analysis of documents provided at the start, during and on completion of the Programmes, including previous *ex post* and interim evaluations, and on interviews with beneficiaries and stakeholders. It examines the performance of the programmes in addressing the objectives stated in the formal programming documents, provides a general assessment of the programmes and draws conclusions and lessons learned from them.

Following a sample approach this evaluation had its geographical focus on Bulgaria and Romania and three 2004 new member states (Latvia, Poland and Slovenia).

¹ The report was prepared by Dietmar Aigner, Lead Evaluator, assisted by Short Term International Expert Wim van Breusegem. It was reviewed at MWH Central Office by Richard Thomas and Martin White.

EXECUTIVE SUMMARY

Scope and Objectives

The purpose of this *ex post* thematic evaluation is to review 1999-2001 Phare environment programmes and post-2001 allocations to Phare environment programmes. Its overall objective is to provide accountability with respect to the use of European Commission funds, and lessons learned for decision-making on improvements in pre-accession aid to remaining and future candidate countries.

Key Evaluation Findings

Phare assistance has generally performed well.

Overall, the performance of Phare was good, and sometimes excellent, making a substantial contribution to helping new candidate countries install, implement and enforce the environmental *acquis*. However, Phare coverage of the components of the *acquis* was not well balanced, giving preference to infrastructure investment, mostly water issues (particularly waste water collection and treatment). Overall, management capacity and programming experience has improved over time.

The immediate and intermediate impacts achieved were in most cases good, sometimes very good, notably for legislative and administrative impacts in terms of *acquis* transposition and institution-building. The catalytic effect of Phare was also strong in supporting major infrastructure investment funded by the Instrument for Structural Policies for Pre-accession (ISPA) and international financing institutions. However, where Phare has directly funded infrastructure, the relatively large number of rather small investments led to a fragmented and scattered approach, which achieved socio-economic benefits at a local level but not on a scale to produce wider sectoral impacts. Institutional sustainability has been ensured in general but the long-term viability of administrative capacities needs further attention.

Phare closely followed pre-accession strategy but programming quality was mixed and coverage of environmental sub-sectors was not well balanced.

The strategic basis for Phare environment support were the accession negotiations and Commission monitoring documents. The overwhelming majority of Phare projects met the specific requirements of the environmental *acquis*. However, national environmental sector documents were often of uneven quality and this adversely influenced the preparation and realisation of interventions. In many cases it was Phare that, for the first time, helped to introduce adequate strategic sector documents. The preparation of assistance has been difficult in almost all beneficiary countries, partly because of the protracted programming process. There have, however, been improvements in design for much of the post-2001 assistance.

Phare funding represented only a small fraction of the huge financing needs of the environment sector in the candidate countries. To ensure that the scarce resources were used as effectively as possible, it would have been desirable to improve the prioritisation of the assistance and to support interventions with the greatest potential impact first. The balance of coverage of the environment sub-sectors was too heavily weighted in favour of the water sub-sector to the detriment of the solid waste sub-sector, for example. Around 70% of the Phare funds during the period under review went directly or indirectly as investment into infrastructure and environment protection investments (mainly wastewater collection and treatment), without showing a clear underlying strategic rationale. The reason for the priority given to water and

wastewater issues was possibly that they were where the beneficiary country possessed the greatest knowledge and where the interventions were the least controversial. However, the balance of coverage of the environmental sub-sectors has improved, and there was a considerable shift of funds towards nature protection and industrial pollution during the period 2002-2004.

Assistance was crucial for meeting *acquis* requirements but environmental *acquis* is not yet fully implemented and substantial challenges remain.

Phare was clearly of key importance in setting up structures, systems and capacities for participation in the EU environment policy. Phare helped establish and strengthen existing administrative structures as required for implementation of the *acquis* and contributed to the strengthening of enforcement agencies, particularly at regional and local levels. Phare environment investments supported the candidate countries' efforts to protect and improve the quality of the environment.

However, a fundamental cause for concern in some countries, despite considerable improvement over recent years, has been the low priority that their governments place on the environment, reflected in the moderate budgets that they have allocated to environment ministries and in high staff turnover in those ministries. Even with substantial Phare support, full alignment by the time of accession proved too great a challenge, and transitional arrangements, with intermediate targets, had to be agreed for some Directives. The scale of funding needed for full compliance with EU requirements, which is likely to increase further as economies expand, presents new Member States with a significant challenge.

Assistance was largely successful as an agent for change, but wider impact was limited.

A substantial immediate impact was achieved in successfully assisting candidates to absorb the *acquis*, and virtually all assistance has contributed towards this objective. Overall, beneficiary countries are on track to make their regulatory frameworks conform to the environmental requirements of the EU. However, extending this intermediate impact through effective enforcement on the ground remains a challenge following accession. Several beneficiary countries are now trying to sustain their administrative capacities better through initiation of human resource development strategies, and in some countries staffing levels for the environment are being significantly increased. Some wider impacts of Phare environment interventions have begun to appear at local level. The importance given to the environment within the EU, as partly evidenced by Phare, has helped to raise the profile of environmental issues and of environment ministries in candidate countries, enhancing the wider impact.

Assistance made a positive but moderate contribution to increased economic and social cohesion and assisted with developing Environmental Policy Integration.

Phare paved the way for more efficient use of the much larger Structural and Cohesion Funds that were available after accession, through capacity development and learning on the job. Phare also provided direct support to economic and social cohesion through Cross Border Co-operation and Large Scale Infrastructure Facility interventions. Phare helped to bring elements of Environmental Policy Integration into national policies, although much more work needs to go into policy integration following accession.

Cost-effectiveness has improved with time, but remains hampered by weak design and complicated and protracted procedures.

Implementation of Phare environment assistance was adversely affected by weak design, time-consuming preparation of twinning covenants, the lengthy and complicated chain of authorisation for the approval of project documents, and inflexible interpretation of Phare contract procedures. However, intervention tools were well chosen and there is a broad consensus among beneficiaries that twinning made a significant and valued contribution to developing the administrative capacity needed to apply the *acquis*. Overall, management capacity, experience and coordination between central, regional and local beneficiary authorities improved over time, particularly from Phare 2001 onwards, and such learning effects helped improve cost-effectiveness.

From an *ex post* view, agreed co-financing of Phare interventions was largely realised and Phare assistance mostly delivered the planned outputs. Phare proved to be complementary to ISPA and complementarity was also well ensured between national and multi-beneficiary programmes. Overall, Phare worked effectively to increase funding from other donors and international financing institutions, although in some beneficiary countries donor assistance could have been better co-ordinated.

Conclusions**Conclusion 1: Phare environmental assistance adopted a strategic approach for *acquis* approximation and institution-building, but not for direct investment in infrastructure.**

From an *ex post* perspective, the Phare environment assistance addressed the needs of beneficiaries well and clearly managed to achieve adequate support for the sectoral accession preparations, particularly with respect to *acquis* compliance in legislation, structures and systems. Phare funds for *acquis* approximation and institution-building were clearly deployed in a strategic context, in contrast to other accession sectors, for instance agriculture. Key sectoral accession priorities were addressed through a combination of institution-building and investment programmes, although investment, notably in water and wastewater infrastructure and equipment, greatly predominated. Following initial work on institution-building, preference in later Phare environment assistance was given to filling gaps at central level, support at regional levels being limited. Phare provided assistance in areas that otherwise would have received little or no support from national sources.

However, in the area of direct infrastructure investment the relatively large number of small investments led to a rather fragmented and scattered approach, which achieved rapid socio-economic benefits in local communities but was not on such a scale as to produce wider environmentally-related sectoral effects. In earlier interventions, investments in environmental infrastructure were sometimes implemented without adequately securing the necessary administrative structures and availability of qualified staff.

Conclusion 2: Phare helped raise the previously low status of environmental issues.

Phare made a significant contribution to reversing the inherited low regard for environmental issues in the candidate countries. Key improvements in legislative and administrative structures, systems, infrastructures and resources could at least partly be attributed to the Phare support. The assistance encouraged development of mechanisms for co-operation between the environment ministries and other sector ministries. Beneficiary countries started to introduce environmental considerations into their wider national policies, as required by Environmental Policy Integration, but there is still a long way to go before effective policy integration can be

demonstrated. Not all beneficiary countries yet have the facilities and ancillary resources to make use of all the options available under EU environmental policy, for instance via new economic possibilities, such as agro-environment, rural tourism or renewable energy. Such options are only likely to become available after some years of EU membership.

Conclusion 3: Environment programmes had moderate effect on take up of opportunities under Structural Funds.

The most obvious benefits of Phare environment programmes in terms of economic and social cohesion materialised in terms of increased capacity development and learning effects, particularly in consequence of preparation of EU-funded projects which were helpful in the design and implementation of ISPA and Cohesion Fund investments. Clearly investments targeted on economic and social cohesion were only a minor part of Phare environment support and consequently Phare interventions did not significantly stimulate economic development or reduce observed regional disparities. However, the improved quality of life and health achieved through completed interventions in disadvantaged regions could well, in the longer term, contribute indirectly but positively to increased regional cohesion.

Conclusion 4: A basis for sustainability has been established but there is still much to be done.

The prospects for overall sustainability are good provided the beneficiary countries maintain and build upon the improved capacities and knowledge gained, and allocate an appropriate share of gross domestic product growth to the environment. There is still much to be done in future to address emerging new directives and policies not covered by Phare, as well as to consolidate and stabilise financial and human resources. Whilst the obligatory *acquis* aspects have been well addressed, more needs to be done in terms of the soft skills that are important for an effective environmental policy regime under membership conditions. Given that commitments to environmental protection and sustainable development are not yet, and not pervasively, rooted strongly in society, politics or business, there is a risk that economic goals will predominate over environmental objectives, despite the requirement that both should be reconciled via Environmental Policy Integration. Additional investments in the environment sector are needed in all beneficiary countries to comply with membership obligations, and these are well beyond the reach of existing national financial resources.

Recommendations

To address the key findings and conclusions of the evaluation, two actions are recommended in respect of pre-accession assistance planned for current or future candidate countries.

Action 1: Strengthen the strategic approach to the planning of environment assistance, particularly in terms of sequencing, multi-annual perspectives, and deeper involvement of stakeholders.

Recommendation 1: Put more emphasis on support to institution and capacity building, as pre-conditions for successful investment. The Commission Services should consider focusing any institution-building-oriented pre-accession assistance, such as Phare, more clearly on its key competences, namely transfer of know-how and good practice for building up the proper legal and administrative bases. Technical assistance for preparation of legislation, development of appropriate institutions and the links between them, and human capacity building, together with adequate standards of project preparation, should be addressed by targeted pre-accession support before investments are made in environmental infrastructure.

Recommendation 2: Programme environment support on a multi-annual basis. The Commission Services and the beneficiary country should ensure that programming of pre-accession support is connected and co-ordinated with multi-annual sector development strategies for the candidate country. The beneficiary Ministry of the Environment should devote serious attention to the quality of strategic documents so that investment needs are sensibly prioritised and can be used effectively as the basis of good Phare programming. The preparation of initial key sector strategies should receive external support. Such multi-annual strategies should also clearly define benchmarks to be achieved and indicators of achievement, in order to facilitate measurement of progress. Indicators need to be measured and followed up.

Recommendation 3: Line Directorates-General should be more actively involved in planning environment assistance. Consultation meetings to set design parameters have not been held regularly and consistently, although this would have improved programme and project design, transparency and sustainability. Early and active involvement of the Commission Services' line Directorates-General, where it did occur, helped ensure more appropriate design. Consequently, the line Directorates-General concerned should consider making sufficient resources available to support the design process more intensively and comprehensively.

Recommendation 4: Pre-accession assistance should take account of the need for transparency, stakeholder dialogue and public participation in environmental decision-making. Both the Commission Services and beneficiary countries need to be aware that there is still a need to improve public education to familiarize local, regional and national bodies, including Non-Governmental Organisations, with environmental laws, to facilitate discussion of the value to local communities of environmental legislation and standards, and to open up wider discussion on more culturally-appropriate methods of implementing environmental obligations and penalties for contravention of laws and regulations. Such needs are most acute at the beginning of any accession process but need to be continuously tackled throughout the pre-accession phase.

Action 2: Strengthen absorption capacities for environment support

Recommendation 5: Ensure that the essential public administrative capacity is in place before launching pre-accession support. The Commission Services should require candidate countries to secure firm pre-conditions for delivery of pre-accession funding in terms of commitment and absorption capacity of beneficiaries. Prior to funding of large investments, good institutions need to be established. Environmental investment funds should only increase in parallel with increases in absorption and management capacities. Beneficiary countries should be encouraged to ensure that their environment ministries are adequately staffed and equipped, reflecting the importance of environmental issues in EU policy making, as a precondition for investment.

Recommendation 6: Assist beneficiary governments in developing regional/local environment policies and capacities. Taking into account the respective beneficiary countries' specific characteristics, an increasing amount of clearly targeted support should be given by the Commission Services to central governments for conducting training programmes for local governments and municipalities in project management and investment preparation. Given the constant changes of staff employed at regional and local levels, such training programmes need to be repeated regularly.

MAIN REPORT

1. INTRODUCTION

1.1. Objectives

1. The purpose of this thematic evaluation is to assess 1999-2001 Phare programmes as well as post-2001 allocations in the environment sector. It forms part of a broader Phare *ex post* evaluation exercise that covers Phare multi-beneficiary programmes (Phase 1), national and cross-border co-operation programmes (Phase 2), and thematic evaluations (Phase 3).

2. The objectives of the Phare *ex post* evaluation are twofold: to provide accountability with respect to value of money and the use made of Community funds (summative evaluation); and to provide lessons learned for decision-making on improvements of pre-accession aid to remaining and future candidate countries (henceforth referred to as CCs), including the countries of the Western Balkans (formative evaluation). More specifically, this thematic evaluation will focus on identifying immediate, intermediate and socio-economic impacts of the programmes delivered during the period in question.

1.2. Background and Context

3. In the past 15 years, the environmental situation in many new Member States and CCs has improved substantially. The first main reason for this was the implosion of their economies in the early 1990s, which led to the closing down of old-fashioned industries that had been causing exceptional pollution. At the same time, the agricultural industries in most countries changed dramatically, moving from collective farms to individual ownership. Due to a lack of capital, knowledge and infrastructure, the use of pesticides and fertilizers fell, followed by production levels. In the cities, air pollution was also reduced due to use of less polluting cars and heating systems. These positive developments were not based on deliberate environment and health policies, and could only deliver temporary benefits. As the economies regained strength, some faster than others, pressure on the environment started to increase again. However, at that time, although national demands for strict environmental policies were not strong, the obligations arising from the desire to join the EU played an important role in keeping pressure on the environment at a reduced level.

4. In many cases, development in environmental policy is primarily a result of international conventions and treaties. Overall government commitment towards international environmental agreements is being monitored by the World Bank and the new Member States/CCs, and has been found to be largely in line with the performance demonstrated by (other) EU Member States (see Annex 7). However, environmental policy in the CCs has largely been driven by the massive task of approximation of the *acquis* and the EU support provided for that purpose. Environment ministries have used the high priority that the EU has given to environmental protection as a means of raising their political profile. The environmental *acquis* which has been developed over the last 30 years consists of more than 300 different legislative acts: directives, regulations, decisions and recommendations, attached to numerous communications and guidelines. At the beginning of the accession negotiations many actors saw environmental legislation as one of the most difficult components of the *acquis*. It can be expected that the challenge for the new Member States will be even greater during the first years following accession.

5. Transposition, implementation and enforcement of the environmental *acquis* all require strong institutions at central, regional and local levels. Ministries of Environment are still

relatively new in the new Member States, while local and regional environmental authorities require substantial assistance to meet their responsibilities in relation to the *acquis*. Slow progress is being made by the new Member States towards ensuring effective public participation in environmental decision-making, although several Directives contain a major public participation component. The cost of implementing the environmental *acquis* in the ten new Member States was estimated at €50-80bn and the investments required from these countries were estimated at 2-3% of Gross Domestic Product (GDP), which is higher than that currently allocated.²

6. Phare assistance for the environment has been provided in national environment programmes (around €340m in the period 1999-2001), horizontal environment programmes (around €61m in the period 1996-2001), regional development and cross-border co-operation and other programmes. Support has also been provided to project preparation for other assistance in the environmental sector, for example, the Instrument for Structural Policies for Pre-accession (ISPA).³

7. A Phare background environment review was prepared in late 2003 as a contribution to the summary assessment of Phare support presented in a Consolidated Summary Report (CSR).⁴ In the period reviewed, 1999-2002, Phare had invested about €495m in support for the environment in the ten candidate countries.⁵ The performance of Phare was found to have been very good, with an overall rating of at least 'satisfactory' for more than 90% of the evaluated funds. Assistance was relevant to the beneficiary countries' objectives, and had made a positive impact. This impact was particularly noticeable for environmental infrastructure projects, where the benefits were rapid and measurable. Twinning had been a considerable success, both in building institutions and in developing sustainable relationships with EU-15 Member States' ministries.

1.3. Evaluation Questions

8. This evaluation focuses mainly on the outputs produced by the national and cross-border co-operation and multi-beneficiary Phare programmes in the area of environment. It assesses the impact and sustainability of these outputs. It also assesses the effectiveness and efficiency of the environment programmes' contribution to the actual performance of programmes in the beneficiary countries, taking into account EU standards as benchmarks where relevant.

9. Evaluation Questions were established in Terms of Reference (ToR) for the evaluation, and these were divided into sub-questions. The methodology is given in the ToR in Annex 1. The key Evaluation Questions for this evaluation are:

- What have been the strategies for the use of Phare to assist candidate countries to prepare to participate in the environmental *acquis*, and what Phare programmes and finance have been deployed?
- To what extent was Phare environment support cost effective?

² Communication from the Commission to the Council and the European Parliament on 2003 Environment Policy Review, COM(2003)745final.

³ ISPA as a pre-accession instrument established in 1999, was designed to address major environmental and transport infrastructure priorities in the CCs for the period 2000-2006. For the new member states, following accession, projects previously financed under ISPA are now part of the EU Cohesion Fund.

⁴ 'From Pre-Accession to Accession - Interim Evaluation of Phare Support Allocated in 1999-2002 and Implemented until November 2003' published by the Evaluation Unit of DG Enlargement in March 2004.

⁵ The total funding includes Phare National, CBC, regional development and multi-country programmes.

- To what extent has Phare environmental support contributed to the alignment with and implementation of the environmental *acquis* as well as to building of public administrative capacity? Have all intended results been achieved?
- What are the effects of Phare environment support in terms of immediate, intermediate and global impact? Was Phare able to improve the pre-requisites towards better environmental conditions in the CCs over the period when it offered support?
- To what extent have Phare environment programmes supported economic and social cohesion (ESC) and the preparation of the CCs for utilising EU Cohesion Funds?
- To what extent are the results and impacts of Phare environment support sustainable?

1.4. Sources of evidence and sample project database

10. This report was compiled substantially on the results of evaluations conducted under each phase of the overall Phare *ex post* evaluation: Phase 1 (Multi-beneficiary programmes), Phase 2 (National and Cross Border Co-operation {CBC} programmes) and Phase 3 (thematic evaluations, specifically CBC) (see Annex 8). Additionally, as envisaged in the ToR, there were interviews with stakeholders in Brussels, new Member States and accession countries (see Annex 9). Following a sampling approach, a number of countries were selected for this Phare evaluation covering three 2004 new Member States (Latvia, Poland and Slovenia) and the two accession countries in 2007 (Bulgaria and Romania). For the purpose of this evaluation a database was established, comprising Phare environment projects identified under national, cross border co-operation and regional development programmes. The data have been compiled for the five sample countries and cover Phare support provided between 1999 and 2004 (see Annex 3). The database contains more than 150 projects, totalling a funding of €436m for the five countries.

1.5. Limitations affecting the evaluation

11. The level of analysis that could be achieved by this *ex post* evaluation was restricted by constraints in the field, namely the limited availability of in-country data (no data were systematically collected by beneficiaries after project termination), limited availability of persons familiar with the key outputs (the main contacts were those directly implementing Phare, but results are often used by technical staff in ministries with whom there were no contacts); and also by the limited number and quality of interview responses, as well as the limited resources available for the evaluation in terms of staff and time.

2. STRATEGY, IMPLEMENTATION AND EFFECTS

12. This chapter examines the performance of the 1999-2004 Phare environmental programmes, based on considerations of needs assessment and design, inputs, outputs, impact and sustainability, set against the Evaluation Questions detailed in Annex 1.

2.1. Assistance followed pre-accession strategy closely but was hampered by weak design

13. The main strategic underpinning for Phare environment support comprised the accession negotiations and monitoring documents. Support was accession-driven from 1997 and focused on measures to tackle shortcomings identified in the Commission's reports monitoring the progress of CCs towards accession. These Regular Reports allowed assistance to be targeted within the framework of the Accession Partnerships, Action Plans and the accession negotiations, and they mobilised political will and resources within the CCs to address the institutional and funding issues demanded by the *acquis*. Since in most CCs environment ministries were relatively newly-established organisations with a rather low profile, the general Phare support to institution-building activities was particularly justified in this sector.

14. ***Environment interventions were in line with the pre-accession strategy.*** The predominant part of Phare assistance met the specific requirements of the *acquis*. The sector is characterised by a limited number of key sub-sectoral umbrella Directives,⁶ which provide an inherently logical framework for programming assistance. Later Phare assistance was directly linked to national environmental strategies or National Environmental Action Plans (NEAPs).

15. ***However, national environmental sector documents were of uneven quality*** and this adversely influenced the preparation and realisation of Phare interventions. The strategic documents were not of the best quality and the NEAPs in particular were often little more than shopping lists without a usable definition of priorities. This was recognized by the CCs in many cases. As a consequence, national sectoral documents were sometimes not used in the decision-making process – for example in the selection of priority interventions which were to receive international donor support. There was also no strategy for building up the capacities of implementing bodies before investments in environmental infrastructure were planned, so that the latter were sometimes implemented with inadequate administrative structures and poorly-qualified staff.

16. The importance of preparing coherent and prioritised investment strategies was already highlighted by the Commission in the 2001 communication on environmental financing in CCs,⁷ but is only being recognised by most new Member States now that they are operating and absorbing Cohesion and Structural Funds.

17. ***In many cases it was Phare that, for the first time, helped to introduce national strategic sector documents.*** For instance the National Strategy for the Environment and the Action Plan for 2000–2006 in Bulgaria were developed with the support of twinning partners and approved by the Government in 2001. This strategy has a primary focus on the activities and measures for practical implementation of existing legislation with the aim of improving the quality of life and protecting the environment. The Action Plan includes the main goals, basic

⁶ Water Framework Directive (WFD); Integrated Pollution Prevention Control (IPPC); Seveso Directives; Natura 2000; Biological Safety Directive; and Directive on Environmental Impact Assessment.

⁷ Communication from the Commission on The challenge of environmental financing in the Candidate Countries, COM(2001)304 final.

measures identified, responsible parties and assessment of the required costs. The identified measures are included in the National Plan for Economic Development 2000 – 2006, the ISPA Strategy paper – Environment, and other sector programmes and strategies. Implementation of the Action Plan is ongoing. In Romania, with the help of Phare 2001, an environmental cost assessment and investment plan was initiated for the first time. Through delivery of such a cost assessment, the assistance became strategically relevant, significantly contributing to the updated Romanian NEAP and to preparations for Romania's National Development Plan (needed in order to access Structural Funds).

18. ***There has been a learning process in assistance preparation.*** A general problem reducing the relevance of Phare assistance has been the excessive length of the programming cycle. Many local stakeholders confirm that approval procedures were too long in relation to the changes and improvements needed in project fiches. The difficulties in programming were not specific to the environment sector but were observed in all Phare sectors (see Box 1). Assistance was better designed in later years (post 2001), generally better structured, and often built on the outputs and recommendations of previous assistance, but many indicators of achievement still lacked quantification, timescale and baselines, and even by 2004 were still assessed as too vague.⁸ Better preparation and more experience in the CCs and the EU-15, and improved twinning manuals, all had a beneficial effect, allowing targeting of assistance to become more precise. Early and active involvement of line DGs helped to ensure more appropriate designs.

Box 1: Key deficits in Phare programme preparation

- Poor quality of basic national strategic documents on which the Phare programmes were based;
- Variable performance and uneven quality control by NACs;
- Insufficient technical skills and low motivation to improve programming quality, reflecting under-resourced and badly-motivated ministry staff;
- Programming documents lacking clarity, too hastily prepared, over-ambitious and complex, with poorly defined IoAs, making it difficult to prepare good ToR or a twinning covenant;
- Insufficient or too late use of needs analysis;
- Programming not sufficiently based on accession needs but sometimes demand- or funding-driven;
- Annual planning cycle encouraged short-term thinking by overloaded ministry staff ;
- Programme planning did not always take into account the low absorption capacity of beneficiaries or, for investment, the level of development of the targeted areas.

Source: Interim Evaluation Reports

19. The particular nature and characteristics of the environment sector often require a longer time horizon for programming which does not always fit very well in an annual cycle. The change to a multi-annual programming perspective in 2004 was beneficial for the two accession countries, Bulgaria and Romania, as it helped to reinforce the need to think in terms of a longer-term perspective and placed a higher value on specific purposes than on outputs.⁹

2.2. Coverage of the components of the environment *acquis* was not well balanced.

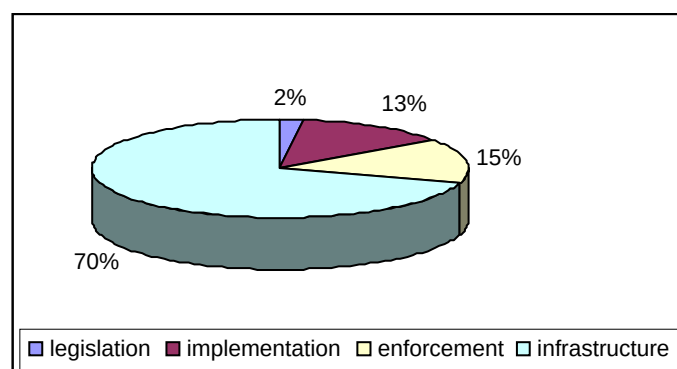
20. The environment sector requires far more finance than is available, and therefore prioritisation is very important. However, prioritisation proved difficult for CCs, due to insufficient technical and administrative capacity. The balance of coverage of the environment sub-sectors was too heavily weighted in favour of the water sub-sector, to the detriment of other sub-sectors. Around 70% of the Phare funds during the period under review went directly or indirectly as investment into infrastructure and environment protection investments (mainly wastewater collection and treatment), without any clear underlying strategic rationale.

⁸ Phare interim evaluation Romania – sector environment, November 2005.

⁹ Phare *ex post* evaluation national and CBC programmes – Romania.

21. ***A predominance of investment led to easier absorption of funds.*** Around 70% of the Phare funds went directly or indirectly as investment into environment protection infrastructure, while the remaining 30% supported legislative adjustments and bringing CC systems, structures and administrative capacities into line with EU requirements (see Figure 1). Apart from the obvious need to tackle pressing environmental problems in CCs, the environment was seen by many stakeholders as a good sector for implementing larger infrastructure interventions, leading to easier absorption of funds. In many CCs, CBC was an area where timely fund absorption was heavily dependent on environment infrastructure.¹⁰

Figure 1.- Phare ENV support 1999-2004 according to intervention areas



22. In some countries Phare funding was significant, and of the five sample countries this was true for Bulgaria, Latvia and Romania (see Annex 4). The provision of funds under the Large Scale Infrastructure Facility (LSIF) led to a substantial increase of Phare environment funds in all CCs for 1999. The purpose of LSIF was to serve as a precursor for the ISPA facility. In later years Phare's role as an investment provider substantially diminished with ISPA taking over the pre-accession financing of environmental and transport investment.

23. ***Pre-accession funding is only a small part of what is required in the environment sector, and prioritisation is very important.*** In order to ensure that the scarce resources available for environment assistance were used as effectively as possible, it was important to prioritise interventions and to fund those with the greatest potential impact first. However, as noted by the Court of Auditors, it was not always the highest priority projects that were funded, but those that were ready for implementation.¹¹ Even then, in reality much Phare assistance approved for funding and assumed to be 'ready-to-go' often required significant further preparation. Financing and prioritising proved difficult for CCs. Lack of technical capacity at municipal level (the main project promoters), and insufficient administrative capacity at central and regional levels to ensure proper planning and co-ordination of financing sources and support to municipalities, remain important obstacles.

24. ***The predominant part of Phare funding was allocated to water interventions, particularly wastewater collection and treatment.*** The imbalance of the environmental sub-sectors is shown in Figure 2.¹² Although the balance of environment expenditure varies from

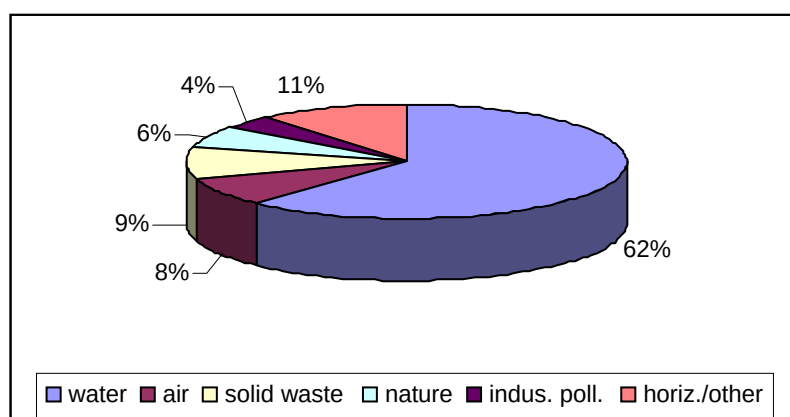
¹⁰ The thematic evaluation of Phare CBC carried out as part of the overall *ex post* evaluation argues that it would be desirable to move CBC environmental projects to the national Phare programmes to free up funds for projects that could add more capacity building for Structural Funds. In the period 2000-2003, the biggest CBC intervention area was infrastructure (mostly transport, 33%, and environment 29%).

¹¹ Special Report of the Court of Auditors No 5/2003.

¹² For the purpose of this evaluation the following sub-sectors have been identified: (i) water, (ii) air, (iii) solid waste, (iv) nature protection, (v) industrial pollution, and (vi) other/ horizontal issues.

country to country and over time, the general trend towards a focus on water and wastewater can be observed in almost all EU countries.¹³

Figure 2.- Phare environment support 1999-2004 according to sub-sectors



25. In comparison to the 62% of the Phare funds allocated for water and wastewater interventions, solid waste has been largely neglected, at 11%, even though it features in the NEAPs. The opinion of beneficiaries interviewed confirmed that in some of the countries solid waste should have received more assistance. While the compliance cost for this sector is lower than for the water sector, the problems are just as serious. A key priority in this area is the creation of large regional landfills and the closure of small often unplanned and uncontrolled landfills. ISPA has frequently financed new landfills in the absence of national and regional waste management plans,¹⁴ and Phare funds could have been utilized, for example, to prepare waste management plans to prepare the ground for ISPA interventions. One possible explanation for the emphasis on wastewater and the relative neglect of solid waste could be the high political priority given to water and wastewater. Water was also the area where the beneficiary country usually possessed the greatest knowledge and where the interventions were least controversial.¹⁵

26. Other areas that were given relatively little priority were air pollution and nature protection.¹⁶ Nature protection only received Phare support from 2004 onwards, though it had previously received support from other bilateral and international donors (including the Global Environment Facility (GEF) and the World Bank). Despite the huge needs for remedial action, relatively little funding (both Phare and ISPA) was reserved for the air sub-sector, even though it was identified as a priority in all national ISPA strategies. This could be explained by the fact that most of the environment needs for the air sector are in large privately-owned combustion plants.

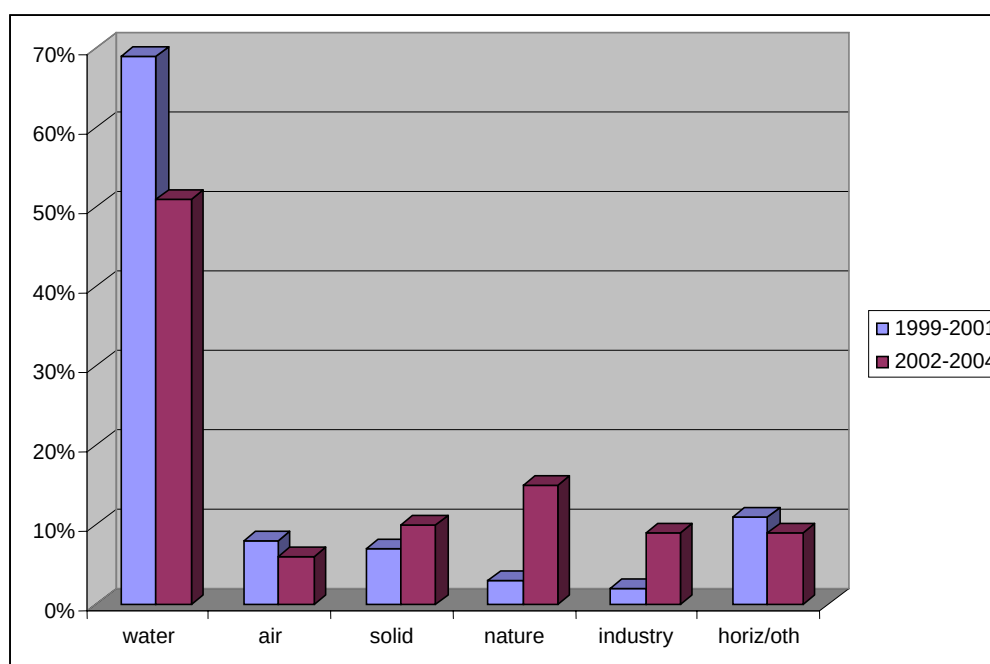
27. Figure 3 compares the Phare environment funds in the period 2002-2004 with 1999-2001. Water and wastewater still dominate, but during 2002-2004 there was a considerable shift towards nature protection and industrial pollution. This reflects major accession commitments, such as *Natura 2000* and implementation of the Integrated Pollution Prevention Control (IPPC) and Seveso II Directives, which had to be tackled with Phare support.

¹³ At country level the share of the environmental domains differ, but generally it is investment into wastewater that received contributions from the public sector (see EUROSTAT, Environmental Protection Expenditure in Europe by Public Sector and Specialised Producers 1995-2002; October 2005).

¹⁴ Special Report of the Court of Auditors No 5/2003.

¹⁵ However, some interviewees (particularly in Poland) claimed that drinking water quality did not receive enough attention.

¹⁶ This was noted by interviewees in Romania.

Figure 3.- Phare environment support: sub-areas 1999-2001 vs 2002-2004

2.3. Cost-effectiveness improved with time but was hampered by inefficient procedures

28. The cost of the Phare environment programme was substantial (with funding of more than €650m during the period under review, 1999-2004), but outputs and results were also substantial, especially in the later period.¹⁷ In terms of results, Phare helped establish and strengthen administrative structures and enforcement agencies at regional and local levels, and Phare environment investments contributed to protecting and improving the quality of the environment. However, the extent of outputs and results were adversely affected by many inefficiencies in the preparation and approval of programme documents, and while management capacity did improve, and coordination of the different pre-accession instruments was good, coordination between ministries and coordination with other donor aid could have been improved.

29. ***Phare has been effective in establishment and strengthening of administrative structures required for implementation of the acquis, especially enforcement agencies at regional and local levels.*** Phare assistance for the creation of new institutions and the harmonisation of others often led to better allocation of roles and responsibilities between the structures.¹⁸ In particular institutional analysis conducted via twinning often resulted in more effective administrative structures. Phare guidance on developing strategies helped CCs to understand and tackle environmental issues in a coherent way, with better prioritisation and easier access to finance. Enforcement is a crucial part of adopting the *acquis*, and Phare made good use of twinning to help enforcement agencies to understand EU environmental policy and to realise the importance of good inter-ministerial co-ordination. While Phare assistance to institution-building was generally effective, it was sometimes undermined by successive institutional restructuring within the beneficiary bodies, which caused development of administrative capacity to be less than expected.

¹⁷ The total funding includes Phare national, CBC and regional development programmes see Annex 4. Additionally, €1.5m were provided by the 2002 multi-beneficiary environment programme. Typical outputs are given in Annex 5.

¹⁸ For more details, see Annex 6.

30. ***Environment investments have effectively contributed to protection and improvement of the quality of the environment, but much more remains to be done.*** Phare has made a significant contribution to equipping Regional Environmental Inspectorates and laboratories across many CCs to enable them to carry out environmentally-related control and inspection duties in line with EU provisions. However, significant further strengthening is needed, particularly at regional and local levels, given the amount and variety of tasks needed to enforce the requirements of the EU Directives. In terms of infrastructure, WWTPs, sewerage systems, waste disposal sites and various other ecologically relevant (pilot) facilities were effectively constructed or upgraded. These are a necessary part of the implementation of the *acquis*, as well as protecting and improving the quality of the environment. However, full compliance with the major environment directives requires a massive investment, and transitional arrangements, with intermediate targets, had to be agreed for some directives.

31. Enforcement of the *acquis* posed several institutional challenges for the CCs, due either to political instability and a lack of political will to establish the rule of law and ensure that local industries comply with environmental requirements, or to a lack of awareness of the environmental requirements among local officials and businesses. Economic operators did not consider the environment important and there was an unwillingness to undertake a proactive role in environmental protection. There was a lack of resources and a high staff turnover at regional environmental inspectorates. It is recognized that these institutional challenges are not unique to CCs, and that the EU-15 countries also have to deal with them.

32. ***Efficiency of environment assistance was adversely affected by uneven quality of project fiches, time-consuming preparation of twinning covenants, lengthy and complicated chain of authorisation for approval of documents, inflexible interpretation of Phare contract procedures, and poor coordination with other donor aid.*** The implementation weaknesses prevalent in all sectors continued to affect the environment interventions. Beneficiaries confirmed that the period between planning and implementation was too long.¹⁹ A frequently-heard complaint from CCs was that the Commission too often changed contract procedures, which further complicated management and delayed implementation. In addition, beneficiaries were not always sufficiently familiar with the procedures, due to a lack of training in their use or because of high staff turnover, which is typical of many CC administrations. Bureaucratic delays in the pre-implementation stage sometimes reduced significantly the time available for carrying out the actual work.

33. Some investments suffered from poor planning, because municipalities did not want to spend money on preparations for investments for which they were not sure whether they would receive the financing,²⁰ whereas active municipalities that were not afraid to invest in preparation were able to benefit from Phare funds. Other factors affecting the efficiency of implementation were availability of co-financing, use of grant schemes and eco-funds, and coordination with other donor aid. In summary, more impact could have been obtained from the Phare funds if the above inefficiencies had not been present.

¹⁹ By the time assistance can start, needs might have changed, or the respective Ministry of Environment might have already addressed the urgent needs from its own sources.

²⁰ See for example Phare Interim Evaluation Report – sector Environment - Bulgaria, 2002.

34. **Management capacity improved as the level of importance given to the environment by national administrations increased over the accession period.** In earlier Phare assistance, implementation was too dependent on a few key personnel, but as the profile of environmental issues rose, more staff and resources were dedicated to implementation of the later Phare environment programmes. Several new institutions were established and ministries restructured, placing greater emphasis on the approximation process (see Box 2).

Box 2: Improved programme management in Slovakia

A positive example of Phare management is the Slovak Ministry of Environment MoEnv, where Phare and Transition Facility programming and co-ordination has been entrusted to the Department of Project Programming (DPP) at the Slovak Environmental Agency – an agency of the Ministry. The DPP, being free from other tasks, could really focus on effective management of Phare and Transition Facility funds. Staffing is quite stable, with key staff in post for five years. This serves as an example of good practice for other sectors in the country.

Source: *Ex-post* evaluation of Phare national and CBC programmes - Slovakia

35. However, a constant area of concern has been the difficulty of defining responsibilities and co-ordinating activities between the environment ministries and other sector ministries with responsibilities for environment-related issues. Coordination between central, regional and local authorities proved difficult, and requires continuing attention to improvement. Despite the inexperience of the CCs and the delays referred to above, assistance was in the main contracted just within the legally-required period. From the *ex post* perspective, management and co-ordination of institution-building and approximation of legislation were generally adequate.

36. **Integrated approach using multi-beneficiary programmes was successful.** Most Phare assistance in the environmental area was under national programmes, but environmental support was also given in the form of regional development, cross-border cooperation, multi-beneficiary programmes (MBP) and other sectoral programmes. National and multi-beneficiary environment programmes worked well together, mainly due to overseeing by the Commission, in particular DG Environment, which was responsible for the design of multi-beneficiary assistance. The Phare MBP addressed problems that required action across political boundaries and that were unlikely to have been tackled by individual country actions. As such, Phare MBP complemented Phare national programmes well. The environment MBP provided added value to the solution of problems by speeding up the rate at which they were tackled and by facilitating cooperation between the parties concerned. The partnership approach between the Commission DGs and beneficiaries led to increased relevance and sustainability of the intended outputs.

37. Judged as a whole, although some individual programmes did not have a well structured design, MBPs achieved their objectives satisfactorily. For example, Phare MBP provided effective support for improvement of the water quality through the implementation of the Black Sea and Danube International Conventions and for improvement in air quality, through the establishment of monitoring and evaluation systems in the Black Triangle. Support from MBP funding was also crucial for entry to key agencies, such as AC-IMPEL and the EEA, which would not have happened bilaterally.

38. **Good coordination between Phare, ISPA and SAPARD.** The Commission ensured close co-ordination between the three pre-accession instruments Phare, SAPARD and ISPA, as required by the Coordination Regulation.²¹ The Phare Management Committee played a key role in the general co-ordination of the three pre-accession instruments. At national level,

²¹ Annual ISPA report from the Commission – 2003.

overlaps between the different types of Phare assistance (national, CBC, multi-beneficiary), and between Phare environment and ISPA/ SAPARD were avoided.

2.4. Considerable catalytic effect with both ISPA and other donor funds

39. ***Phare has proved to be complementary to ISPA***, and generated a catalytic effect. Because of the large size of ISPA interventions, considerable effort was necessary in their preparation, and in particular in preparation of tender dossiers. Phare TA helped both to achieve these aims and to prepare pipelines of well-prepared projects, which was an essential precondition for the take-up of ISPA funds, and it thus had a catalytic effect (see Box 3).

40. The establishment of the Phare Large-scale Infrastructure Facility (LSIF) for the period 1998/99 placed emphasis on assistance which would leverage maximum additional financing from international financing institutions (IFIs). Phare prepared the ground for investments through the development of planning documents and preparatory studies, and ISPA funds stimulated beneficiaries to explore the need for co-financing from multiple sources.

Box 3: ISPA preparation in Romania

Under the 1998 and 1999 allocations Phare financed a framework contract to help with the establishment of the ISPA unit and to define the ISPA national strategy. Some components from Phare LSIF provided TA to help the municipalities with the preparation of the first ISPA applications. Romanian officials indicate that this proved to be successful, as Romania started ISPA projects on time and committed all the funds.

Source: interviews

41. ***Phare also had a considerable catalytic effect with IFI funds***. According to feedback from beneficiaries, Phare funds had a multiplier effect by attracting IFI finance which would otherwise not have been available. In a number of bigger investments, as realised under the 1999 Phare LSIF, institutional investors such as EIB and EBRD provided loan financing to support Phare infrastructure assistance. The Court of Auditors also stated that Phare had worked effectively to increase funding from EIB, EBRD and other IFIs.²² The initial experience gained from combining various finance possibilities (grants/loans), including public/private partnerships, continued to be useful for improving the financial quality of assistance funded from ISPA and, following accession, from the EU Cohesion Fund.²³

42. Phare has mostly been successful in the preparation for ISPA applications, although not always. According to the Court of Auditors, the TA was overburdened by the amount of work that needed to be carried out in a very short period of time, and did not always produce the expected results. Also the Commission's own capacity for appraising applications and supplementary work carried out by consultants was limited. For instance, an ISPA application in Bulgaria failed to reach its objectives because a decision by the Ministry of Environment and Waters on the preliminary environmental impact assessment for the proposed sites was negative,²⁴ while in Latvia the 1999 LSIF focused on preparing water service activities for ISPA funding, but only one ISPA intervention reached finalisation of the tender document stage in time. However, at the time of writing three out of the original five ISPA projects were coming to fruition with the help of national co-financing (Ventspils Water, Riga Water and Jelgava Water). These projects are currently being implemented and should have the anticipated impacts on the quality of water in these three Latvian cities.²⁵

²² Special report of the Court of Auditors No 5/2003.

²³ This was mentioned *inter alia* by Polish beneficiaries.

²⁴ Interim Evaluation Report Bulgaria – sector environment, November 2002).

²⁵ Phare *ex post* evaluation national and CBC programmes – Latvia.

2.5. Assistance was a successful agent for change, but wider impact was limited.

43. The overall objective of Phare was to help CCs implement the *acquis*, and virtually all assistance has contributed towards this objective. However, in most cases it would be very difficult, if not impossible, to separate the impacts of the Phare programme from the impacts of other components of the accession process or the contributions of other donors, not least because of the general absence of adequate indicators of achievement. Developments to which Phare programmes have contributed have been strongly driven by the prospect of accession. Factors such as the increased profile of the environment sector and political pressure to tackle environmental issues to comply with the *acquis* have clearly contributed to a climate conducive to the achievement of Phare objectives. An overview of the principal observed impacts (immediate, intermediate, and wider/socio-economic) of the Phare environment programmes is given in Figure 4.²⁶

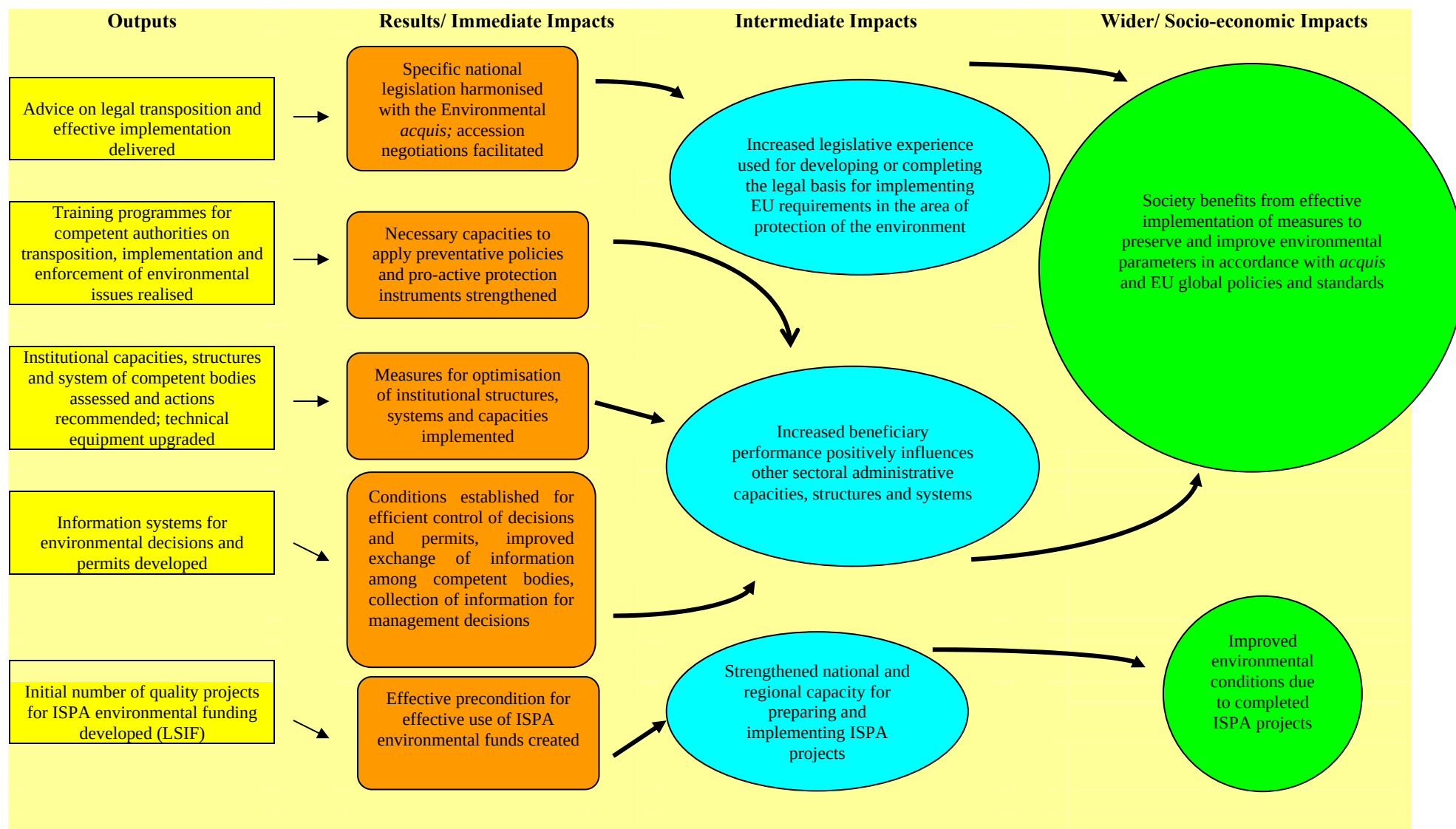
44. ***Overall, the new Member States were found to be generally on track in making their regulatory frameworks conform to the environmental requirements of the EU***, but achieving effective enforcement on the ground remained a continuing challenge following accession. Several new Member and accession States still had much to do to secure the administrative structures and institutional capacities needed. The assistance under review was influential in promoting and supporting institutional change in an accession-related context by restructuring existing institutions, establishing new institutions, aligning legislation, and strengthening administrative capacities. In the main, the intended legislative and administrative impacts were achieved, or preconditions for their successful achievement had been put in place. For Bulgaria and Romania, the Commission's most recent Monitoring Reports confirm that both countries were generally meeting the commitments and requirements arising from the accession negotiations and that final preparations were under way for completion (see Annex 6).

45. An indirect assessment of the overall legislative impacts produced by Phare over the years can be made to a certain extent by looking at the overall transposition of community law, which included the ten new Member States for the first time in 2004 (see Figure 5). Although the extent of the Phare contribution to the timely and correct transposition of different directives cannot be quantified, the fact that the environment, health and consumer protection sectors had already exceeded a transposition rate of 98% in 2004 must be seen as very positive, as must the underlying technical work supported by Phare.

46. ***There were additional immediate impacts in collaboration and networking*** affecting those involved in executing or benefiting from assistance. Such immediate effects were manifested *inter alia* in an improved ability of participants and beneficiaries to network and to collaborate and communicate within their respective services. By the end of an intervention those involved had enhanced their personal skills and knowledge base. They were often better at managing internal resources, or in the professional formulation of sector-related forecasts and developments. As a result, personal reputations and image were enhanced.

²⁶ Immediate objectives/project purposes provide a basis for assessing an intervention in relation to the short-term results/immediate impacts that occur at the level of direct beneficiaries/recipients of assistance. Wider objectives provide the basis for assessing an intervention in relation to its short to medium-term effects on both direct and indirect beneficiaries/recipients of assistance (intermediate impacts). Global objectives provide a basis for assessing an intervention in relation to and more diffuse effects (global impacts).

Figure 4.- Overview of main Phare impacts observed in the area of environment



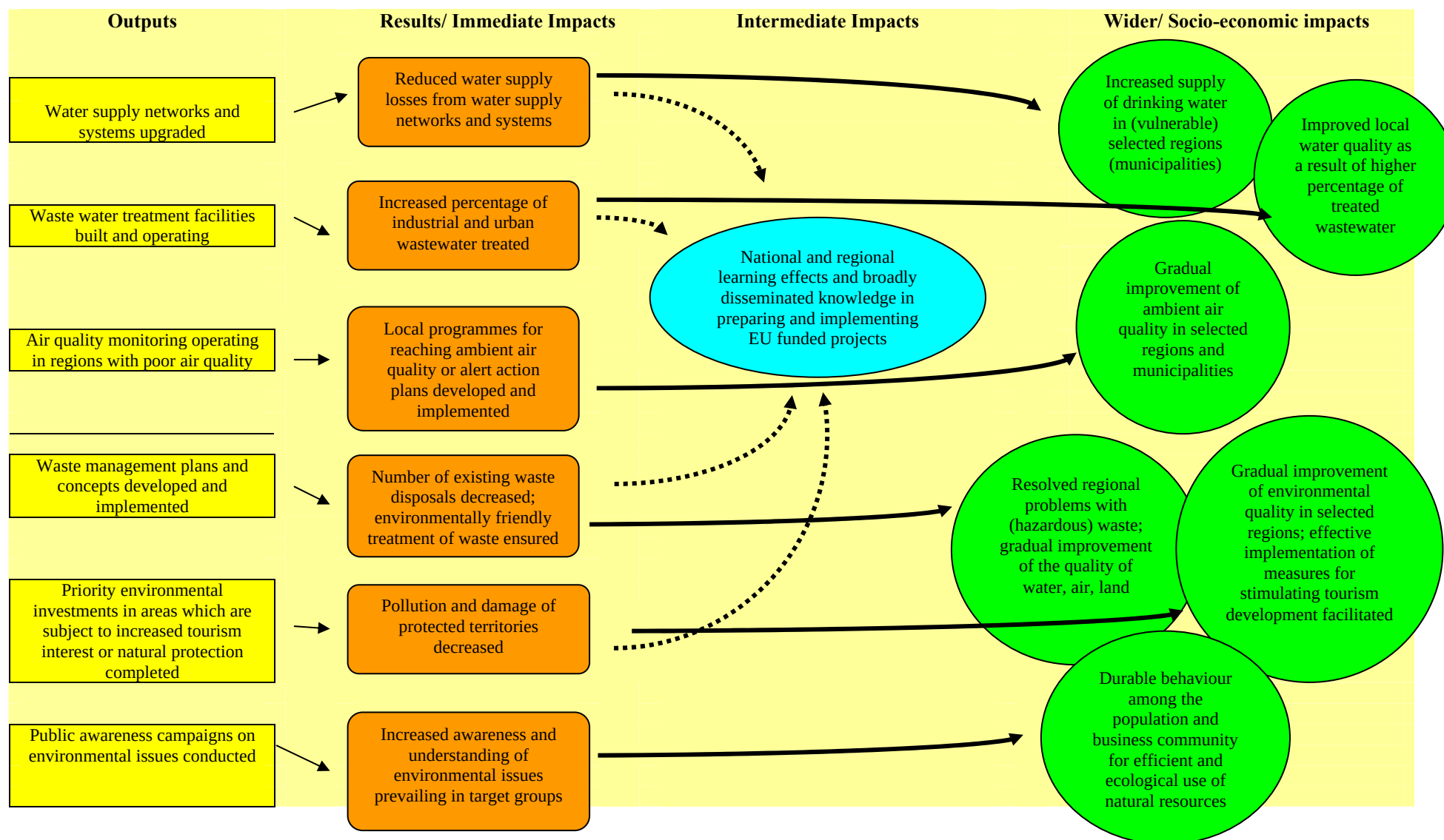
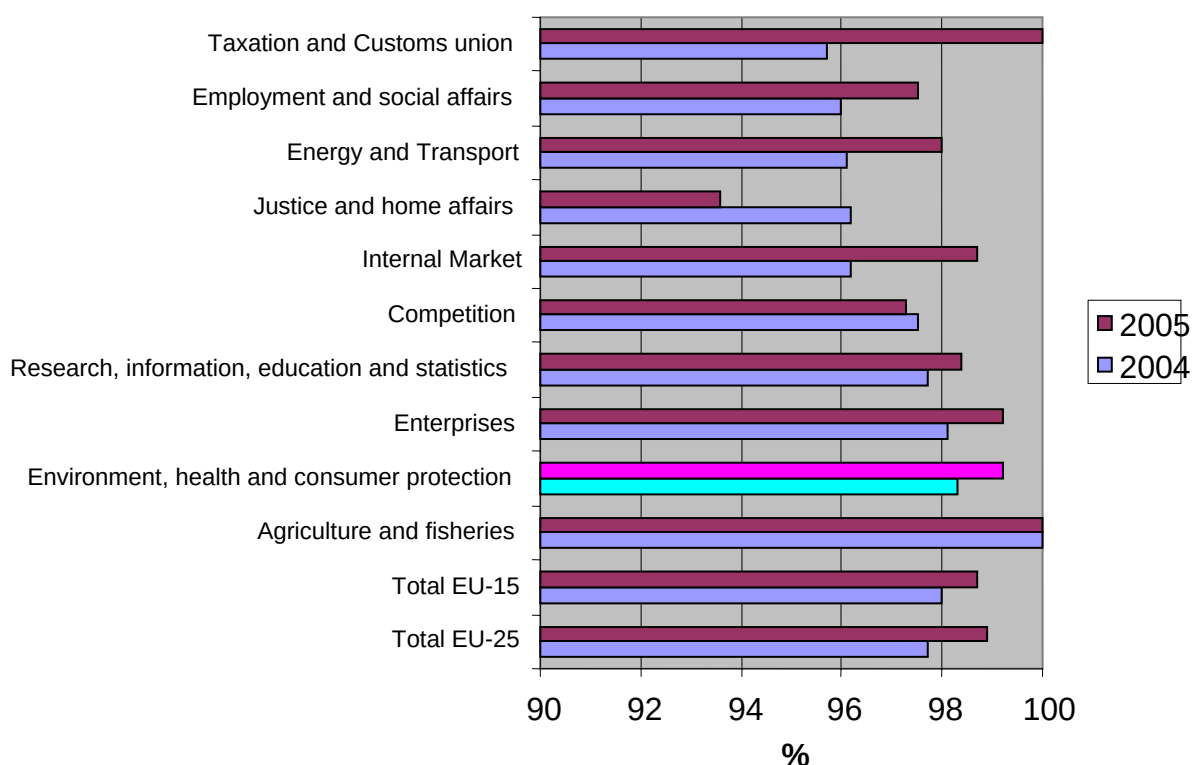


Figure 5.- Transposition of Community law (%)²⁷

47. ***Wider application of IPPC was an example of intermediate impacts observed under membership conditions.*** Overall, the increased efficiency of those institutions that received Phare support and thus of their outputs has been remarkable, and reflects the increased uptake of the immediate impacts produced by Phare. An example of an effect of the increased outputs is the registration of polluting industries and issue of permits (see Box 4). However, it is difficult to distinguish the impact of institution-building interventions since outputs (such as working procedures, legal acts, increased professional knowledge etc.) are integrated into the overall work of beneficiaries.

48. ***The progressive adoption of the environmental acquis during the last decade tightened environmental policy and can be seen as part of Phare's contribution to wider impact.*** Compliance with the *acquis* was continuing to bring clear benefits for public health and reducing costly damage to forests, buildings, landscapes and fisheries. Pre-accession assistance contributed to compliance with the *acquis*. Several Phare interventions targeted specific EU Directives, for example the Water Framework Directive, implementation of which leads to an integrated and co-ordinated approach to water management based on the concept of river basin planning. This change in approach contributes to sustainable use of water resources, reduction of water pollution and reduction of the risk of flooding and droughts. Overall, implementation of the Water Framework Directive was bringing widespread benefits to the environment and to the human population thus also reflecting the wider impact to which Phare assistance has contributed. On the other hand, new pressures on the environment arise

²⁷ Source Eurostat: *Measuring progress towards a more sustainable Europe; sustainable development indicators for the European Union*; 2005 Edition. The indicator is based on the notification by member states to the Commission of the national measures for the implementation of directives in all sectors. The number of directives notified is expressed as a percentage of the total number of applicable directives in each sector.

Box 4: Examples of intermediate impacts in environment

Seveso II Directive in new member states and CCs

In a number of beneficiary countries, such as Bulgaria, the Czech Republic, Poland and Romania, Phare twinning support was utilised to assist in transposing and implementing the Seveso II-Directive on the control of major accident hazards involving dangerous substances. In 2004 the Commission Services undertook a monitoring exercise on the progress made with implementation of this Directive. The ten new Member States and Bulgaria replied with information on strategies for testing external emergency plans, for implementing land-use planning requirements, for public information, and for inspections. Overall, the data delivered showed that the countries were progressing well with the implementation of the Directive. For Bulgaria the data were based on an inventory of potential Seveso sites, prepared with the help of a Phare 2001 intervention. In the ten new Member States, the operators of Seveso establishments had already sent their notifications to the competent authorities. Estonia, Hungary and Lithuania were well advanced with the process of drawing up external emergency plans.

Source: DG Environment

IPPC in Czech Republic

The Czech Republic had three Phare twinning operations in the area of IPPC implementation. The first twinning in 2000 assisted in the establishment of implementation structures and the register needed for IPPC. It was followed up by a 2001 Twinning Light, and the final 2002 twinning completed the preparation and reinforced the IPPC structures and capacities. The most valuable benefit from twinning, apart from the administrative improvements, was the opportunity to exchange experience and stimulate network building between participants. By September 2005 approximately 1,500 installations had been registered, 501 applications submitted and 356 permits issued.

Source: Czech Ministry of Environment

after integration of CCs into the common market with more intensive forms of land use, like road construction, urban expansion, increasing traffic, and modern agriculture.

49. Wider impact of Phare contribution to investment is limited at national or regional level. The overall impact of Phare environment infrastructure investments must be assessed against the total scale of investment needed. The total amount of environmental protection expenditure (investment and current expenditure) varies greatly between countries and over time. The total cost of investment by the new Member States in environmental protection to comply with the EU legislation was estimated by the Commission to be between €50bn and €80bn, and implementation of the Water Framework Directive (WFD) alone could amount to €15bn.²⁸ Against such a background Phare could only play only a minor role in terms of environmental improvements, despite the substantial allocations for that purpose.

50. The wider impact of Phare is often dependent on external elements. In some cases, Phare funded only one element of a whole scheme, and its impact was dependent on completion of components beyond the control of the Commission Services. For example, where Phare financed the upgrading of a sewerage system as a comparatively minor element of a multi-funded intervention, the impact of the Phare component was to a very large extent dependent on successful completion of the other elements, in particular the wastewater treatment plant. Moreover, tracing the socio-economic impacts of Phare environmental assistance is difficult in the absence of any statistical data. The same difficulty was reported in a recent *ex post* evaluation of environmental infrastructure assistance under the EU Cohesion Fund.²⁹

²⁸ 2003 Environmental Policy Review, COM(2003) 745final/2.

²⁹ A recently conducted *ex post* evaluation of the Cohesion Fund reported great difficulty in analysing the balance between costs and benefits of environmental projects. In many cases the environmental benefits were insufficiently documented. The quality of data was such that general conclusions on the socio-economic impact of environmental projects were hard to draw. Even the use of cost-benefit analysis for project selection in this field was found questionable (Ex post evaluation of a sample of projects co-financed by the Cohesion Fund (1993-2002); ECORYS, January 2005).

51. Other socio-economic effects, such as economic development, employment and increased cohesion, were usually not the main aim of environment interventions. Overall, the relatively limited Phare funds only delivered minor socio-economic impact at national or regional level. Wider impact was also limited because there was often little or no integration of infrastructure interventions with other development initiatives funded either by Phare and other donors or through national budgets. Such socio-economic impact often depends on external factors and not all assistance was successful in producing the expected effects (see Box 5). Information on employment effects resulting from Phare-funded infrastructure investments is limited. However, there will have been short-term employment effects during the construction of infrastructure, and in some cases further employment from running and maintaining the infrastructure in the longer term.

Box5: Remediation of uranium mines in Bulgaria

The purpose of a 2001 CBC project was to develop a remediation programme for outdated uranium mines in Southern Bulgaria. Measures to remediate the environmental damage resulting from mining activities were prepared to serve as a base for later 'clean-up' investments. Whilst the Phare project was successful, progress in resolving the environmental problems remained moderate in the absence of sufficient financial means. Efforts to obtain financing from pre-accession funds (particularly ISPA) were not successful, due to the special characteristics of this environmental problem. The area is characterised by high rates of unemployment, but the original plan for creating temporary jobs for the local population has not been realised yet due to slow progress in implementing investment projects.

Source: Bulgarian MRDPW

52. **However, environment assistance had an important catalytic effect in securing other investment impacts.** While the direct impact of Phare investment at a national level was limited, Phare was a positive catalyst for significant wider impact arising from major investment through ISPA, EIB, EBRD and other donors (see 42). In some cases the Phare investment was a planned precursor to ISPA or IFI funding, and in other cases the presence of Phare raised the awareness of (potential) beneficiaries on the availability of IFI and bilateral funds for environmental investments. As a further positive catalytic effect, Phare strengthened the institutional capacity of the environment institutions in the CCs, which enabled them to pursue other donor assistance more effectively. Several Phare interventions contributed to raising awareness in industry, for example of IPPC, which triggered investment by industry in pollution abatement and cleaner production. Phare CBC interventions provided financial leverage in the areas of environment and particularly transport, which was essential for maximising regional and national financing.³⁰

53. **Environment interventions also made a wider impact at local level.** Wider impacts at local or municipal level were evident for the overwhelming majority of infrastructure interventions (see Box 6). For instance, the environmental impact of wastewater treatment infrastructure includes positive effects on riverine plants, fish, amphibia and other aquatic organisms as well as on birds and mammals which swim in and drink from these waters. Access to drinking water and its quality has often improved considerably for the local population as a direct effect of Phare interventions. In consequence wider impact in terms of living conditions and economic effects materialised at local level. An improved environment often resulted in more sustainable conditions for tourism

Box 6: Local impact of Phare investments

The environmental situation has changed positively at local level as a result of Phare infrastructure interventions. Some Phare projects were implemented in heavily polluted areas such as Upper Silesia in Poland, and locally made a clear difference. In Latvia, specific 1999 Phare interventions focused on drinking water quality in the municipalities of Liepaja and Madona. Two thirds of the inhabitants of Madona and Liepaja gained access to treated drinking water with wider impact in terms of increased health and quality of life in these areas.

Source: interviews

³⁰ Phare CBC Thematic Evaluation, February 2004.

development. The full environmental impact of most assistance will probably be realised in the medium or long term, which is inherent to the nature of environment interventions. Generally, the assistance marked the beginning of a long process that is reflected in the transition periods granted to the new Member States.

54. ***Environmental assistance brought positive unintended wider impact.*** Under Phare CBC, environmental problems prevailing on both sides of the respective borders brought central and local stakeholders together in a search for common solutions. In later Phare CBC interventions, the need to establish a minimum investment size of €2m motivated many municipalities to seek local partnerships. However this positive impact was in practice sometimes jeopardised by the additional preparation and co-ordination work required, which exceeded the capacities of the interested municipalities. The presence of twinning, as the main administrative capacity-building tool, in many cases helped mobilise additional political will and resources in the CCs. The twinning arrangements had considerable unintended impact in the CCs in the sense that close co-operation between EU-15 and CC institutions was in many cases maintained in the longer term, after the assistance had finished. Owing to the need for international communication, English language skills had to be developed amongst the new Member State and CC beneficiaries. The expertise delivered through Phare helped many new Member State and CC governments to avoid costly developmental mistakes when developing new structures and systems from scratch, thus having a potential beneficial effect on the efficient use of limited national resources. The long-term presence of Phare, together with the communication it stimulated, helped increase understanding of how the EU works, not only within the beneficiary institutions concerned, but also among the broader public.

2.6. A good basis for sustainability was established.

55. ***Good sustainability of environmental infrastructure.*** Whether the results of assistance are sustainable often depends on other critical factors, which are not under the control of Phare stakeholders (e.g. performance of the economy, continued political commitment). Infrastructure assistance is mostly sustainable because it usually constitutes a vital or integral part of regional or municipal infrastructure. Sometimes the infrastructure can generate its own revenue. The risk that it will not be properly maintained is relatively low. In general, the operation and maintenance costs for water and sewage systems are covered by adequate customer payment systems. But although investments in the environment and CBC sectors generally appeared to be sustainable, some beneficiaries reported problems with the quality of the completed works and systems built. For example, in the case of an Estonian intervention in Paide (Phare 1999), the beneficiary admitted that problems with the quality of the water treatment plant network could eventually lead to its collapse.

56. ***Institutional sustainability is mostly being secured.*** Phare institution-building provided a good foundation for future development of the supported institutions and systems. Following accession, all these institutions were being fully integrated into the EU institutional structures. EU and national legislation provided a thorough basis for sustainable operations of the Phare-assisted institutions. But some countries, particularly Bulgaria and Romania, still showed a significant need for institution-

Box 7: Further institution-building in Romania

In 2005 ten new twinning projects started in the environment sector in Romania, where environment proved to be one of the most successful sectors for twinning. Under these projects the newly created Regional Environmental Protection Agencies, set up with Phare support, were expected to be further strengthened. It was planned to launch a second phase of regional twinning projects under Phare 2006, under which beneficiaries other than those involved in the first phase would be selected and trained.

Source: Interviews, project fiches

building and gap filling, which could be tackled through the remaining Phare allocations (2005/2006) or the Transition Facility (see Box 7).

57. **Several beneficiary countries were trying to improve the sustainability of their administrative capacities** through development of a human resource development strategy to retain qualified staff and prevent them from joining the private sector. Such initiatives, although very welcome, would have been more beneficial in earlier years when Phare institution-building was at its peak. IEs and this *study* conclude that Phare assistance significantly and positively influenced the motivation of civil servants and improved retention of staff. For example, the River Basin Authorities in Bulgaria and the National Environmental Protection Agency and Regional Environmental Protection Agencies in Romania, established with the support of Phare, had proved to be sustainable organisations.

58. In some countries, staffing levels for environment were also being significantly increased. An IE conducted in 2005 indicated that the staff of the Ministry in Environment and Water in Bulgaria had increased significantly over the past few years in line with a National Administrative Capacity Building Programme adopted in 2003.³¹ Staff numbers at the ministry had doubled since 2002/2003, which is the biggest increase in all Bulgarian ministries. Staff numbers increased not only at central but also at regional level (the Regional Environmental Inspectorates). The MoE claims that over 80% of the staff who worked on Phare assistance are still working for the ministry.

59. **NGOs play a role in sustainability.** Increased public awareness and involvement of NGOs will increase pressure on government institutions with responsibilities in the environmental area. NGOs had participated in Phare interventions and Phare had positively influenced the development of civil society.³² The dissemination of information through information centres, public awareness campaigns and the participatory approach to environmental management, had become a feature of EU assistance. This contributed to the sustainability of the results.³³ However NGO involvement in Phare environment programming and implementation could have been greater. Although some stakeholder involvement has been achieved, particularly in central and local administrations, the level and timescale of support in the NGO field has not been sufficient to make a difference.³⁴

60. **However, administrative sustainability is potentially at risk in some countries.** A major cause for concern, despite considerable improvement over recent years, is the low priority which some governments still place on the environment. This is reflected in the moderate budgets which they allocate to the MoE and hence in low staff numbers and the low salaries they earn, which leads to high staff turnover. For example, an IE report in Poland indicated that environment institutions were generally under-resourced at all levels, and that the benefits of training, training of trainers and training equipment would only be fully realised if recruitment increased and a staff development strategy were initiated.³⁵ Restricted State budgets, prevailing trends of horizontal cuts in administrative staff, insufficient attention to strategic human resource development and professional career development - along with often

³¹ Phare Interim Evaluation Report Bulgaria – sector environment, March 2006.

³² 'The environmental results of the accession process', European Environment Agency, 2004.

³³ Good practice in stakeholder participation (involvement of business, unions, NGOs) in compliance with the OECD and UN strategy principles, was found *inter alia* in two new Member States – the Czech Republic and Slovakia (OECD 2005, National Strategies for Sustainable Development: Good Practices in OECD Countries).

³⁴ Phare *ex post* evaluation, Phase 1, Multi-Beneficiary programmes-Environment, March 2006.

³⁵ Phare Interim Evaluation Report Poland –Environment Sector, 2003. In Latvia, it was extremely difficult to find any competent interview partner for the purpose of this evaluation, reflecting the very tight staffing situation at the Latvian Ministry of Environment.

unfavourable working conditions - were at variance with the commitment to maintaining and developing the required level of administrative sustainability. This meant that the skills developed under some of the Phare assistance could be lost quickly, whereas new EU legislation and new responsibilities impose considerable extra tasks on ministry departments.

61. ***Administrative sustainability needs effective public administration reform.*** It should be recognized that pre- or post-accession assistance cannot eliminate acute human resource constraints in public administration. These constraints can only be fully overcome through growth and development, underpinned by the economic security and solidarity provided by membership of the EU. The sustainability of pre-accession and transition assistance for institution-building strongly depends on effective public administration reform, including the fostering of good governance and human resource and career development. The deficits in effective public administration reform are apparent in almost all new Member States and CCs and have been of concern for many years.³⁶

2.7. Positive but moderate contribution to economic and social cohesion

62. ***Phare financial and policy assistance provided a learning exercise on the use of EU public finances.*** Phare was the first EU funding instrument in the area of environment, which paved the way for more efficient use of the much larger Structural and Cohesion Funds after accession. However, Phare's early role in the preparation for Cohesion Funds ended with the launch of ISPA in 2000. ISPA also replaced Phare as a source of TA funds for preparation of ISPA applications.³⁷ On the other hand, ISPA applications demanded feasibility studies and environmental impact assessments which spilled over into Phare ESC interventions, and this became a requirement in some countries.³⁸

63. Phare also provided direct support to economic and social cohesion through the CBC and Large Scale Infrastructure Facility (LSIF) interventions. The LSIF was the logical precursor of ISPA, particularly for the years 1998 and 1999. The intention was to serve as a preparation exercise in learning how to develop and implement larger-scale investments for the environment and transport sectors. However, from an *ex post* perspective beneficiaries found that LSIF did not produce much of a learning effect benefiting the later ISPA activities. The launch of ISPA, which was a hybrid between Phare and the Cohesion Fund, was a new exercise both for the beneficiaries and for DG REGIO. ISPA developed over the years and initial difficulties were overcome, owing to the co-operative working methods applied.

64. ***Beneficiaries considered implementation of environment investment assistance a useful preparation for the Structural Funds.*** Public investment contributes to ESC, but ESC-targeted investment was only a minor part of Phare environment interventions. Feedback from beneficiaries indicates that Phare environment interventions did not significantly stimulate economic development, or reduce observed disparities. However, the improved quality of life and health achieved through environment interventions in disadvantaged regions could contribute indirectly to increased regional cohesion in the longer term. The contribution of Phare environment interventions in the area of ESC was more to promote development by focusing on the practical aspects of project preparation and management and to introduce more effective financial management and control. During the process of project preparation and implementation, local and regional levels were also able to use the project management cycle,

³⁶ Special Report of the Court of Auditors No 5/2003 - Commission's replies.

³⁷ From 2000 onwards, preliminary feasibility studies and TA related to funded ISPA projects could be 100% financed, provided they did not exceed 2% of the amount of ISPA funds allocated to the implementation of a given project.

³⁸ Phare Economic and Social Cohesion Review, April 2004.

learn general rules on EU assistance funds, and thus develop key personnel skills, which were valuable for developing the regions in a more sustainable way.³⁹

65. ***There were positive examples where institutional – and partly also administrative – continuity from Phare environment to ESC could be found.*** For example, the Polish National Fund for Environmental Protection has moved from managing Phare environment interventions through ISPA to managing Structural and Cohesion Funds (see Box 8). In Bulgaria, Phare experience is being utilised to set up Bulgaria's first Environment Operational Programme, where the Managing Authority is the Directorate of Cohesion Policy for the Environment at the Ministry of Environment and Water and the Intermediate Body is the Directorate for European Funds for Environment in the same ministry.⁴⁰ On the other hand, in Slovenia the Managing Authority was set up for political reasons aside from the Ministry of Environment, without any Phare experience and without any request for significant Phare support. From an *ex post* view, the Slovene Ministry would have found it more efficient to have made more use of Phare to assist the new Managing Authority.

Box 8: Using Phare expertise for Cohesion Fund

The National Fund for Environmental Protection in Poland was the implementing agency for Phare projects, and is currently implementing Cohesion Fund and Structural Fund projects. This continuity ensures that expertise and capabilities gained under Phare are used for preparing Cohesion and Structural Fund projects. The Cohesion Fund Department and the Structural Funds Department are the two biggest units at the National Fund.

Source: interviews

66. ***Phare NGO support also tackled environment.*** Through ACCESS, some NGO beneficiaries in the environmental field gained experience in project development and implementation and were encouraged to participate in relevant networking events in other EU countries. The limited experience in appraisal, management and reporting gained within the Phare programmes was helpful and to a certain extent contributed to increased cohesion.

67. ***Phare environment assistance produced moderate effects on increased economic and social cohesion,*** which is to be expected from this type of intervention. The most obvious benefits, apart from the highly appreciated environmental impacts (increased protection and preservation of the environment, improved quality of health and life, contribution to sustainable development) materialised indirectly in terms of increased capacity development and learning effects which positively contributed to the CCs' capacities for preparing and implementing Structural and Cohesion Fund activities following accession.

2.8. Assistance supported Environmental Policy Integration indirectly

68. ***Environmental Policy Integration (EPI) is an important objective of the EU, but it is not a specific item in the acquis requiring adoption.*** Policy integration is a stated objective of the EU Treaty.⁴¹ Article 6 gave rise to new approaches to environmental policy development, including the Cardiff process and the EU Sustainable Development Strategy.⁴² The Cardiff process (launched in 1998) required the various sectoral councils to develop their own strategies for integrating environment into their activities. EPI is being widely promoted as an essential ingredient in the transition to sustainable development. EPI can be seen as a continual process to ensure environmental issues are taken into account in all policy phases, from the

³⁹ Phare Interim Evaluation Report Poland - Regional Development 2005.

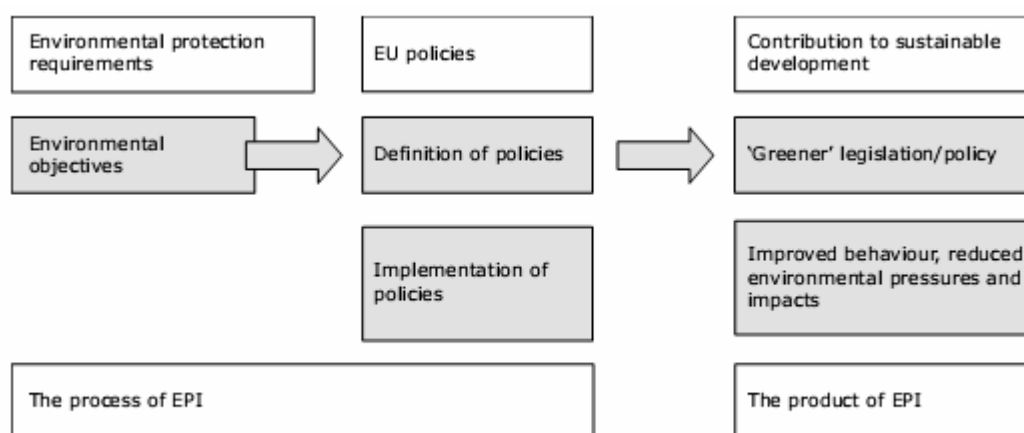
⁴⁰ The Directorate for European Funds for Environment at the Ministry of Environment and Water is currently responsible for the implementation of the Phare projects in the field of the environment.

⁴¹ Art. 6 of the EC Treaty states "environmental protection requirements must be integrated into the definition and implementation of the Community policies and activities, in particular with a view to promoting Sustainable Development."

⁴² with the 6th Environmental Action Programme as its environmental pillar.

very beginning of the policy process (see also Figure 6). However, as EPI is not a specific item in the *acquis* requiring adoption, many of the EPI developments in the new Member States reflect national concerns and approaches.

Figure 6.- The process and product of EPI



69. ***EPI must be also seen in the context of sustainable development, as currently promoted by the EU.***⁴³ To address the environmental resource management priorities essential to sustainable development, national institutional and administrative arrangements are increasingly embracing the interrelated nature of activities within their limited area. The integration of environmental considerations into national decision-making processes is considered to be the single most important step to be taken by Member States to ensure that these problems are addressed and that sustainability principles inform all future development.

70. Formal integration of environmental considerations will necessitate a series of institutional adjustments within government administrations, accompanied by across-the-board strengthening of environmental administrative capacity. This needs to happen at all levels of government, including local level. It is recognised that this process would benefit from public participation. Many countries have prepared environmental strategies and plans which integrate environment and development and these are seen as the first step in a process leading to the wide application of sustainable development principles, although it is difficult to assess real integration outcomes (see Box 9).

71. ***Phare helped to bring EPI elements into national policies.*** In terms of high-level political commitment to EPI, all EU-25 and other European countries have signed up to the integration concept within the context of the pan-European “*environment for Europe*” process.⁴⁴ The pressure for progress on environmental objectives from accession processes has further stimulated EPI. The pressures from accession processes have stimulated progress on environmental objectives and the obligation to adopt the environment *acquis* has assisted in raising the profile of the environment in countries where this had declined and in highlighting

⁴³ In 2001 the European Council at Gothenburg launched a broad strategy for sustainable development. The renewed Lisbon Agenda is an essential component of the overarching objective of sustainable development, allowing the EU to use the motor of a more dynamic economy to fuel a wider social and environmental ambition.

⁴⁴ At the first Environment for Europe Conference in Dobris, 1991, ministers recognised the importance of promoting from the outset environmental concerns in the transition of Central and Eastern European countries from centrally-planned to democratic political systems and market-oriented economies. Successive conferences, the last one being in Kiev in 2003, added further support to environmental integration (*ibid*).

environmental requirements in policy areas covered by other ministries, such as agriculture.⁴⁵ The response from other ministries has sometimes been to seek closer co-operation with the environment ministry, in other cases to tackle the issues themselves. Phare has been instrumental in demanding policy commitment and although these efforts have not always been successful, Phare has helped to secure more and deeper commitment to EU environment policy, including EPI.

72. Assistance stimulated EPI via the preparation of national sector documents.

Some CCs and new Member States made explicit commitments on integration by adopting guidelines or statements. Such countries include for example Poland and the Czech Republic, where policies in the areas of transport, energy, industry, minerals, agriculture, health, travel and tourism each have a special section stipulating objectives aimed at integrating environmental requirements into sectoral policy. Phare as a technical instrument has often ensured that such considerations are taken into account when national documents are prepared. All CCs and new Member States have adopted policies relating to environmental protection, which can vary in nature and scope (NEAPs, often developed

with international funding, various strategies for the adoption of the EU *acquis*; or environment acts, which set out the legal principles of environmental protection). However, the Commission has often expressed concern in its Regular Reports at the rate of development of policies and their implementation in different countries. Bulgaria and Romania are still less advanced than the new Member States, though they have taken measures in recent years that have improved the situation, in some cases with Phare support. The country's first National Environmental Strategy was adopted under the first Phare environment twinning in Bulgaria.

73. Interventions in all CCs contributed to better inter-institutional relationships and to establishment of systems for interaction, and monitoring and reporting on progress.

In terms of institutional set-up, interaction between relevant officials of different ministries and other government organisations is needed to achieve EPI. In many cases it has been Phare twinning that established effective communication and co-ordination between local stakeholders. Further co-ordination between different departments and administrations is, however, still needed. In several of the new Member States or CCs some environmental activities were (and in some case still are) led by other sector ministries, such as the health ministry. This can

Box 9: EPI in Bulgaria and Romania

In **Bulgaria**, a number of measures have been undertaken in the past few years to improve inter-institutional cooperation at national level with respect to sustainable development and EPI including:

- co-operation agreements;
- participation of representatives of other ministries in permanent commissions and councils with the Ministry of Environment and *vice versa*;
- adoption of development programmes and plans by the Council of Ministers in the environmental field, specifying the roles of the different institutions, performance, monitoring and reporting;
- establishment of *ad hoc* inter-institutional working groups to solve specific problems related to the environment.

The Ministry of Environment believes that it is strong enough to encourage other ministries to take into account environmental requirements in the development of their policies. The fact that the Ministry's policy is based on a range of policy documents and strategies approved by the Government also strengthens its position in relation to other sector ministries.

In **Romania** integration of environmental policy into the further development and implementation of sectoral and regional policies is one of the government's priorities for 2005-2008. In 1998 the government created an Inter-Ministerial Committee for Environment to implement the NEAP which requires integration of environmental policies into those of other sectors. The Inter-Ministerial Committee for Environment is chaired by the Minister of Environment and is composed of Ministers and Secretaries of State of all other sectors.

Source: interviews

⁴⁵ EPI in Europe State of Play and an evaluation framework EEA 2005.

fragment environmental protection activity and reduce the influence of environmental authorities that is needed to achieve integration objectives.

74. In terms of strengthening the environmental and sectoral administrations, EU pre-accession assistance and the need for approximation to the *acquis* contributed to increasing financial and human resources, and raised the status of institutions with environmental responsibilities. EPI potentially demands additional and usually different human resources, both in sectoral and environmental departments, although it is difficult to identify the exact level of resources needed. While significant improvements have been made in terms of national policy papers and guidelines, the status of environment ministries in the new Member States can still be low, resulting in limited relationships with other ministries and limited resources for core activities.

75. Monitoring of and reporting on progress, another element of achieving EPI, was assisted by Phare. One of the early weaknesses in the new Member States was insufficient monitoring of progress. Phare was often successful in improving the fulfilment of reporting obligations to the European Commission and other European and International Agencies, but the extent to which this improvement is benefiting EPI is unclear.

76. ***Remarkable progress in bringing CCs up to the level of EU-15 Member States.*** While in some European countries (including EU-15 States) EPI development could have been faster, development of overall environmental policies has proceeded significantly in the new Member States and CCs, compared to their unfavourable starting position. There has been remarkable progress in bringing them into a similar position to the EU-15. This indirectly reflects the effects of the Phare support given to the new Member States and CCs over a period of many years. Nevertheless, deficits are still apparent and need more thorough consideration following accession. In particular, making resources available for EPI may pose severe challenges for ministry budgets. An important cornerstone in effective inclusion of EPI elements will be seen *inter alia* in the quality of the National Strategic Reference Frameworks for the SF period 2007-2013, currently under preparation and discussion in the new Member States and the two accession countries.

2.9. Phare assistance has generally performed well but there is still much to do

77. ***Overall, the performance of Phare assistance to the environment was good,*** and sometimes excellent. Phare made a substantial contribution to legal approximation and institution-building, helping new Member States and CCs to install, implement and enforce the environmental *acquis*. The overwhelmingly greater part of Phare assistance was relevant, in that it met the specific requirements of the environmental *acquis*. However, there have been instances of weaknesses in design and inefficiencies in implementation. Phare coverage of the components of the environment *acquis* was not well balanced, giving preference to infrastructure investment, mainly water issues (and particularly waste water collection and treatment). Overall, management capacity and programming experience improved over time.

78. The immediate and intermediate impacts achieved were good in most cases, or even excellent, notably for legislative-administrative impacts. The catalytic effect of Phare was also strong in that it supported major infrastructure investment funded by the Instrument for Structural Policies for Pre-accession (ISPA) and international financing institutions through project preparation and in raising awareness on environmental issues, including their potential funding. However, where Phare directly funded infrastructure, the relatively large number of rather small infrastructure investments led to a fragmented and scattered approach, which

achieved socio-economic benefits at local level but not on a scale to produce wider environmentally related effects. Institutional sustainability was well ensured in general. There remains, however a need for more thorough development of the pre-conditions indispensable for effective administrative sustainability, such as civil service reform.

79. *Against the background of substantial Phare assistance and results, commitment of new Member States to environmental expenditure has been mixed.* According to a very recent Eurostat survey for the years 1995-2002,⁴⁶ most EU countries have invested in a stable manner in environmental protection since the mid-1990s. However, the need for additional environmental investments in all sectors in the new Member States is evident. National studies of the funds needed to implement EC requirements relating to environmental protection and management shows that they tend to considerably exceed the currently available national financial resources, including state and municipal budgets, EcoFunds and private sector resources (see Box 10). The new Member States should rely not only on financial support from the EU but also on funds from IFIs and foreign investment for environmental activities to complement the national environment budget.

Box 10: Environmental investment needs

Poland - currently Poland allocates in its annual budget about half of the EU Member State average for environmental expenditure. The Polish government estimated that it would have to spend €40bn - an amount equal to the Polish public annual budget - to meet EU environmental criteria following accession. The EU was expected to provide some €6bn for ecological investments in the first three years of Poland's EU membership, but beyond that Poland will have to boost its environmental spending.

Source: Energy Information Administration

Bulgaria - In the sectors water, air and waste, the total value of the necessary investments for the period 2000-2006, is €3,080m, assuming that full compliance with EU legislation for these sectors is achieved by 2015, and still €2,410m if full compliance is postponed to 2020.

Source: Ministry of Environment and Waters, Sub-Committee No 6, Bulgaria – EU, Transport, Trans-European Networks, Energy and Environment, 2006.

80. *Benefits gained today cannot be taken for granted in future.* The new Member States show a similar pattern in their environmental performance,⁴⁷ and most countries are performing well compared to the EU-25 average. However, environmental improvements are still necessary in several environment sub-sectors, such as the waste management sector, where a low proportion of generated waste is being recovered and a large proportion still goes to landfill. Moreover, increased adoption of EU concepts of deregulation, privatisation and commercialisation are changing existing practices in biodiversity protection, agricultural production, and provision of public services including water supply, wastewater disposal, waste management and public transport.

81. The huge investments in transport and energy infrastructure expected to accompany enlargement could have long-lasting negative environmental impacts. The increased economic prosperity that will follow access to the EU internal market will bring new Member States closer to the consumption patterns predominant in the EU-15 Member States. Thus today's positive effects of Phare interventions are at risk of being jeopardised in the long term.

⁴⁶ EUROSTAT: Environmental Protection Expenditure by Public Sector and Specialised Producers 1995-2002; October 2005.

⁴⁷ 'The European Environment – State and Outlook 2005', Part C – Country analysis, EEA.

3. CONCLUSIONS, LESSONS LEARNED AND RECOMMENDATIONS

82. This chapter sets out the evaluation team's conclusions on the strategy and performance of Phare environment support. Lessons learned on the strengths and weaknesses of the way Phare environment support was programmed and implemented can help optimise the approach to future pre-accession support. This report recommends two sets of actions, aiming at more effective utilisation of pre-accession support for future CCs.

3.1. Conclusions

Conclusion 1: Environmental assistance adopted a strategic approach for *acquis* approximation and institution-building, but not for direct investment in infrastructure.

83. *Individual assistance was designed in line with the NPAA, and addressed priorities identified in APs and national sector strategies.* From an *ex post* perspective, the Phare environment assistance addressed the needs of new Member State and CC beneficiaries well and clearly managed to achieve support for the sectoral accession preparations in an adequate manner, particularly with respect to *acquis* compliance in legislation, structures and systems. Phare funds for *acquis* approximation and institution-building were deployed clearly following a strategic context, in contrast to other accession sectors, for instance agriculture. Key sectoral accession priorities were appropriately addressed through a combination of institution-building and investment assistance, although investment, notably in water and wastewater infrastructure and equipment, has greatly predominated. In spite of this generally positive assessment, programming and design presented difficulties in almost all Phare beneficiary countries. This can be partly attributed to the lack of adequate national sector strategies for investment. Later assistance, however, particularly where building on lessons learned from earlier interventions, showed qualitative improvements.

84. *Phare promoted and supported large-scale administrative and institution-building that national governments would not otherwise have prioritised,* partly because of their insufficient budgets, but also partly because of their preference for investments. Following initial work on institution-building, later Phare environment assistance gave greater priority to filling gaps at central level, and support at regional levels was limited. Phare provided assistance in areas that otherwise would have received little or no support from national sources.

85. *However, the focus of environment assistance provided under various national and CBC assistance was overwhelmingly on investment,* notably in environmental protection infrastructure and equipment, water and wastewater being the predominant domains. In the area of infrastructure investment the relatively large number of rather small investments, particularly under CBC, led to a fragmented and scattered approach, which achieved rapid socio-economic benefits at local level but was not (and could not have been) on a scale to produce wider environmentally-related strategic effects at national level. In earlier interventions, investments in environmental infrastructure were sometimes implemented without adequate securing of the necessary administrative structures and qualified staff.

Conclusion 2: Phare helped raise the previously low status of environmental issues.

86. *The efficiency of environment assistance was frequently adversely affected by the low priority that national governments initially gave to the environment sector.* This is reflected in inadequate strategic focus on or grasp of what the environment *acquis* requires; low staffing

levels and poor salaries in environment ministries; and frequent lack of co-operation between the environment ministries and other sector and finance ministries.

87. ***The assistance made a significant contribution to raising the previously low regard for the environment in the CCs.*** Generally, Phare assistance achieved the planned outputs in qualitative terms and had some intermediate impact in raising both awareness and understanding of the importance of environmental considerations in the national consciousness. Phare support also encouraged development of mechanisms for co-operation between environment ministries and other sector ministries. Phare institution-building made a substantial contribution to closer co-operation on environment issues between the new Member States and CCs, and between those countries and EU-15 Member States, through active involvement in EU networks such as the EEA or IMPEL, and in particular through twinning, which in some cases led to sustained working relationships between the countries concerned.

88. ***The assistance was largely successful in initiating change, and the changes that have taken place have been absorbed*** into and have affected the mainstream functions of the CC environment ministries and other beneficiary institutions. In particular key improvements were noted in legislative and administrative structures, systems, infrastructure and resources, which could at least partly be attributed to the Phare support provided. The control, monitoring and enforcement aspects of the environment *acquis* were particularly well established in national law. Phare improved the institutional capacities of direct beneficiaries and local environmental institutions through their involvement as implementing agencies. The increased capacities and improved knowledge of EC legislation and policies enabled all new Member States and CCs to close the environment chapter of the *acquis*, although quite extensive transition periods were needed in some cases.

89. ***Administrative capacities of enforcement agencies at regional and local levels were strengthened but municipalities and other local actors received less attention.*** Environmentally-related training and capacity-building activities at regional and local (municipality) level were moderate in extent and thus the impacts were limited. In the longer term, however, these bodies will be key partners in the sustainable development process. Grant schemes would have been a potential tool for this sort of activity but almost none specifically focused on increasing awareness of sustainable development or on building up the necessary local capacities.

90. ***Beneficiary countries have started to introduce environmental considerations into their wider national policies,*** as required by EPI, but there is still a long way to go before effective policy integration can be demonstrated. Not all beneficiary countries yet have the facilities and ancillary resources to make use of all the options available under EU environmental policy, for instance via new economic possibilities such as agri-environment, rural tourism or renewable energy. Such options are only likely to be available after some years of EU membership.

Conclusion 3: Environment programmes had moderate effect on candidate countries' uptake of opportunities under the Structural Funds.

91. ***The most obvious benefits of Phare environment programmes in terms of economic and social cohesion materialised indirectly in terms of increased capacity development and learning effects.*** Apart from the positive impacts of Phare environmental assistance, the contribution to increased economic and social cohesion was moderate. There were learning effects which were of value in the design and implementation of ISPA and Cohesion Fund investments. Phare LSIF, as a facility for preparation for ISPA, helped develop the first

generation of ISPA activities for funding and thus actively supported ISPA as a bridge to the Cohesion Fund. ESC-targeted investments were only a minor part of Phare environment support and Phare interventions did not significantly stimulate economic development or reduce observed regional disparities. However, the improved quality of life and health achieved through completed interventions in disadvantaged regions can indirectly, in the longer term, positively contribute to some increased regional cohesion.

Conclusion 4: A basis for sustainability was established but there much still remained to be done.

92. ***Institutional sustainability was found to be fair but secure longer-term financial and human resources still needed to be ensured to maintain the improvements achieved and to tackle future challenges.*** The new Member States and the CCs seemed to not yet fully aware that new structures and procedures need to be underpinned with secure resource allocations. Long-term improvements in employment conditions for key environment staff were still needed to counter high staff turnover rates. Staff retention remained a concern, partially because of low salaries although several countries, including Romania, had made an effort in this respect. The prospects for overall sustainability were good provided the new Member States and the CCs maintained and built on the improved capacities, contacts and knowledge gained and allocated an appropriate share of GDP growth to the environment. More effort to bring forward effective public administration reform programmes would be beneficial for the administrative sustainability of Phare environment assistance in almost all of the beneficiary countries.

93. ***Evolution of regulation, enforcement and practice in order to deliver acquis to citizens and to improve environment, needs to be an ongoing process.*** Much still remained to be done in future to address emerging new directives and policies not covered by Phare, as well as to consolidate and stabilise financial and human resources, as referred to above. This would entail continuing access to EU-15 expertise, notably through twinning and sharing experience with other Member States.

94. ***Decision-making needs to be cascaded down to local level,*** which in essence, and often by law, is the competent level for provision of environmental services, including water, wastewater and waste management. Environmental issues in new Member States and CCs also needed to be better incorporated in local policy formation, implementation and enforcement, particularly for waste management.

95. ***While the obligatory acquis aspects were well addressed, still more needed to be done in terms of soft skills.*** Stakeholder involvement, public participation, and awareness-raising are all important aspects of an effective environmental policy regime under membership conditions. Phare supported the development of a culture of consultation, and in-country consultation with stakeholders beyond the environment ministry had improved, but was still often not sufficiently wide or consistent. Increased involvement of stakeholders in programme design can improve effectiveness and efficiency, although such involvement, at least initially, requires additional time and resources.

96. ***Environment policy will be competing for resources with policies that stimulate economic development.*** Given that commitments to environmental protection and sustainable development were not yet, or at least not pervasively, rooted in society, politics or business, there was a risk that economic goals would predominate over environmental objectives, despite the requirement that both should be reconciled via the EPI. The need of additional investments

in the environment sector in all new Member States and CCs was evident and considerably exceeded the existing national financial resources available.

3.2. Recommendations

Action 1: Strengthen the strategic approach to the planning of Phare environment assistance, particularly in terms of sequencing, multi-annual perspectives, and deeper involvement of stakeholders.

97. **Recommendation 1: Put more emphasis on support for institutional strengthening and capacity-building, as pre-conditions for successful investment.** The Commission Services should consider focusing any institution-building-oriented pre-accession assistance, such as Phare, more clearly on its key competences, namely transfer of know-how and delivery of good practice for building up the proper legal and administrative basis. Technical assistance for preparation of legislation, development of appropriate institutions and the links between them, and human capacity-building, together with adequate standards of project preparation, should be addressed by pre-accession support before investments are made in environmental infrastructure.

98. **Recommendation 2: Programme Phare environment support on a multi-annual basis.** The Commission Services and the CCs should ensure that such programming of pre-accession support will be closely connected and co-ordinated with multi-annual sector development strategies for the respective CCs. The CC environment ministries should devote serious attention to the quality of strategic documents, in particular the National Environmental Action Programmes, so that investment needs are sensibly prioritised and can be used effectively as the basis of good Phare programming. The preparation of initial CC key sector strategies should receive external support, including drawing on line DGs' experience and Member State practice (via twinning). Such multi-annual strategies should also clearly define benchmarks to be achieved and indicators of achievement, in order to enable measurement of progress. Indicators need to be measured and followed up in monitoring documents. Support should be given to facilitating the mainstreaming of environmental objectives in development planning and decision-making and co-ordination between sectors.

99. **Recommendation 3: Line Directorates-General should be more actively involved in planning Phare environment assistance.** Consultation meetings to set design parameters have not been held regularly and consistently, although they would have contributed to improvements in design, transparency and sustainability. Early and active involvement of the Commission Services' line DGs, where applied, has helped ensure more appropriate design. Consequently, the line DGs concerned should consider making sufficient resources available to supporting the design process more intensively and comprehensively. Candidates should be given comprehensive and ongoing training in project cycle management.

100. **Recommendation 4: Pre-accession assistance should take account of the need for transparency, stakeholder dialogue and public participation in environmental decision-making.** In the accession countries and even in some new Member States there is still a need to improve public education to familiarize local, regional and national bodies, including NGOs, with environmental laws, to facilitate discussion of the value of environmental legislation and standards to local communities, and to open up wider discussion on more culturally appropriate methods of implementing environmental obligations and penalties for contravention of laws and regulations. Both CCs and Commission Services need to be fully aware that such needs

are most acute at the beginning of any accession process but need to be continuously tackled throughout the pre-accession phase.

Action 2: Strengthen absorption capacities for Phare environment support.

101. **Recommendation 5: Ensure that the essential public administrative capacity is in place before launching pre-accession support.** The Commission Services should require CCs to meet firm conditions for delivery of pre-accession funding in terms of commitment and absorption capacity of the beneficiary. Prior to the funding of large investments, good institutions need to be established. Environmental investment funds should only increase in parallel with increases in absorption and management capacities. Beneficiary countries should be encouraged to ensure that their environment ministries are adequately staffed and equipped, reflecting the importance of environmental issues in EU policy making, as a precondition for investment. The conditions for establishing a professional civil service capacity in the environment sector should be, and can only be, tackled in the context of effective public administration reform. No equipment should be purchased or delivered unless adequate resources are available to ensure its management and continuing maintenance. More effective donor co-ordination both at strategic and programme levels is a further pre-condition for the success of pre-accession environmental programmes. Conditionalities for assistance should be clearly defined and, in case of significant deviations, more strictly enforced.

102. **Recommendation 6: Assist CC governments in developing regional and local environment policies and capacities.** Taking into account the respective beneficiary countries' specific characteristics, an increasing level of clearly-targeted support should be given by the Commission Services to CC central governments for conducting training programmes for local governments and municipalities in assistance management and investment preparation. The effects of such training programmes should be regularly reviewed in liaison with the Commission Services. Given the constant changes in staff employed at regional and local levels, such training programmes need to be repeated regularly.

3.3. Lessons learned

103. **Lesson 1: The protection and improvement of the environment in accordance with the acquis is an unfamiliar and long-term challenge for CCs. The basic concepts and approaches need to be addressed from early in the pre-accession period.** Environmental protection and improvements are long-term tasks that need long-term national resources, especially staffing and education. Assistance needs to be given with the preparation and implementation of national environmental strategies and plans early in any accession process. Similarly, early support should be given to strengthening institutional arrangements and administrative capacity, including to cross-sectoral and inter-ministerial committees and task forces, to ensure integration of environmental and economic policy into national planning. Moreover, a joint approach to common environment problems can be more effective and efficient, both in general and as a basis for pre-accession assistance, because of the economies of scale. This was well demonstrated by the Phare MBP programmes that targeted the Black Sea region, Black Triangle⁴⁸ and the Danube area.

104. **Lesson 2: Support to the environmental acquis needs to be comprehensive in its coverage.** Phare environmental assistance tackled the most pressing accession needs of the CCs in terms of preparation of strategies and investments, strengthening of institutions, addressing of pollution hot-spots, adoption and implementation of major EU directives, and

⁴⁸ The Black Triangle refers to the brown coal deposits in the Czech Republic, Poland and Germany.

improvements in enforcement practice. Other EU directives and policies, for example relating to bathing waters and sustainable energy strategies, will be challenging for new Member States and CCs and will require continued access to external expertise and know-how. Pre-accession support strategy for the environment should ensure that CCs fully understand the entire EU environment 'agenda' and are helped to consider the legal, administrative and resource implications, whether or not all aspects can be fully addressed during the period when assistance is available.

Lesson 3: Public education is needed from an early stage to familiarise local, provincial, state and national bodies with environmental laws; to facilitate discussion of the value of environmental legislation and standards with local communities and to open wider discussion of culturally-appropriate implementation methods and penalties for contravention of laws and regulations. Local authorities responsible for implementation and enforcement also need to be involved, along with other stakeholders and NGOs, in strategy development and action planning.

ANNEXES

Annex 1. Terms of Reference

1. Objectives

1.1. This Phare Environment thematic evaluation, which will review 1999-2001 Phare environment programmes, as well as post 2001 allocations implemented up to 2005, forms part of a broader Phare *ex post* evaluation exercise that covers Phare multi-beneficiary programmes (Phase 1), national and cross-border co-operation programmes (Phase 2), and the thematic evaluations (Phase 3).

1.2. The objectives of the Phare *ex post* evaluation are twofold: to provide accountability with respect to the value of money and the use of Community funds (summative evaluation); and to provide lessons learned for decision-making on improvements of pre-accession aid to remaining and future candidate countries, including the countries in the Western Balkans (formative evaluation). More specifically, this thematic evaluation will focus on identifying immediate, intermediate and socio-economic impacts from the programmes delivered during the period in question.

2. Background and Context

2.1. Phare assistance for the environment has been provided in national environment programmes (around €340m in the period 1999-2001), horizontal environment programmes (around €61m in the period 1996-2001), regional development and cross-border co-operation and other programmes. Support has also been provided in project preparation for other assistance in the environmental sector, for example, ISPA.

2.2. A background environment review was prepared by the EMS consortium in late 2003 as a contribution to the summary assessment of Phare support presented in a Consolidated Summary Report (CSR).⁴⁹ In the review period, 1999-2002, Phare had invested about €495m into projects supporting the environment in the ten candidate countries.⁵⁰ The performance was found to have been very good, with an overall rating of at least 'satisfactory' for more than 90% of the evaluated funds. The Phare programme was recognised as being an effective tool in assisting the CCs to meet the requirements for accession to the EU, particularly by supporting the approximation of the environmental *acquis*, which was a significant challenge. Projects were relevant to the beneficiary country's objectives, and had made a positive impact. This impact was particularly noticeable for environmental infrastructure projects, where the benefits were immediate and measurable. Twinning had been a considerable success, both in building institutions and in developing sustainable relationships with member state ministries.

2.3. Despite the success of the Phare environment programmes in general, the efficiency was adversely affected in several countries by the low priority that their national governments gave to the sector. This was reflected in inadequate staffing levels and low salaries in environment ministries, and a lack of cooperation between the environment ministries and other sector ministries. Other causes of inefficiency were poor quality project fiches, time-consuming preparation of twinning covenants, the lengthy chain of authorisation for the approval of official project documents, and the inflexible interpretation of Phare contract procedures.

⁴⁹ 'From Pre-Accession to Accession - Interim Evaluation of Phare Support Allocated in 1999-2002 and Implemented until November 2003' published by the Evaluation Unit of DG Enlargement in March 2004.

⁵⁰ The total funding includes Phare National, CBC, regional development and multi-country programmes.

2.4. The Court of Auditors (CoA) produced a report in 2003 which evaluated Phare and ISPA funding in the period 1995-2000.⁵¹ The CoA Report concluded that the Commission's assistance to support institution-building in the environment sector has been only partially successful. The report confirmed the view expressed by the Commission in its 2001 and 2002 Enlargement Strategy Papers that there is still a need for CCs to strengthen their administrative capacities in the environment sector if they are to be able to comply with the environmental *acquis*.

2.5. Based on these conclusions, the CoA recommendations focused on a continuing need for significant institution-building, the need to target scarce grant financing more effectively, and the need to improve absorption capacity by strengthening project preparation and tendering capabilities.

2.6. In response to these findings, the Commission noted that environment is a flexible instrument, implemented within a context of institutional instability and against a backdrop of accelerating negotiations.

2.7. The Commission's 2003 Comprehensive Monitoring Reports for the accession countries noted that most environmental legislation was in place in line with the *acquis*. There was some catching up to do with some recent directives,⁵² but the most serious concern was in the area of nature protection where the Czech Republic, Poland and Estonia required significant further effort. In fact, Estonia was behind in adopting legislation in the areas of air quality, waste management, water quality, industrial pollution and nuclear safety as well as nature protection. The relevant administrative capacities were in place in most countries and functioned adequately, but needed to be strengthened especially at local and regional levels.

2.8. The Commission's 2005 Comprehensive Monitoring Report for Bulgaria notes that legislation is largely in place and in line with the *acquis*, and the relevant administrative capacities have been strengthened through additional recruitment of staff and the training of staff at all levels, but further strengthening is needed, particularly at regional and local levels. There were a few concerns in the areas of air quality, waste management, water quality, nature protection, industrial pollution and risk management, chemicals and genetically modified organisms and nuclear safety and radiation protection.

2.9. The Commission's 2005 Comprehensive Monitoring Report for Romania was more critical. Although Romania is generally meeting the requirements for membership, serious concerns exist in relation to industrial pollution, and increased efforts are needed in the areas of horizontal legislation, waste management and water quality. Romania should considerably accelerate its efforts to strengthen the administrative capacity of the environmental authorities at all levels, but in particular at regional and local levels. Lack of proper co-ordination between national, local and the relatively newly established regional environment authorities remains an area of concern.

⁵¹ 2003/C/ 167/01, Special Report No 5/2003 concerning PHARE and ISPA funding of environmental projects in candidate countries together with the Commission's replies, 17/7/2003.

⁵² Recent directives include strategic environment impact assessment, ozone, end-of-life vehicles, water framework, deliberate release into the environment of genetically modified organisms, and ambient noise.

3. Scope

3.1. This Thematic Evaluation will be an in-depth evaluation. It will focus on Phare environment programmes between 1999-2003.⁵³ The key evaluation questions are formulated in the following Section 4. The report shall include relevant analysis, as well as conclusions, recommendations and lessons learned for future pre-accession programming, notably for the programming of the new Instrument for Pre-Accession (IPA).⁵⁴

3.2. This thematic evaluation will take into account other work undertaken as part of the overall *ex post* evaluation, and the evaluation work already carried out in this sector, notably the results of Phare Interim Evaluations (IEs) produced by the European Commission and those produced by the new Member States on a decentralised basis.

4. Key Evaluation Questions

4.1. The overall framework questions for the *ex post* evaluation of Phare programmes are as follows:

- Was Phare well focused on the objectives of pre-accession strategy?
- What were the results and impacts and are these results and impacts sustainable?
- Could the same results and impacts have been achieved more cost-effectively?

4.2. For the purpose of this Phare environment thematic evaluation the overall framework questions have led to the following 6 key evaluation questions. Each key evaluation question is subsequently broken down into derived evaluation questions, as given below.

EVALUATION QUESTION 1: What have been the strategies for the use of Phare to assist candidate countries to prepare to participate in the environmental acquis, and what Phare programmes and finance have been deployed?

- Has the underlying strategic rationale for Phare environment support towards the CCs been appropriate?
- Was the design of individual interventions sound and did it address the real needs?
- Was programme management efficient and appropriate with respect to achieving the programme's objectives?
- Has the Phare support been distributed adequately over the sub-sectors of air, water, solid waste, nature protection, and industrial pollution to realise the objectives and/or to address problems for CCs in these areas? Were there areas that required coverage that did not receive support?
- To what extent has Phare support tackled the challenges of legislation, implementation and enforcement (monitoring, inspection and laboratories)?
- What proportion of the investment did it contribute compared to the total CC environment investment?

EVALUATION QUESTION 2: To what extent was Phare environment support cost effective?

- Were Phare environment inputs/activities adequately transferred into the planned outputs?

⁵³ The evaluation exercise will not cover nuclear safety issues

⁵⁴ In September 2004, the Commission tabled a proposal for a Council Resolution to establish an Instrument for Pre-Accession replacing Phare, ISPA, and SAPARD, the Turkey pre-accession instruments and CARDS, as from 2007 (COM (2004) 627).

- Phare was one of many donors. How coherent were the Phare environment programmes with support from other donors and IFIs?
- How complementary were the different EU instruments of Phare national and CBC, and multi-beneficiary programmes, and ISPA? Can any overlaps or major gaps be identified?
- Small environmental infrastructure projects have been funded through standard Phare programmes, through grant schemes, and through EcoFunds. How cost-effective were these different mechanisms?

EVALUATION QUESTION 3: To what extent has Phare environmental support contributed to the alignment with and implementation of the environmental acquis as well as to building of public administrative capacity? Have all intended results been achieved?

- Did the Phare environment support assist the CCs effectively in their efforts to bring the country's legislation in line with the provisions of the environment *acquis*? To what extent has the environmental *acquis* been applied and enforced at a local and regional level?
- Environmental protection and improvement are long-term tasks that need long-term national resources and staffing, especially in the regions. To what extent have central, regional and local administrations been co-ordinated, and capacity brought up to the level of EU member state standards (including, for instance eventual membership of the European Environment Agency)? Is the level of administrative capacity likely to progress without PHARE support?

EVALUATION QUESTION 4: What are the effects of Phare environment support in terms of immediate, intermediate and global impact? Was Phare able to improve the pre-requisites towards better environmental conditions in the CCs over the period when it offered support?

- To what extent can the legislative, administrative and socio-economic impacts of Phare environment programmes be separated and measured?
- Can any unintended impacts (both desired and undesired) be identified?
- Can any catalytic effects or leverage be identified, where Phare triggered a significant environmental development and/or investment by others, where none would otherwise have been forthcoming?

EVALUATION QUESTION 5: To what extent have Phare environment programmes supported economic and social cohesion (ESC) and the preparation of the CCs for utilising EU Cohesion Funds?

Environment projects funded by CBC programmes can be relevant for economic and social cohesion. However, Phare's early role in the preparation for Cohesion Funds has been taken over by ISPA, which brought a major pre-accession source for environmental investment in CCs.

- To what extent have Phare environment programmes contributed to the CCs efforts aimed at supporting ESC, both before and after accession?
- To what extent has Phare contributed to the building of capacity to coordinate and deliver pre-accession aid for environment investment in the context of ISPA?

EVALUATION QUESTION 6: To what extent are the results and impacts of Phare environment support sustainable?

- Are the beneficiary institutions and structures created with Phare environment support sustainable?
- Will they be influential enough to lead implementation of the environmental policy integration (EPI)?⁵⁵
- Are the institutional developments supported by Phare continuing to contribute to environmental protection?

4.3. Lessons learned and recommendations made will take account of the continuing themes and trends in the EU environmental policy, and therefore will be drafted in terms which are most likely to be relevant in current and future enlargement rounds. Recommendations and lessons learned will include:

- Recommendations and lessons drawn from the *ex post* perspective for future programming (including the IPA instrument), focusing on current CCs and future enlargements.
- Lessons learned from Phare environment support that can be applied in future to other sectors.

5. Methodology

Data collection and analysis

5.1. Data sources include previous and ongoing studies:

- The Consolidated Summary Report⁵⁶ and its background report on Phare environment;
- Relevant IE reports produced under centralised and decentralised IE contracts;
- Country Evaluation Summary Reports;
- Lessons learned/ recommendations from above IE reports;
- Phare programme planning documents, including Financing Memoranda and Project Fiches; Phare implementation documents provided by local Ministries of the Environment, and NACs;
- Relevant pre-accession documentation (notably Regular Reports, Comprehensive Monitoring Reports; Accession Partnership and NPAA documents);
- The Court of Auditors Special Report No. 5/2003;
- Reports from DG ENV,⁵⁷ IMPEL (Network of EU environmental inspectors), European Environment Agency.⁵⁸
- Reports from other donors and IFIs.

5.2. This thematic evaluation builds on the results of evaluations carried out under Phase 1 (multi-beneficiary programmes) and Phase 2 (National and CBC programmes) of the overall *ex post* evaluation.

⁵⁵ EPI involves a continual process to ensure environmental issues are reflected in all policy making in all sectors that could influence the environment. This is reflected in Article 6 of the European Community Treaty and the Kiev 'Environment for Europe' ministerial declaration.

⁵⁶ 'From Pre-Accession to Accession, Interim Evaluation of Phare Support Allocated in 1999-2002 and Implemented Until November 2003', March 2004.

⁵⁷ Environmental Policy in the Candidate Countries and Their Preparations for Accession, Service Contract B7-8110/2000/159960/MAR/H1. SUB-STUDY 6, "Administrative Capacity for Implementation and Enforcement of EU Environmental Policy in the 13 Candidate Countries". 'Evaluation of the IMPEL network', June 2005.

⁵⁸ 'Environmental policy integration in Europe - State of play and an evaluation framework' EEA Technical Report No 2/2005. 'The European environment - State and outlook 2005', 29 Nov 2005.

5.3. The evaluation will be in-depth, and will involve, in addition to documentary research:

- *Structured interviews* with key personnel in Brussels (DG Environment) and in the new Member States and CCs (Ministries of Environment and other implementing bodies);
- *Questionnaires* to the new Member States/CCs focussing on identifying impacts. Questionnaires will be discussed in detail with the relevant Task Manager before circulation.

Geographical focus

5.4. The geographical focus of the evaluation will include Bulgaria and Romania, as accession countries, together with a sample of new Member States (Latvia, Poland and Slovenia). However, the environment does not respect national boundaries, and the focus will be more on environmentally important areas such as the Danube basin, the Black Sea, or the Black Triangle.⁵⁹ The geographic focus will therefore be dependent on:

- Areas of environmental importance;
- Distribution of Phare environment funding;
- Availability of data in country.

Consultation

5.5. As part of the consultation process, a kick off meeting will be held and participants will be invited to comment on the Draft ToR. Relevant stakeholders will be invited to comment on the final draft report.

6. Target Audiences

6.1. The main users of the evaluation will be the relevant Country Coordinators and relevant units in DG Enlargement. Other users will be DG Environment, EC Delegations/Representations, and the National Aid Co-ordinators in beneficiary countries. Moreover, users will include relevant stakeholders for Western Balkans and Turkey.

7. Activities, Resources and Timetable

7.1. The Phare Environment Thematic Review will be conducted in a number of stages as follows:

Step	Activity	2006						
		J	Feb	Mar	Apr	May	Jun	
1	Preparation of ToRs							
2	Kick off meeting							
3	Data collection and analysis/fieldwork							
4	Submission of draft final report for consultation							
5	Approval of final report							

7.2. The evaluation will be carried out by a team consisting of the lead evaluator, a short-term international expert (STIE), and other senior and junior local experts. The total resource envelope available for this exercise amounts to 75 man-days.

⁵⁹ The Black Triangle refers to the brown coal deposits in the Czech Republic, Poland and Germany.

Annex 2. Distribution of Phare environment funding by country and by year

Phare Country	Phare allocation per year (€m)						Total (€m)	Total (%)
	1999	2000	2001	2002	2003	2004		
Bulgaria	41.6	8.5	7.7	7.0	2.2	5.6	72.6	11.1
Czech Republic	30.2	11.5	11.7	11.2	11.5	-	76.1	11.6
Estonia	11.9	5.4	2.1	0.5	0.5	-	20.4	3.1
Hungary	11.9	12.0	12.1	17.8	2.5	-	56.3	8.6
Latvia	13.1	2.0	1.0	2.4	1.0	-	19.5	3.0
Lithuania	16.6	2	20.2	3.7	4.3	-	46.8	7.1
Poland	68.1	34.4	67.6	34.5	25.8	-	221.9	33.7
Romania	10.2	10.8	13.7	7.0	8.9	26.0	76.6	11.7
Slovakia	9.3	7.7	3.6	5.7	6.0	-	32.3	4.9
Slovenia	18.2	4.2	4.3	3.7	4.0	-	34.4	5.2
Total (€m)	231.1	98.5	144.0	93.5	66.7	31.6	665.4	100
Total (%)	34.7	14.8	21.6	14.1	10.1	4.7	100	

Source: Financing Memoranda, Project Fiches

The environment funding includes not only national environment programmes, but also environmental projects included under cross-border co-operation, regional development or other sectors. The 2002 multi-country programme for Environment and Enlargement is not included in the above analysis.

Annex 3. Phare environment projects in database

The following databases comprise Phare environment projects, identified under national, CBC and regional development programmes. The data has been compiled for the six sample countries selected for the purpose of this evaluation (Bulgaria, Latvia, Poland, Romania, Slovenia).

Table 1 Phare 1999-2004 environment projects according to intervention areas

Country	Year	Project number	Project title	Legislation €m	Implementation €m	Enforcement €m	Infrastructure €m	Total €m
<i>Bulgaria</i>	1999	BG9906	LSIF 5 Sofia waste				23	23
		BG9903	LSIF 4 Sofia waste				0,5	0,5
		BG9912.01	Transposition of Directive	1,4				1,4
		BG9912.02	Air quality management		0,7			0,7
		BG9912.03	Water management auth.		0,7			0,7
		BG9912.04	Urban transport buses				2,3	2,3
		BG9904.03.01	CBC Uranium mines				12,0	12,0
		BG9904.03.04.02	Prep. Env projects				1,0	1,0
	2000	BG0003.06.01	Implem. Water directives		0,9			0,9
		BG0003.06.02	Wild flora and fauna		0,8			0,8
		BG0003.06.03	Chemical substances	0,7				0,7
		BG0003.06.04	IPPC		0,9			0,9
		BG0003.06.05	Radiation		0,7	1,5		2,2
		BG0008.02	CBC Gotse Deltsev				3,0	3,0
	2001	BG0101.06	Seveso Directive		0,7			0,7
		BG0106.04	CBC uranium mines				0,4	0,4
		BG0106.05	CBC monitoring network			0,6		0,6
		BG0106.06	CBC Arda river basin				6,0	6,0
	2002	BG0201.11	Wetland areas		0,9	0,9		1,8
		2002/000-624.03	CBC WWTP Razlog				4,8	4,8
		2002/000-624.04	CBC water management				0,4	0,4
	2003	2003-004-937.07.01	Chemical substances		0,6			0,6
		2003-004-937.07.02	WFD Danube River Basin			1,0		1,0
		2003-004-937.07.03	Air monitoring			0,6		0,6
	2004	2004/016-782.01.03	CBC Nature protection			2,5	1,0	3,5

Country	Year	Project number	Project title	Legislation €m	Implementation €m	Enforcement €m	Infrastructure €m	Total €m
		2004/016-782.01.04	CBC Erma river			0,6	0,2	0,8
		2004/016-782.01.05	CBC Mesta river			1,0	0,3	1,3
Latvia	1999	LE9913	CBC Baltic Sea				2,0	2,0
		LE9901	LSIF Liepaja				6,6	6,6
		LE9910	LSIF 5				5,5	5,5
	2000	LE0005	CBC Alzpute sewage				2,0	2,0
	2001	LE0107	CBC				1,0	1,0
	2002	2002-000-590-09-01	Env monitoring			1,9		1,9
		2002-000-638	CBC				1,0	1,0
	2003	2003-005-876	CBC Baltic Sea				1,0	1,0
Poland	1999	PL9907.01	Env inspectorate		2,0			2,0
		PL9907.02	Bytom WWTP				8,2	8,2
		PL9907.03	Tomaszow WWTP				8,1	8,1
		PL9907.04	Wroclaw air pollution				5,0	5,0
		PL9907.05	Sochazew air pollution				2,9	2,9
		PL9911.02	CBC Klodza Valley				2,6	2,6
		PL9913.01.01	CBC Kolbaskowo				2,2	2,2
		PL9913.01.02	CBC Dobra				2,5	2,5
		PL9913.01.03	CBC Sciegny-Kostrzyca				2,3	2,3
		PL9913.01.04	CBC Ilowa				2,3	2,3
		PL9913.01.05	CBC Lubsko				3,0	3,0
		PL9913.03.03	CBC Gorzow				0,5	0,5
		PL9917.01	Baltic Sea - Ploty				2,0	2,0
		PL9902	LSIF 4				2,0	2,0
		PL9912	LSIF 5 Podhale				14,0	14,0
		PL9912	LSIF 5 Bielsko-Biala					5,0
		PL9912	LSIF 5 Rural					3,5
	2000	PL0007-01	Env impact assessment	0,4	1,2	0,4		2,0
		PL0007-02	Air quality assessment		0,8	2,6		3,4
		PL0007-03	IPPC at regional levels		1,9	0,1		2,0
		PL0008.01.05	Mazurian lakes				3,8	3,8
		PL0008.03.03	Bug river				2,6	2,6

Country	Year	Project number	Project title	Legislation €m	Implementation €m	Enforcement €m	Infrastructure €m	Total €m
		PL0008.04.04	Rzeszow				2,2	2,2
		PL0009.08	CBC Zgorzelec				2,0	2,0
		PL0009.09	CBC Mirsk				2,0	2,0
		PL0009.10	CBC Trzebien				2,0	2,0
		PL0009.11	CBC Krosno Odrzanskie				2,3	2,3
		PL0009.12	CBC CZG Union				2,5	2,5
		PL0009.13	CBC Swinoujscie				2,0	2,0
		PL0009.14	CBC EUROLAS II				1,8	1,8
		PL0009.15	CBC Kolbaskowo				1,8	1,8
		PL0015	Krynica Morska				2,0	2,0
	2001	PL0105.01	Water resources protection		1,7	1,6		3,3
		PL0105.02	Natura 2000		1,6	1,1		2,7
		PL0105.03	Biological safety system		1,8	1,0		2,8
		PL0105.04	Seveso II		2,0			2,0
		PL0105.05	Radiation protection		0,4	1,6		2,0
		PL0105.06	Air quality assessment II		0,2	4,8		5,0
		PL0105.07	Local env administration		3,2	1,0		4,2
		PL0106.01.04	Goplo lake				2,5	2,5
		PL0106.04.02	Jaslo area				2,0	2,0
		PL0106.04.03	Kolbuszowa area				3,9	3,9
		PL0106.04.04	Jaroslaw				2,0	2,0
		PL0106.04.05	Krosno				2,0	2,0
		PL0106.05.03	Lomza				2,0	2,0
		PL0106.07.01	Swietokrzyski National P.				4,8	4,8
		PL0106.07.02	Tourism Busko Zdroj				2,2	2,2
		PL0106.07.03	Sandomierz				2,2	2,2
		PL0106.07.04	WWTP Ponidzie				4,5	4,5
		PL0108.01	CBC Kreszyce				2,0	2,0
		PL0108.02	CBC Gorzow				3,0	3,0
		PL0108.03	CBC Disaster management				1,1	1,1
		PL0108.07	CBC Lubuskie			0,1	1,0	1,1
		PL0108.07	CBC Szczecin				2,0	2,0

Country	Year	Project number	Project title	Legislation €m	Implementation €m	Enforcement €m	Infrastructure €m	Total €m
		PL0108.09	CBC Gryfino				2,3	2,3
		PL0108.12	CBC Underground water				2,0	2,0
		PL0108.15	CBC Gryfow Slaski				2,0	2,0
		PL0108.16	CBC Piensk				2,0	2,0
	2002	2002/000-580-05-01	WFD implementation		3,3	1,7		5,0
		2002/000-580-05-02	Drinking water monitoring			3,7		3,7
		2002/000-580-05-03	Env protection		1,6	0,2		1,8
		2002/000-580-05-04	Control waste shipments		1,6	0,4		2,0
		2002/000-580-06.08	Podgorzyn				2,0	2,0
		2002/000-580-06.18	Opole				2,0	2,0
		2002/000-605-05.01	EMAS implementation				2,5	2,5
		2002/000-606.01	CBC Env protection				2,0	2,0
		2002/000-606.03	CBC WWTP Zawidow				2,4	2,4
		2002/000-606.04	CBC WWTP Luban				2,0	2,0
		2002/000-606.09	CBC Env protection				1,1	1,1
		2002/000-606.10	CBC WWTP Zielona Gora				2,0	2,0
		2002/000-606.11	CBC WWTP Skwierzyna				2,0	2,0
		2002/000-606.16	CBC Swinoujscie II				2,0	2,0
		2002/000-606.17	CBC Choszczno				2,0	2,0
	2003	2003-005-710.05.01	IPPC Directive		1,0	1,0		2,0
		2003-004-379.05.40	Bialogard				2,0	2,0
		2003-005-078.02	CBC Zloty Potok				2,2	2,2
		2003-005-708.09	CBC Gorzow				3,1	3,1
		2003-005-708.10	CBC WWTP Brody				2,0	2,0
		2003-005-708.11	CBC Przybiernow				2,0	2,0
		2003-005-708.12	CBC Goleniow				2,0	2,0
		2003-005-708.13	CBC Underground w. II				2,0	2,0
		2003-005-708.14	CBC Olszyna				2,0	2,0
		2003-005-708.15	CBC Lwowek Slaski				2,3	2,3
		2003-005-708.16	CBC Lubomierz				2,2	2,2
		2003-005-708.17	CBC Zary				2,0	2,0
Romania	1999	RO9911.02.01	CBC Joint air quality mon.			1,2		1,2

Country	Year	Project number	Project title	Legislation €m	Implementation €m	Enforcement €m	Infrastructure €m	Total €m
		RO9903	LSIF 4				1,0	1,0
		RO9909	LSIF 5 Municipal utilities				8,0	8,0
	2000	RO0006.14	Environmental acquis	1,0	4,0	3,0		8,0
		RO002.01	CBC Danube river			1,6	1,2	2,8
	2001	RO0107.15	Implement. env policies		5,3		2,2	7,5
		RO0103.02	CBC Black sea cost monitoring			2,2		2,2
		RO0103.03	Danube wetlands			2,0		2,0
		RO0102.02	Mures River			2,0		2,0
	2002	2002/000-586.04.12	Environmental acquis	1,0	1,0	3,1		5,1
		2002/000-625-03	CBC Air emissions control			1,9		1,9
	2003	2003/005-551.04.11	Radioactivity monitoring			2,0		2,0
		2003/005-701.02	CBC Boianu dyke				1,9	1,9
		2003/005-701.03	CBC Air quality mgmt			0,7		0,7
		2003/005-701.04	CBC Biodiversity			2,3		2,3
		2003/005-702.01	CBC Biodiversity			2,0		2,0
	2004	2004/016-772.03.03	Environmental acquis	3,0	15,2	7,3		25,5
		2004/016-784.01.03	CBC Dobrogea Area			0,5		0,5
<i>Slovenia</i>	1999	SI9907.01.01	Support to investment				3,4	3,4
		SI9907.01.02	Env licensing&monitoring			0,8		0,8
		SI9907.01.03	Env policy	0,2	0,3			0,5
		SL9912.01	CBC Biomass heating				1,5	1,5
		SL9911.01	CBC Pollution prevention				3,0	3,0
		SL9901	LSIF				6,5	6,5
		SL9904	LSIF 4				1,0	1,0
		SL9905	LSIF 5				2,5	2,5
	2000	SL0007	Slovenska Bistrica				2,6	2,6
		SI0008.01	CBC Joint Nature Park			1,6		1,6
	2001	SI0108.01	ECO Adria				4,0	4,0
		SI0109.02	Joint life space				0,3	0,3
	2002	SI0201.09	Info & reporting systems		0,2			0,2
		SI0201.10	Water quality		0,2			0,2
		SI0201.11	Air quality strategies		0,1			0,1

Country	Year	Project number	Project title	Legislation €m	Implementation €m	Enforcement €m	Infrastructure €m	Total €m
		2002/000-308.01	Joint Sewage Krka CBC				3,2	3,2
	2003	2003-004-938.21	CBC Croatia WWTP				2,0	2,0
		2003-004-939.01	CBC Biodiversity				2,0	2,0
			Total €m	7,7	57,5	66.1	304,7	436,0

Table 2 Phare 1999-2004 environment projects according to sub-sectors

Country	Year	Project number	Project title	Water	Air	Solid waste	Nature protection	Industrial pollution	Horizontal/ other	Total €m
Bulgaria	1999	BG9906	LSIF 5 Sofia waste	23						23
		BG9903	LSIF 4 Sofia waste	0,5						0,5
		BG9912.01	Transposition of Directive			0,7		0,7		1,4
		BG9912.02	Air quality management		0,7					0,7
		BG9912.03	Water management auth.	0,7						0,7
		BG9912.04	urban transport buses		2,3					2,3
		BG9904.03.01	CBC Uranium mines	6		6				12,0
		BG9904.03.04.02	Prep. Env projects	1						1,0
	2000	BG0003.06.01	Implem. Water directives						0,9	0,9
		BG0003.06.02	Wild flora and fauna				0,8			0,8
		BG0003.06.03	Chemical substances					0,7		0,7
		BG0003.06.04	IPPC					0,9		0,9
		BG0003.06.05	Radiation						2,2	2,2
		BG0008.02	CBC Gotse Deltsev				3			3,0
	2001	BG0101.06	Seveso Directive					0,7		0,7
		BG0106.04	CBC uranium mines	0,2		0,2				0,4
		BG0106.05	CBC monitoring network	0,3		0,3				0,6
		BG0106.06	CBC Arda river basin	6						6,0
	2002	BG0201.11	Wetland Areas				1,8			1,8
		2002/000-624.03	CBCWWTP Razlog	4,8						4,8
		2002/000-624.04	CBC water management	0,4						0,4
	2003	2003-004-937.07.01	Chemical substances					0,6		0,6
		2003-004-937.07.02	WFD Danube River Basin	1						1,0
		2003-004-937.07.03	Air monitoring		0,6					0,6
	2004	2004/016-782.01.03	CBC Nature protection				3,5			3,5
		2004/016-782.01.04	CBC Erma river	0,8						0,8
		2004/016-782.01.05	CBC Mesta river	1,3						1,3
Latvia	1999	LE9913	CBC Baltic Sea	2						2,0
		LE9901	LSIF Liepaja	6,6						6,6
		LE9910	LSIF 5	5,5						5,5
	2000	LE0005	CBC Alzpute Sewage	2						2,0

Country	Year	Project number	Project title	Water	Air	Solid waste	Nature protection	Industrial pollution	Horizontal/ other	Total €m
Latvia	2001	LE0107	CBC						1	1,0
	2002	2002-000-590-09-01	Env monitoring	0,7	0,6	0,6				1,9
		2002-000-638	CBC						1	1,0
	2003	2003-005-876	CBC Baltic Sea						1	1,0
Poland	1999	PL9907.01	Env inspectorate						2	2,0
		PL9907.02	Bytom WWTP	8,2						8,2
		PL9907.03	Tomaszow WWTP	8,1						8,1
		PL9907.04	Wroclaw air pollution		5					5,0
		PL9907.05	Sochazew air pollution		2,9					2,9
		PL9911.02	CBC Klodzka Valley	2,6						2,6
		PL9913.01.01	CBC Kolbaskowo	2,2						2,2
		PL9913.01.02	CBC Dobra	2,5						2,5
		PL9913.01.03	CBC Sciegny-Kostrzyca			2,3				2,3
		PL9913.01.04	CBC Ilowa	2,3						2,3
		PL9913.01.05	CBC Lubsko	3						3,0
		PL9913.03.03	CBC Gorzow				0,5			0,5
		PL9917.01	Baltic Sea - Ploty	2						2,0
		PL9902	LSIF 4	2						2,0
		PL9912	LSIF 5 Podhale		14					14,0
		PL9912	LSIF 5 Bielsko-Biala	5						5,0
		PL9912	LSIF 5 Rural	3,5						3,5
	2000	PL0007-01	Env impact assessment						2	2,0
		PL0007-02	Air quality assessment		3,4					3,4
		PL0007-03	IPPC at regional levels					2		2,0
		PL0008.01.05	Mazurian lakes	3,8						3,8
		PL0008.03.03	Bug river	2,6						2,6
		PL0008.04.04	Rzeszow	2,2						2,2
		PL0009.08	CBC Zgorzelec	2						2,0
		PL0009.09	CBC Mirsk	2						2,0
		PL0009.10	CBC Trzebien			2				2,0
		PL0009.11	CBC Krosno Odrzanskie	2,3						2,3
		PL0009.12	CBC CZG Union			2,5				2,5

Country	Year	Project number	Project title	Water	Air	Solid waste	Nature protection	Industrial pollution	Horizontal/ other	Total €m
Poland		PL0009.13	CBC Swinoujscie						2	2,0
		PL0009.14	CBC EUROLAS II						1,8	1,8
		PL0009.15	CBC Kolbaskowo	1,8						1,8
		PL0015	Krynica Morska	2						2,0
	2001	PL0105.01	Water resources protection	3,3						3,3
		PL0105.02	Natura 2000				2,7			2,7
		PL0105.03	Biological safety system						2,8	2,8
		PL0105.04	Seveso II					2		2,0
		PL0105.05	Radiation protection						2	2,0
		PL0105.06	Air quality assessment II		5					5,0
		PL0105.07	local env administration						4,2	4,2
		PL0106.01.04	Goplo lake	2,5						2,5
		PL0106.04.02	Jaslo area	2						2,0
		PL0106.04.03	Kolbuszowa area	3,9						3,9
		PL0106.04.04	Jaroslav	2						2,0
		PL0106.04.05	Krosno			2				2,0
		PL0106.05.03	Lomza	2						2,0
		PL0106.07.01	Swietokrzyski National P.	4,8						4,8
		PL0106.07.02	Tourism Busko Zdroj	2,2						2,2
		PL0106.07.03	Sandomierz	2,2						2,2
		PL0106.07.04	WWTP Ponidzie	4,5						4,5
		PL0108.01	CBC Kreszyce	2						2,0
		PL0108.02	CBC Gorzow	3						3,0
		PL0108.03	CBC disaster mgmt.						1,1	1,1
		PL0108.07	CBC Lubuskie						1,1	1,1
		PL0108.07	CBC Szczecin						2	2,0
		PL0108.09	CBC Gryfino	2,3						2,3
		PL0108.12	CBC Underground water	2						2,0
		PL0108.15	CBC Gryfow Slaski	2						2,0
		PL0108.16	CBC Piensk	2						2,0
	2002	2002/000-580-05-01	WFD Implementation	5						5,0
		2002/000-580-05-02	Drinking water monitoring	3,7						3,7

Country	Year	Project number	Project title	Water	Air	Solid waste	Nature protection	Industrial pollution	Horizontal/ other	Total €m
Poland		2002/000-580-05-03	Env protection						1,8	1,8
		2002/000-580-05-04	Control waste shipments			2				2,0
		2002/000-580-06.08	Podgorzyn	2						2,0
		2002/000-580-06.18	Opole	2						2,0
		2002/000-605-05.01	EMAS implementation					2,5		2,5
		2002/000-606.01	CBC Env protection				2			2,0
		2002/000-606.03	CBC WWTP Zawidow	2,4						2,4
		2002/000-606.04	CBC WWTP Luban	2						2,0
		2002/000-606.09	CBC Env protection				1,1			1,1
		2002/000-606.10	CBC WWTP Zielona Gora	2						2,0
		2002/000-606.11	CBC WWTP Skwierzyna	2						2,0
		2002/000-606.16	CBC Swinoujscie II	2						2,0
		2002/000-606.17	CBC Choszczno	2						2,0
	2003	2003-005-710.05.01	IPPC Directive					1	1	2,0
		2003-004-379.05.40	Bialogard	2						2,0
		2003-005-078.02	CBC Zloty Potok	2,2						2,2
		2003-005-708.09	CBC Gorzow	3,1						3,1
		2003-005-708.10	CBC WWTP Brody	2						2,0
		2003-005-708.11	CBC Przybiernow	2						2,0
		2003-005-708.12	CBC Goleniow	2						2,0
		2003-005-708.13	CBC Underground w. II	2						2,0
		2003-005-708.14	CBC Olszyna	2						2,0
		2003-005-708.15	CBC Lwowek Slaski	2,3						2,3
		2003-005-708.16	CBC Lubomierz			2,2				2,2
		2003-005-708.17	CBC Zary	2						2,0
Romania	1999	RO9911.02.01	CBC Joint air quality mon.		1,2					1,2
		RO9903	LSIF 4	1						1,0
		RO9909	LSIF 5 Municipal utilities	8						8,0
	2000	RO0006.14	Environmental acquis		2				6	8,0
		RO002.01	CBC Danube river	2,8						2,8
	2001	RO0107.15	Implement. env policies	2,3		2			3,2	7,5
		RO0103.02	CBC Black sea coast mon	2,2						2,2

Country	Year	Project number	Project title	Water	Air	Solid waste	Nature protection	Industrial pollution	Horizontal/ other	Total €m
Romania		RO0103.03	Danube wetlands			2				2,0
		RO0102.02	CBC Mures river			2				2,0
	2002	2002/000-586.04.12	Environmental acquis	0,8	2,3			2		5,1
		2002/000-625-03	CBC Air emissions control		1,9					1,9
	2003	2003/005-551.04.11	Radioactivity monitoring						2	2,0
		2003/005-701.02	CBC Boianu dyke				1,9			1,9
		2003/005-701.03	CBC air quality mgmt.		0,7					0,7
		2003/005-701.04	CBC Biodiversity				2,3			2,3
		2003/005-702.01	CBC Biodiversity			2				2,0
	2004	2004/016-772.03.03	Environmental acquis	1,5	1,3	6,1	4,0	5,5	7,1	25,5
		2004/016-784.01.03	CBC Dobrogea Area	0,5						0,5
Slovenia	1999	SI9907.01.01	Support to investment	1,2	1,2	1,0				3,4
		SI9907.01.02	Env licensing&monitoring	0,8						0,8
		SI9907.01.03	Env policy	0,3	0,2					0,5
		SL9912.01	CBC Biomass heating		1,5					1,5
		SL9911.01	CBC Pollution prevention	3						3,0
		SL9901	LSIF	6,5						6,5
		SL9904	LSIF 4	1						1,0
		SL9905	LSIF 5	2,5						2,5
	2000	SL0007	Slov. Bistrica	2,6						2,6
		SI0008.01	CBC Joint Nature Park				1,6			1,6
	2001	SI0108.01	ECO Adria	4						4,0
		SI0109.02	Joint life space	0,3						0,3
	2002	SI0201.09	Info & reporting systems						0,2	0,2
		SI0201.10	Water quality	0,2						0,2
		SI0201.11	Air quality strategies		0,1					0,1
		2002/000-308.01	Joint Sewage Krka CBC	3,2						3,2
	2003	2003-004-938.21	CBC Croatia WWTP	2						2,0
		2003-004-939.01	CBC Biodiversity				2			2,0
			Total €m	259,0	46,9	35,9	27,2	18,6	48,4	436,0

Annex 4. Environmental expenditure in the public sector

The following table provides an overview of the national environmental protection investments in the public sector for the years 1999-2002 for the five sample countries under review. For 2003 and 2004 there was no Eurostat data available.

Note: The distribution of the environmental protection expenditure between the public sector and specialised producers depends on how environmental protection is organised in each country. Thus the contribution of the public sector to environmental investments varies naturally from country to country.

		Investment (€m)					
		1999	2000	2001	2002	2003	2004
Bulgaria	National environmental protection investments in the public sector *	22	17	24	32	:	:
	Phare Environmental allocations**	38.8	3	6.4	5.2	0	1.5
Latvia	National environmental protection investments in the public sector	2	0	11	9	:	:
	Phare Environmental allocations	14.1	2	1	1	1	0
Poland	National environmental protection investments in the public sector	763	768	807	651	:	:
	Phare Environmental allocations	66.1	27	45.5	20	23.8	0
Romania	National environmental protection investments in the public sector	85	19	13	14	:	:
	Phare Environmental allocations	9	1.2	2.2	0	1.9	0
Slovenia	National environmental protection investments in the public sector	:	34	119	134	:	:
	Phare Environmental allocations	17.9	2.6	4.3	3.2	4	0

(*) Source: EUROSTAT: Environmental Protection Expenditure in Europe by Public Sector and Specialised Producers 1995-2002; October 2005; figures contain only investment but not current expenditure.

(**) According to database; allocations usually lead to realised investments (n+1) or (n+2) years later; Phare 1999 allocations include substantial support provided in that year under the Large Scale Infrastructure Facility (LSIF).

(:) Not available

More detail is provided for Slovenia in the table below, where the contribution of Phare to environmental investments in infrastructure can be compared with the funds spent by the Ministry of Environment and Spatial Planning (MoESP) during the period 1999-2003, the last year in which Slovenia received a Phare allocation.

Phare and MoESP national environmental investment Slovenia 1999-2004

	Phare						Total National 1999-2004	Total National 1999-2003	Total Phare 1999-2003	Phare as % of nat. funding
	1999	2000	2001	2002	2003	2004				
Water	27.2	49.0	3.3	38.6	5.6	66.9	190.6	123.7	26.2	21%
Air	-	-	-	-	-	-	-	-	2.8	n.a.
Solid waste	1.0	8.0	1.1	0.7	1.7	5.3	17.8	12.5	1.0	8%
Nature protection	-	1.6	-	-	-	0.6	2.2	1.6	2.0	125%
Industrial pollution	-	-	-	-	-	1.0	1.0	-	-	-
Other	11.3	1.6	-	-	0.7	-	13.6	13.6	-	-
TOTAL	39.5	60.2	4.4	39.3	8.0	73.8	225.2	151.4	32.0	21%

Source: Slovenia MoESP; data refer only to national (co-)financing provided by MoESP and do not include environmental investments from local authorities and other ministries; all figures in €m.

Phare was quite important for Slovenia in providing funding for environmental investments during the period under review. Overall, the Phare contribution amounts to more than 20% compared to the financing means provided by the MoESP during that time, or to around 11% of environment investments from the public sector.⁶⁰ This rather high percentage is, however, influenced by the substantial investments made by Phare 1999 under the Large Scale Infrastructure Facility (LSIF).

⁶⁰ Compared to the public sector environmental investment (based on the available Eurostat data), the percentage of Phare investments within a comparable reference period has been as follows for the five sample countries: Bulgaria 56%; Latvia 87%; Poland 5%; Romania 11%; Slovenia 11% .

Annex 5. Typical Phare environment outputs

Type of output	Activities supporting output
Strategic development	• Preparation of strategies for sectoral reform; • Action plans for implementing strategies or development of comparative analyses/recommendations in connection with beneficiary agency operations; • Preparing and implementing schemes to check on delivery of the strategies.
Legal harmonisation	• Commenting on draft laws; • Development of secondary legislation; • Training in legal harmonisation issues for beneficiary agencies.
Organisational development	• Development of strategic plans for development of an organisation; • Development of internal procedures/manuals to be applied within the beneficiary agency ; • Training of staff and training of trainers (on-the-job, coaching, distance learning schemes); • Study tours and placements at twinning/other relevant organisations.
Information and publicity	• Publications in connection with environmental protection measures; • Explanatory material in connection with newly adopted legislation/<i>acquis</i>; • Web site development.
Delivery of investments	• Drafting of technical specifications; • Advice on procurement issues; • Training in Phare procurement procedures; • Environmentally related infrastructure and equipment (<i>inter alia</i> wastewater treatment plants, environmental monitoring equipment, information technology).

Annex 6. May 2006 Monitoring Reports on Bulgaria and Romania

Main Conclusions on Chapter 22 Environment

Bulgaria

Coordination, integration, public awareness and public involvement need further strengthening in areas such as Integrated Pollution Prevention and Control (IPPC) and the NATURA 2000 programme. Further efforts are needed with regard to implementation of legislation transposing the Environmental Impact Assessment and the Strategic Environmental Assessment directives both at national and regional levels. Preparations need to be stepped up.

Bulgaria is now generally meeting the commitments and requirements arising from the accession negotiations in the area of noise and chemicals and genetically modified organisms. Progress has been made on horizontal legislation, waste management, water management, industrial pollution and risk management, and nuclear safety and radiation protection. Increased efforts and swift action are now needed by Bulgaria to finalise the transposition process and to implement and enforce the legislation. Administrative capacity still needs to be further increased in these areas, with particular attention to the regional and local environmental authorities and the inspectorates.

Romania

In the field of horizontal legislation, further alignment has taken place. Legal amendments have been adopted to ensure that expenses for public announcements are born by the environmental authorities. A manual for Strategic Environment Assessment has been adopted. However, legal transposition in relation to the Strategic Environmental Assessment, access to justice and public participation needs to be completed.

Overall, progress has taken place in the areas of horizontal legislation, waste management and water quality. Legal transposition and the necessary implementation steps remain to be completed. Administrative capacity in these sectors should be further reinforced particularly at local and regional levels. Important progress has been made in the area of industrial pollution. Efforts should be continued to issue permits of sufficient quality and to strengthen administrative capacities. The National Environmental Guard should be able to ensure appropriate enforcement of environmental legislation. The area of nature protection deteriorated and full implementation of the acquis following accession needs to be ensured. In particular, strengthening the administrative capacities of the cooperation and coordination mechanisms as well as completion of the preparations for special nature protection areas are needed. All these areas required increased efforts and swift action.

Annex 7. World Bank Indicators 2005 – Environment Government Commitment

Country	Year in which international conventions and treaties ratified or entered into force							
	Environmental strategies or action plans	Biodiversity assessments, strategies or action plans	Climate change	Ozone Layer	CFC Control	Law of the Sea ⁶¹	Biological diversity	Kyoto Protocol
Austria	..	..	1994	1987	1989	1995	1994	2002
Belgium	..	..	1996	1988	1988	1998	1996	2002
Bulgaria	..	1994	1995	1990	1990	1996	1996	2002
Czech Republic	1994	..	1994	1993	1993	1996	1993 ^b	2001 ^b
Denmark	1994	..	1994	1988	1988	2004	1993	2002
Estonia	1998	..	1994	1996	1996	..	1994	2002
Finland	1995	..	1994	1986	1988	1996	1994 ^a	2002
France	1990	..	1994	1987	1988	1996	1994	2002 ^b
Germany	..	..	1994	1988	1988	1994 ^c	1993	2002
Greece	..	..	1994	1988	1988	1995	1994	2002
Hungary	1995	..	1994	1988	1989	2002	1994	2002 ^c
Ireland	..	..	1994	1988	1988	1996	1996	2002
Italy	..	..	1994	1988	1988	1995	1994	2002
Latvia	..	..	1995	1995	1995	..	1995	2002
Lithuania	..	..	1995	1995	1995	2003 ^c	1996	2003
Netherlands	1994	..	1994	1988	1988	1996	1994 ^a	2002 ^c
Poland	1993	1991	1994	1990	1990	1998	1996	2002
Portugal	1995	..	1994	1988	1988	1997	1993	2002
Romania	1995	..	1994	1993	1993	1996	1994	2001
Slovak Republic	..	..	1994	1993	1993	1996	1994 ^b	2002
Slovenia	1994	..	1996	1992	1992	1995 ^d	1996	2002
Spain	..	..	1994	1988	1988	1997	1995	2002
Sweden	..	..	1994	1986	1988	1996	1993	2002
United Kingdom	1995	1994	1994	1987	1988	1997 ^c	1994	2002

a) Acceptance; b) Approval; c) Accession; d) Succession.

Source: World Bank Indicators 2005; no reference provided for Cyprus, Luxembourg and Malta.

⁶¹ Convention became effective November 16, 1994;

Annex 8. List of Documents

Originator	Date	Title of Document
OVERALL DOCUMENTS		
European Commission	May 2006	Bulgaria and Romania Monitoring Report
	2005	Comprehensive Monitoring Report on Bulgaria's preparation for Membership
	2005	Comprehensive Monitoring Report on Romania's preparation for Membership
	2003	Comprehensive Monitoring Report on Latvia's preparation for Membership
	2003	Comprehensive Monitoring Report on Poland's s preparation for Membership
	2003	Comprehensive Monitoring Report on Slovenia's preparation for Membership
	2005	Annual Report of the Instrument for Structural Policy for pre-Accession (ISPA) 2004
	2005	2003 Report on Phare and Pre-accession Instruments for Cyprus, Malta and Turkey; COM(2005) 64final
	2005	2004 Report on Phare, Pre-accession and Transition Instruments COM(2005) 701final; plus Annex (country sections and additional information)
	2004	Annual Report of the Instrument for Structural Policy for pre-Accession (ISPA) 2003
	February 2005	The 2005 Review of the EU Sustainable Development Strategy: Initial Stocktaking and Future Orientations; COM(2005) 37final
Network of Institutes and Schools of Public Administration in Central and Eastern Europe - NISPAcee	2005	Administrative capacity building in prospective and new EU Member States; reference guide for horizontal integration
SECTORAL DOCUMENTS		
European Commission	August 2005	Sixth Annual Survey on the implementation and enforcement of Community environmental law-2004, SEC(2005)1055, 17.08.2005
	2005	Evaluation of the IMPEL network, Reflections on IMPEL in the past and for the future, June 2005, DG Environment
	2005	Evaluation of the IMPEL network, Reflections on IMPEL in the past and for the future, June 2005, DG Environment
	2004	Synthesis of the replies to the questionnaire on progress made with the implementation of the Directive 96/82/EC, DG Environment
	October 2005	Environmental Protection Expenditure in Europe by Public Sector and Specialised Producers 1995-2002, Eurostat
	2005	Energy, transport and environment indicators, data 1992-2002
	21/03/2006	News release: 90% of EU-25 population connected to waste water collection systems, Eurostat
	2005	Measuring progress towards a more sustainable Europe; sustainable development indicators for the European Union; data 1990-2005, Eurostat
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Ministry of Environment and Water of Bulgaria	February 2006	Sub-Committee No 6, Bulgaria – European Union Transport, Trans-European Networks, Energy and Environment Sector "Environment"

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Ministry of Environment of Czech Republic	2006	Challenges in the implementation of the IPPC Directive – the view of a new member state
Republic of Latvia	2004	National Environmental Policy Plan 2004-2008
Ministry of Environment of Poland	2006	Roadmap for Implementation of Environmental Technology Action Plan in Poland
Ministry of Environment of Slovenia	2001	Environmental Development Fund of the Republic of Slovenia, Public Fund (EcoFund)
Institute for European Environmental Policy	2003	Evaluation of the European Environment Agency, final report, August 2003
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Institute for Sustainable Development & Institute for Environmental Policy	2004	EPI and Sustainable Development in the Accession, Candidate and Balkan Countries
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CEE Bankwatch/ Friends of the Earth/ Institute of Environmental Economics	2004	‘Best Available Practices’, public participation in programming, implementation and monitoring EU funds, September 2004
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OECD	2005	Presentation National Strategies for Sustainable Development: Good practises in OECD Countries
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OIR	February 2006	Interim Evaluation of the EU Phare and Transition Facility Programme in Latvia; Sector Environment and Nuclear Safety
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National Fund-Poland	2004	PL9912-Large Scale Infrastructure Facility
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Ministry of European Integration-Romania	31/03/2005	Monitoring Report, sector environment
	June 2005	Monitoring Reports, sector Cross Border Co-operation; Romania/ Bulgaria, Romania/ Hungary

Annex 9. List of Interviews

INSTITUTION	INTERVIEWEE	DATE
European Commission, DG Environment Enlargement and Neighbouring Countries Av. De Beaulieu 9 1049 Brussels	Ms. Henriette Faergemann Desk Officer	29/03/2006 19/06/2006
European Commission, DG Environment Enlargement and Neighbouring Countries Av. De Beaulieu 9 1049 Brussels	Mr. Jorge Pinto Antunes Desk Officer	29/03/2006 19/06/2006
European Commission Delegation in Bulgaria 9, Moskovska 1000 Sofia	Ms. Teodora Andreeva Adviser	08/05/2006
European Commission Delegation to Romania 18-20, Jules Michelet str., Bucharest	Ms Adriana Micu Task Manager	15/05/2006
Polish National Fund for Environmental Protection, Structural Funds Department, ul. Konstruktorska 3a 02-673 Warsaw	Ms. Anna Cichon Expert	18/04/2006
Polish National Fund for Environmental Protection, Structural Funds Department, ul. Konstruktorska 3a 02-673 Warsaw	Ms. Beata Wojcik Expert	18/04/2006
Polish National Fund for Environmental Protection, Structural Funds Department, ul. Konstruktorska 3a 02-673 Warsaw	Ms. Marzena Slupieczanska Expert	18/04/2006
UKIE (Office of the Committee for European Integration Al. Ujazdowskie 9 00-918 Warsaw	Ms. Malgorzata Mokrvzanska Programme Manager	19/04/2006
Ministry of Environment of Poland Department of European Integration Wavelska Street 52/54 Warsaw	Ms Grażyna Hajiraftis Head of European Programmes Monitoring Unit,	19/04/2006
Cross-border Cooperation Authority Poland Warsaw	Ms Magdalena Komorek Head of Evaluation and Monitoring Unit	19/04/2006
Cross-border Cooperation Authority Poland Warsaw	Mr. Jakub Kowalczyk Expert	19/04/2006

Ministry of Environment and Spatial Planning of Slovenia Einspielerjeva 6 SI-1000 Ljubljana	Ms. Irena Brcko Kogoj Undersecretary	05/05/2006
The Regional Environmental Centre for Central and Eastern Europe Slovenska cesta 5 SI-1000 Ljubljana	Ms. Milena Marega Country Office Director	05/05/2006
The Regional Environmental Centre for Central and Eastern Europe Slovenska cesta 5 SI-1000 Ljubljana	Mr. Albin Keuc Expert	05/05/2006
Ministry of Environment and Waters of Bulgaria Directorate EU Environment Funds 22, Maria Louisa Blvd. 1000 Sofia	Ms. Mariana Hristova Director	08/05/2006
Ministry of Environment and Waters of Bulgaria 22, Maria Louisa Blvd. 1000 Sofia	Ms. Maria Gergelcheva Chief Expert	08/05/2006
Ministry of Environment and Waters of Bulgaria 22, Maria Louisa Blvd. 1000 Sofia	Ms. Maria Popova Expert	08/05/2006
Ministry of Regional Development and Public Works General Directorate Programming of the Regional Development (future Managing Authority for Operational Programme Environment) 17-19, St. Cyril I Metodji street, 1202 Sofia	Ms. Dimana Sadonkova Head of CBC Department	09/05/2006
Ministry of Environment and Waters of Bulgaria 22, Maria Louisa Blvd. 1000 Sofia	Ms. Slavitzza Dobрева Head of EU Integration Department	09/05/2006
Mission of Bulgaria to the EU Rue d'Arlon 108 1040 Brussels	Ms. Svetlana Zhekova First Secretary for Environment	09/05/2006
Mission of Romania to the EU Brussels	Ms. Violeta Dragu Counsellor Environment Policy, EEA	10/05/2006
Mission of Romania to the EU Brussels	Ms. Carmen Ifrim Counsellor	10/05/2006
Ministry of Environment and Water Management of Romania General Directorate for Structural Instruments Management 12, Libertatii bv, Bucharest	Mr. Silviu Stoica General Director	15/05/2006

Ministry of Environment and Water Management of Romania General Directorate for Structural Instruments Management Sectoral Operational Programme Environment	Ms Liliana Chirila Director	15/05/2006
Ministry of Public Finance of Romania Managing Authority for Community Support Framework 44, Mircea Voda Av. , district 3, Bucharest	Ms. Florina Plaveți Task Manager	15/05/2006
Ministry of Public Finance of Romania Central Evaluation Unit, in the National Aid Coordinator Structure 44, Mircea Voda Av. , district 3, Bucharest	Ms. Claudia Bedea Head of Unit	15/05/2006
Ministry of Environment of Latvia Project Development Department	Ms. Anita Bisofa Director	25/05/2006
Ministry of Education and Science of Latvia Projects Implementation Department	Mr. Oskars Kupcis Deputy Director Previously Senior Officer Ministry of Environment	25/05/2006