COMMISSION DECISION
OF 2001

Establishing a Phare multi-beneficiary Business Support Programme–2 in 2001,

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe, as last amended by Council Regulation (EC) n° 2666/2000, and in particular Article 9 thereof,

Whereas:

(1) Regulation No 3906/89 lays down the rules and conditions for the granting of economic aid to certain countries of Central and Eastern Europe,

(2) The measures provided for by this Decision are in accordance with the opinion of the Committee on Aid for Economic Restructuring in certain countries of Central and Eastern Europe,

HAS DECIDED AS FOLLOWS:

Article 1

The programme described in the Annex to the present decision is hereby adopted.

Article 2

The maximum amount of Community assistance shall be **15 MEUR** to be financed through Budget line B7-030 in 2001.

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1 OJ No L 375 of 23.12.1989, p. 11
2 OJ No L 306 of 7.12.2000, p. 1
Done in Brussels,

For the Commission
PHARE MULTI-BENEFICIARY

BUSINESS SUPPORT PROGRAMME - 2

ANNUAL PROGRAMME 2001

1. Identification

1. Recipient states: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia
2. Title of proposal: Phare / Business Support Programme – 2
3. Year: 2001
4. Total cost: €
5. EU contribution: € 15,000,000
6. Budget line: B7-030
7. Implementation Authority: European Commission
8. Expiry date: 31 December 2003 (contracting) 31 December 2004 (payments)
9. Sector: AA
10. Group: O
11. Task Manager: Antonio Izquierdo

2. SUMMARY

2.1. The existing Business Support Programme (“BSP - 1”) has been assisting business operators from the Phare candidate countries (“Phare CCs”) and their business representative organisations (BROs) in strengthening and acquainting them with the acquis. BSP-1 funds have been fully contracted for the four following components (amounts in commitments): (i) Support to horizontal and sectoral BROs (€ 16.4 Mio); (ii) Support to the activities in the textile sector (€ 0.2 Mio); (iii) Support to the Representative Organisations in the Agricultural Sector (€ 4.5 Mio); (iv) Support to institutions in the area of industrial property (€ 1.2 Mio).

2.2. The objectives of this programme (which will hereinafter and generically be referred to as the “BSP–2”) will be more restricted and specific than those under BSP–1 : BSP-2 will adress the needs of sectoral BROs in the industrial sector only, and aims at strengthening their corporate functioning and at providing training in their sectorally relevant acquis. Typical activities under the programme will be training and advisory services, internships and placement programmes.

2.3. This Financing Proposal seeks to make available € 15 Mio to support a limited number of BROs and their associates in the Phare CCs throughout calls for proposals. No further BSP support will be requested after 2001.
3. BACKGROUND OF BSP-1

3.1. The BSP-1 was born as the implementation and enforcement of the acquis highly depends not only on the commitment of national administrations in the Phare CCs, but also on the active participation of their economic actors; particularly, businesses and their associations involved in manufacturing and, generally, industrial activity are key participants in the implementation of the acquis. While the Twinning, SIGMA and TAIEX have been properly addressing the needs of the administrations of the Phare CCs by training their national officials on the implementation of the acquis at regulatory and enforcement level, the BSP addresses business circles whose entrepreneurial activities are directly affected by the acquis, notably in terms of industrial, environmental, employee safety regulations.

3.2. The objectives of the BSP-1 have been: (a) support to the organisational structure and capacity of CCs BROs; (b) support to CCs BROs and their associates in acquainting them with the acquis. BSP-1 seeks to disseminate the contents and consequences of the acquis to business participants in a structured manner so that multiplier effects and effectiveness are derived. To do this, the BSP-1 originally geared its efforts first towards the sectoral and horizontal business federations in the Phare CCs as primary link with their associate companies, final beneficiaries of the BSP-1. BSP-1 efforts have consisted in strengthening the representative and management capacity of the federations so that they can more successfully interact with governmental bodies and deliver better services to associates, including the acquaintance with the acquis. These federations lacked and most still lack resources sufficient to carry out typical activities in most business sectors in the Phare CCs.

3.3. Under the BSP–1, sixteen grant contracts have been awarded covering the following sectors: Chambers of Commerce; SMEs craft enterprises; Producers Co-operatives, Social Enterprises and Participative Enterprises; the Furniture and Wood Industry; the Chemical Industry; the Food and Drink Industry; the Steel Industry; the Textile and Clothing Industry; the Business Machine and Information Technology Industry; the Agricultural sector; the Animal Production sector; institutions in the area of industrial property.

Annex A is a list of these projects including budget and contract details. Project activities have been advisory and information services to Phare CCs BROs provided by EU experts from sister organisations, placement and internship programmes in EU sister organisations, seminars and workshops. Other important activities have been training and networking across different business circles in the Phare CCs and the EU.

3.4. As the initial years of the transition to market economies in the Phare CCs witnessed a reluctance on businesses to group as this was viewed as a reminder of old command-economy practices, the BSP-1 has played an important role in terms of institution building by supporting the in-house capacity of business representative organisations and their ability to render services to their associate companies. BSP-1 projects have been given a high profile in the local media; the resulting knock-on effect expands the impact of the programme into the civil society and provides increased visibility to Phare.
4. STRATEGY

4.1. INSTITUTIONAL CONTEXT

411 Progress in meeting accession requirements is measured against a wide variety of parameters which first and foremost are the criteria set by the Copenhagen European Council in 1993 and the European Council of Madrid. Copenhagen indicated that membership requires “the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union”. This requires the adoption, implementation and enforcement of the acquis. Madrid recalled that the acquis had to be incorporated into national legislation but, more importantly, should effectively be applied through appropriate administrative structures.

412 According to the “Enlargement 2000 Strategy Paper”, “acquis preparation and implementation is not only a matter for government and administration but also for business, regional and local bodies and professional organisations”.

413 Increasing the understanding, implementation and enforcement of the acquis at the level of BROs in the Phare CCs is the key immediate objective of the BSP-2. The Commission’s 2000 Working Document ‘Main Administrative Structures required for implementing the Acquis’ pointed under chapter 15 (Industrial Policy – Small and Medium-sized undertakings) that some of the expected implementing agencies at national level for this sector are “Business associations”.

414 The Enlargement 2000 Strategy Paper indicated a number of setbacks and short-comings in the Phare CCs´ path to successfully implement parts of the acquis; this acquis directly applies to the operation of businesses which have to incorporate EU legislation in their industrial processes. The internal market acquis, particularly in the fields of standardisation, certification and metrology (chapter 1, “Free movement of goods”) has manufacturing operators as main recipients of the relevant legislation. Similarly, telecommunications and information technologies (chapter 19) is an important acquis area where further efforts are required vis-à-vis affected economic actors and their associations. The same applies to Social policy & employment (chapter 13), and particularly health and safety at work, involve legislation which is applicable to most industrial sectors of the economy. Similarly, environmental legislation (chapter 22) and Health Protection (chapter 23) have a cross-sectoral impact.

415 The intervention of EU business associations via the BSP–2 in disseminating their sectorally relevant acquis and showing its practical impact to related economic operators in the Phare CCs can usefully make the accession easier. BSP-2 would increase the chances of the business operators benefitting from the programme to better withstand competitive pressure in an enlarged Union.

416 In view of the above, the BSP–2 will support industrial sectors being greatly concerned by the mentioned acquis areas and where follow-up and continuation of on-going projects would considerably sustain successful but still fragile achievements under BSP–1. BSP-2 will not cover agriculture sector since extensive funding is being provided to this activity under BSP-1 and Phare National Programmes.

3 Main Administrative Structures required for implementing the Acquis. Informal Working Document for Information purposes only. Overview to the preparation of the 2000 Regular Reports. Last up-date: 22 September 2000
4.2. CONTEXT OF THE BSP-2 AS A MULTI-BENEFICIARY PROGRAMME

421 The Phare Review established that the Commission would continue using accession-driven multi-beneficiary programmes where their adequacy, cost-effectiveness and cost-efficiency are proved and qualify them as best delivery instrument in view also of economies of scale or the need to promote regional co-operation. In line with the Phare Review, the BSP–2: (a) bears a catalytic effect in key accession areas; (b) works with co-financing from the business representative organisations in the Phare CCs; (c) does not entail crowding out effects as it is the only facility in the Phare CCs for the type of assistance rendered; (d) involves clear deliverables in terms of IB and training in the acquis; (e) entails sustainable outputs if properly supported.

422 As a multi-country facility, the BSP-2 provides for clear economies of scale since it covers the Phare candidate countries under the same procedures and implementing structure; this guarantees uniformity of approach and the learning and dissemination of lessons across all Phare countries. Furthermore, BSP-2 will be the only Phare programme providing Institution Building assistance to BROs.

423 In terms of programming, the BSP-2 is consistent with the Phare Guidelines 2000-2006 where Institution Building and Investment in Economic and Social Cohesion were identified as main drives of the programme. The BSP–2 is an Institution Building instrument as it aims at reinforcing institutional and administrative capacity at the level of non-regulatory or non-administrative bodies, which nevertheless have an important role to play in the dissemination and implementation of the acquis as recipients of the EU legislation. In addition to the Institution Building emphasis, the BSP-2 bears a civil society acumen as it is the only Phare programme targeting such a wide spectrum of the economic life by providing training and placement actions which, under existing Phare programmes, are reserved to the administration.

5. DESCRIPTION

5.1. The BSP–2 will target a limited number of sectoral BROs as programme beneficiaries. As a follow-up to the BSP-1, the BSP-2 will focus on the acquis technically relevant to the Phare CCs target organisations. Sectoral associations are best placed to assist in the selected dissemination of, and advice on, the related acquis. While existing reports\(^4\) on the availability of information on the single market in the Phare CCs prove that economic operators have easy access to general information, technical and industry-related legislation is more difficult to obtain and understand and also difficult to follow its developments. Sectoral BROs in the EU are technically and institutionally best placed to deliver the required activities targeting beneficiary federations in the Phare CCs. Therefore, the BSP-2 will not support horizontal BROs as these have proven under the BSP-1 to be less cost-efficient than sectoral BROs.

5.2. Since this is an Institution Building programme focused on assisting BROs in corporate governance and training in the acquis, the concrete proposals to be finally selected will basically depend on the characteristics of the applicant Phare partner CCs BROs; factors for selection will be the following:

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(a) Importance of the related business sector in terms of acquis volume.

(b) Economic relevance of the related business sector considering output and employment.

As the BSP-2 cannot cover all sectors in the economy, priority will specially be given to those sectors in the Phare CCs where the impact of the acquis in the industrial processes of their businesses is high and the economic dimension is large such as industry, particularly manufacturing in textiles, clothing & footwear, agro-food and beverages, construction materials, electromechanical and machine building, information technology, plastics, chemicals.

(c) Previous positive assistance under BSP-1 as per specific evaluation requiring follow-up to make results sustainable and consolidate previous outputs.

(d) Potential positive contribution of the EU and Phare partner CCs BROs to the objectives of the programme in terms of cost-effectiveness and cost-efficiency, geographical and sectoral coverage (multiplier effect). The representative, independent and effective character of the target beneficiary organisations will be checked against a number of parameters such as:

- number of associate companies;
- business representative activities: lobbying capacity, industrial promotion & networking;
- business service activities: policy awareness, market watch, dissemination and analysis of sectorally relevant information;
- business organisation and management: organisational structure of the target BRO in terms of self-financing and strategic planning;
- commitment of associate companies (i.e. payment of fees) towards their BROs;
- financial independence from government as per, inter alia, origin of main financial sources and composition of boards or secretariats of target BROs.

5.3 For the reasons stated above, the BSP-2 will not fund market promotion activities. This is not an objective of the programme.

6. OBJECTIVES, RESULTS AND ACTIVITIES OF THE BSP-2

The salient understanding behind the BSP-2 is that the EU acquis has to be applied by a wide variety of organisations and economic operators at business and civil level in the Phare CCs in addition to their national administrative bodies. The programme is an institution building facility assisting the operation of BROs and spreading their acquaintance on the acquis. As accession gets closer, it is key for its success to ensure that the implementation of the EU legislation follows a global approach whereby economic actors are also supported in implementing and benefitting from their sectorally applicable acquis.

6.1 OVERALL OBJECTIVE

The BSP-2’s overall objective is to contribute to the implementation of the acquis criteria set forth by the Copenhagen European Council: the BSP-2 aims at supporting the ability of BROs and their associate companies in the Phare CCs to take on and implement the acquis.
There is therefore a close link between the institution building objective focused on better implementation of the acquis at business sectoral level and the operation of the BROs and their associates to increase output and quality output. The BSP-2 will therefore also contribute to an increase of the competitiveness of Phare CC’s industry, particularly manufacturing where the acquis has important implications.

The indicator of achievement for this objective is the existence of BROs in the Phare CCs fully integrated in their EU parent organisations.

Sources of verification will be:

(a) Regular Reports.
(b) Reports from EU BROs.

6.2. IMMEDIATE OBJECTIVES- PROJECT PURPOSES

621 1ST IMMEDIATE OBJECTIVE

Initial stages of economies in transition witnessed an atomisation of economic life as a natural implosion of SMEs and business undertakings to fill in niches left by the demise or under-performance of former large state conglomerates and the surfacing of new market needs; in the Phare CCs, such a phenomenon was coupled with a reluctance of business operators to team up and pool efforts as a reminder of old-style practices. A cultural bias emerged against associative-type business groupings; these were also perceived in formerly centralised economies as a mask of the state or short-sighted interest groups and, therefore, dismissed as truly representative of the business circle they belonged. This credibility problem has greatly affected the organisation and operation of business associations as these are understood in the EU and Western economies.

However, business support and representative organisations are key civil actors for an structured defence and institutional promotion of the economic interests of a large part of civil society. They play an essential representative role vis-à-vis governmental and regulatory bodies; such a role is very often recognised by law; they carry out statistical work, market research and policy awareness at sectoral level for the benefit of members; they directly promote sectoral interests by grouping associate companies in trade events and profiling an image of “unified and professional business sector”. In most EU countries and the EU itself, the adoption of sectoral, regulatory and administrative statutes and secondary legislation is contingent upon the prior consultation of, and discussion with, relevant business representative bodies.

Sectoral and horizontal BROs are now in place in the Phare CCs : important progress has been achieved in setting up legitimate and motivated BROs; the situation is of course asymmetric between countries and sectors : sectors where the number of companies is small, or which are historically inclined to co-operate (i.e. steel), are easier to structure in representative bodies. Nevertheless, most sectors of the economy in the Phare CCs are made up now of new companies or SMEs which are more reluctant to associative undertakings; so the representativity of sectoral BROs is often hampered now in the Phare CCs by an atomisation of economic groupings; their human and material means are scarce thus affecting their ability to service their members. While self-financing has made a long way in some sectors, this is still an issue in many others. The BSP-1 has been satisfactorily assisting key BROs in Phare CCs within important sectors of their economies (please, see Annex A)
on corporate structure and service to affiliates; the effort has been considerable since a new culture of agreement and service has to emerge in these countries for the associations to really become useful institutional players. Simultaneously, governments and administrations have to contribute to the success of new associations by bringing them into the institutional fora as legitimate and independent representatives of industry.

The first programme and project purpose is independent, representative and effective business representative organisations.

To this effect, target BROs in the Phare CCs should score positively on the following indicators of achievement for this first immediate objective:

a) Dynamics of revenue and employment of the aggregate of associate companies as compared to the overall national output for the sector at issue.
b) Business representative activities: increase of the representativity of the target BRO in lobbying capacity, industrial promotion & networking.
c) Business service activities: qualitative and quantitative increase of the services delivered by the target BRO to their associate companies in policy awareness, market watch, dissemination and analysis of sectorally relevant information.
d) Business organisation and management: improvement of the organisational structure of the target BRO in terms of self-financing and strategic planning.
e) Commitment of associate companies (i.e. payment of fees) towards their BROs.
f) Financial independence from government as per, inter alia, origin of main financial sources and composition of boards or secretariats of target BROs.

The call/s for proposals to be launched under the BSP-2 will expressly develop the above indicators of achievement as a means of assessment and evaluation of contracted projects.

Project sources of verification for this objective will be project reports from project partner EU BROs and monitoring reports from independent assessors.

622 2nd IMMEDIATE OBJECTIVE

A large number of industrial undertakings in the Phare CCs still display an insufficient level of compliance with the acquis, particularly in environmental protection and, for those involved in agriculture or foodstuffs, food quality and safety. At the same time, companies logically place their interest in EU legislation whose understanding and compliance would enable them to improve their competitive position and market growth locally and in the EU; hence, acquis on the free movement of goods such as standards, certification and product safety are crucial areas for industrial companies and, therefore, for their BROs. It is no surprise that many industrial businesses in the Phare CCs anticipate not only typical financial problems upon accession, but also setbacks because of necessary technical adaptations. BSP-2 should help remedy these obstacles, at least for the industrial sectors addressed.

A further reason behind the BSP-2 is the fact that inter-faces between national administrations in the Phare CCs and their industries still need to be reinforced; dialogue between both milieux is not yet institutionalised as it is in the EU. This puts many economic operators in the Phare CCs at disadvantage as most pre-accession assistance has been geared towards the administration. BSP-2
should help fill in these knowledge gaps for the sectors concerned by addressing an audience which
has not had direct access to sectorally and economically key information and practices.

The second programme and project purpose is full familiarisation of target business representative
organisations with their sectorally relevant acquis and its industrial implications. Under BSP-2
emphasis will be on the technical acquis relevant to the industrial processes of members of target
BROs.

To achieve this purpose, target BROs in the Phare CCs have to score positively in the following
indicators of achievement for the second immediate objective:

a) Number of Phare CCs companies directly benefitting from project activities aimed at acquis
dissemination and implementation.
b) Number of persons and their level belonging to the target Phare CCs BROs and associated
companies directly participating in project activities aimed at acquis dissemination and
implementation.

Project sources of verification for the first immediate objective will be project reports from project
partner EU BROs and monitoring reports from independent assessors.

The main assumptions under both objectives are the positive attitude of target BROs and their
associate members in the Phare CCs to actively benefit from the programme and replicate it at intra-
company level, sectorally and nationally.

The main risk to the achievement of both objectives is the inability of target BROs in the Phare
CCs to play their role as foreseen in the programme.

6.3. RESULTS

Expected project results will be:

- Realistic and ready-to-apply Business plans for target BROs.
- Secretariats at target BROs in the Phare CCs are equipped in terms of human resources and
  basic computer materials.
- Secretariats at BROs understand and train (multiplier effect) on their sectorial and horizontal
  acquis on environment and health and safety legislation.
- CCs target BROs are sustainable in terms of self-financing and organisational structure.
- Project beneficiaries belonging to management staff of member companies of the target BROs in
  the Phare CCs understand and can train (multiplier effect) on their sectorial acquis and horizontal
  acquis, and particularly on environment and health and safety legislation.

Sources of verification for project results will be project reports from project partner EU BROs
and monitoring reports from independent assessors.

The main assumption for project results under the mentioned results is the positive attitude of target
BROs and their associate members in the Phare CCs to actively benefit from the programme and
replicate it at intra-company level, sectorally and nationally. Also, it is assumed the support from
other relevant institutions (government, universities).
6.4. ACTIVITIES

On the basis of the priorities described on chapter 5 and the immediate objectives described supra on chapter 6.2., the programme will break into 8-10 projects following an open call for proposals.

The call for proposals will be addressed to EU Business Representative Organisations for the sectors mentioned above. The call for proposals will cover the following sectors for which there would be one selected project (per sector): animal production, foodstuffs and beverages, textiles, construction materials, plastics and chemicals, machine building, information technology. Selected BROs in the EU and Phare CCs will have to build on previous achievements under the BSP-1 in order to ensure continuity and sustainability.

All projects should address both programme immediate objectives: 30% of project funding should be devoted to independent, representative and effective business representative organisations; 70% should be devoted to full familiarisation of target business representative organisations with their sectorally relevant acquis and its industrial implications. For all projects horizontal acquis on environment and health & safety at the workplace shall be a compulsory area to cover. Limited computer equipment supplies not exceeding 10% of the total project costs may be allowed under the projects for the Secretariats in the target BROs of the Phare CCs in accordance with Phare rules. Should companies benefit from the programme, rules on Community State Aid will be strictly respected.

Project activities will be:

- Training and provision of advisory services.
- Seminars and workshops.
- Twinning and placement actions.
- The expansion or creation of web-sites directly related to the BSP-2 projects.

The mentioned project activities will have to cover the following topics:

- Business representative activities: lobbying, industrial promotion & networking.
- Business service activities: policy awareness, market watch, dissemination and analysis of sectorally relevant information.
- Business organisation and management: organisational structure, self-financing and strategic planning.

The main Indicators of achievement for project activities will be:

- Degree of satisfaction of participants at project activities as per questionnaires completed at the end of every project activity.
- Increase in the number of training seminars and workshops delivered by the target BROs themselves to their associates on matters relating to their relevant acquis.

The main assumptions under these project activities are:

- Target BROs in the Phare CCs will provide co-financing as will be laid out in the contracts.
- Target BROs in the EU and the Phare CCs will recruit and retain adequate staff.
Target BROSs in the Phare CCs will inter-face satisfactorily and when required with their relevant government agencies.

7. ACTIVITIES OF OTHER DONORS AND CO-ORDINATION

Co-ordination with other pre-accession programmes will be established when the need so requires. A stricter application of Article 4.2 of the Co-ordinating Regulation and new Article 3.3. of the Phare Regulation will be followed.

8. COSTS AND FINANCING PLAN

Phare will provide 15 MEUR from the 2001 budget to finance the above activities.

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9. IMPLEMENTATION

9.1. As a Phare multi-beneficiary facility, the Phare-Business Support Programme-2 will be implemented by the Commission-Headquarters on behalf of the beneficiary countries. The implementation provisions may be reviewed as appropriate by the Commission.

9.2. Project selection will be done by means of a Steering Committee and in line with the standard tendering rules of the “Practical Guide to EC External Aid Contract Procedures” (http://europa.eu.int/comm/europeaid/tender/gestion/pg/pg_en.pdf) and the Vademecum on Grant Management adopted by the Commission on 7 July 1998. The Steering Committee will be made up of representatives of the Commission services concerned. Project selection will be done on the basis of the quality and sustainability of projects following the priorities and selection parameters defined in this Financing Proposal on chapters 5 (Description) and 6 (Objectives, Results and Activities of the BSP-2).

9.3. Projects will be procured as grant contracts where the target BROs in the Phare CCs have to provide a 20% co-financing to the Phare grant.

9.4. Project reporting by selected contractors will follow a template to be prepared by the Commission. The template will be based on the log-frame attached to this Financing proposal and spelt out on chapters 5 (Description) and 6 (Objectives, Results and Activities of the BSP-2).

5 Article 4.2. of Council Regulation (EC) 1266/1999 of 21.6.1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) 3906/89 (Phare Regulation) amended the Phare Regulation: “For applicant countries with accession partnerships with the EU, funding under the PHARE programme shall focus on the main priorities for the adoption of the acquis communautaire, i.e. building up the administrative and institutional capacities of the applicant States and investment, except for the type of investments financed in accordance with Regulations (EC) 1267/1999 and (EC) 1268/1999 (...)”.

13
10. SPECIAL CONDITIONS AND CO-FINANCING

10.1. For the actions envisaged under this programme, the BROSs in the Phare CCs acting as partners should provide their matching contributions from their own resources (either in finance or in kind) to guarantee their effective involvement in the project.

10.2. All project costs should ultimately benefit organisations in the candidate countries of Central and Eastern Europe.

10.3. No financial assistance will be provided to companies. Companies will therefore only benefit indirectly from the programme as participants in the activities delivered.

11. ANTI-FRAUD-MEASURES, AUDIT, MONITORING AND EVALUATION

11.1 The accounts and operations of all activities carried out under the programme are subject to supervision and financial control by the Commission (including the European Anti-fraud Office) and the Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out and on-the-spot checks.

11.2 In order to ensure efficient protection of the financial interests of the Community, the Commission can conduct check-ups and inspections on site in accordance with the procedures foreseen in Council Regulation (Euratom, EC) No. 2185/96 dated from November 11, 1996, concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities.

11.3 The procedures foreseen in Art. 15 para 3 of Commission Regulation No. 2222/2000 dated from June 7, 2000, on the communication in case of irregularities and the putting in place of a system to administrate the information in this field shall apply.

11.4 The Commission will monitor the implementation of the programme on the basis of reports from the parties managing the programme.

11.5 The Commission services shall ensure that an ex-post evaluation is carried out after completion of the Programme.

12. VISIBILITY/PUBLICITY

12.1. In implementing this Programme, the Commission shall provide for the maximum visibility of EU actions in the Phare candidate countries. In this line, the Commission shall consistently apply the note “Information and publicity for the Phare Programmes of the European Communities” (see Annex 3) when funding and managing activities under the Business Support Programme-2.

12.2. The costs of information and publicity relating to individual projects shall be met from the budget of those projects. The organisers of dissemination and training events such as conferences, seminars and workshops shall undertake to make explicit the participation of the EU.
12.3. Contractors selected following the implementation procedures set forth on chapter 9 will liaise with, and inform, the EC Delegations to the Phare CCs when contractors organise project activities in the related countries in the course of the execution of their contracts under the BSP-2.

12.4. Similarly, under BSP-2 contractors will involve in the project activities relevant officials from the ministries or administrative bodies of the Phare CCs where a project activity is taking place and which are sectorally relevant for those activities. To this effect, the contractor will provide to the relevant national administration of the country where the activity is to take place due advance notice of up-coming project activities; upon termination of the project activity, the contractor will also provide debriefing or feedback on such activity to the relevant local official in the Phare CCs. The proceedings of these contacts and resulting exchange of information will be part of the reporting requirements on the contractor and which the Commission will develop following the template mentioned on chapter 9.4.
LIST OF ANNEXES TO THE FINANCING PROPOSAL

Annex 1  Project log-frame
Annex 2  Cumulative Quarterly Contracting and Disbursement schedules
Annex 3  Information and Publicity for the Phare Programme of the European Communities
Annex 4  Executive summary of the OMAS evaluation on the projects of BSP-1
Annex A  Summary Table on projects under the BSP-1
**ANNEX 1**

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Indicators of achievement</th>
<th>Sources of verification</th>
<th>Main assumptions and risks</th>
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<td>-To contribute to the implementation of the acquis criteria set forth by the Copenhagen European Council.</td>
<td>-Existence of industrial and sectoral BROs in the Phare CCs fully integrated in their EU parent organisations at the end of project. -BROs in the Phare CCs of a quality standard comparable to that of their sister BROs in the EU at the end of project.</td>
<td>-Commission Regular and Progress Reports</td>
<td>-Main Assumptions: *Positive attitude of target BROs and their associate members in the Phare CCs to actively benefit from the programme and replicate it at intra-company level, sectorally and nationally. *Support from relevant institutions and the administration. -Main risks: inability of target BROs in the Phare CCs to raise their quality for lack of institutional support and financial means domestically.</td>
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<td>Results (Outputs)</td>
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<tr>
<td>1st-Independent, representative and effective business representative organisations.</td>
<td>-Participants of beneficiary Phare CCs companies in the project activities represent =50% of the total output sectorally and at national level. -Business representative activities: increase of the representativity of the target BRO in lobbying capacity, industrial promotion &amp; networking by 9/2003. -Business service activities: qualitative and quantitative increase of the services delivered by the target BRO to their associate companies in policy awareness, market watch, dissemination and analysis of sectorally relevant information by 3/2004. -Business organisation and management: improvement of the organisational structure of the target BRO in terms of self-financing and strategic planning by 9/2003. -Higher commitment of associate companies (i.e. payment of fees) towards their BROs by 9/2003. -Increased financial independence from government as per, inter alia, origin of main financial sources and composition of boards or secretariats of target BROs by 9/2003.</td>
<td>-Annual project reports from project partner EU BROs in 2003 and 2004. -Annual Monitoring reports from independent assessors in 2003 and 2004.</td>
<td>-Main assumption: positive attitude of target BROs and their associate members in the Phare CCs to actively benefit from the programme and replicate it at intra-company level, sectorally and nationally. -Main risk: inability of target BROs in the Phare CCs to play their role as foreseen in the programme for financial or administrative reasons.</td>
</tr>
<tr>
<td>2nd-Full familiarisation of target business representative organisations with their sectorally relevant acquis and its industrial implications.</td>
<td>-Participants of beneficiary Phare CCs companies in the activities represent =50% of the total output sectorally and at national level. -Qualitative and quantitative increase in the number of persons and their level belonging to the target Phare CCs BROs and associated companies directly participating in project activities aimed at acquis dissemination and implementation.</td>
<td>-Annual project reports from project partner EU BROs in 2003 and 2004. -Annual Monitoring reports from independent assessors in 2003 and 2004.</td>
<td>-Main assumption: positive attitude of target BROs and their associate members in the Phare CCs to actively benefit from the programme and replicate it at intra-company level, sectorally and nationally. -Main risk: inability of target BROs in the Phare CCs to play their role as foreseen in the programme for financial or administrative reasons.</td>
</tr>
<tr>
<td>Activities</td>
<td>Assumptions and Risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Credible and defined structure and organigramme in target BROs.</td>
<td>- Positive attitude of target BROs and their associate members in the Phare CCs to actively benefit from the programme and replicate it at intra-company level, sectorally and nationally.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- CCs target BROs are sustainable in terms of self-financing.</td>
<td>- Support from relevant institutions (government, universities).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Secretariats at target BROs in the Phare CCs are equipped in terms of human resources and basic computer materials.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Secretariats at BROs understand and train (multiplier effect) on their sectorial and horizontal acquis on environment and health and safety legislation.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Realistic and ready-to-apply Business plans for target BROs.</td>
<td>- Target BROs in the Phare CCs will provide co-financing as will be laid out in the contracts.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Target BROs become self-financed at 50% by 9/2003 and 70% upon project termination.</td>
<td>- Target BROs in the EU and the Phare CCs will recruit and retain adequate staff.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Target BROs include a training position in their secretariats and allocate annual financing to it equivalent to 20% of the BRO’s total by 9/2003.</td>
<td>- Target BROSs in the Phare CCs will inter-face satisfactorily when required with their relevant government agencies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- The training positions in Secretariats of target BROs deliver courses, seminars, workshops, conferences on their sectorally relevant acquis, and on the horizontal acquis on environment and health and safety legislation up to 50% over the BRO’s total training activities by 9/2003.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Annual Project reports from project partner EU BROs in 2003 and 2004.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Activities</td>
<td>Assumptions and Risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Training and provision of advisory services.</td>
<td>- Target BROSs in the Phare CCs will provide co-financing as will be laid out in the contracts.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Seminars and workshops.</td>
<td>- Target BROs in the EU and the Phare CCs will recruit and retain adequate staff.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Twinning and placement actions.</td>
<td>- Target BROSs in the Phare CCs will inter-face satisfactorily when required with their relevant government agencies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- The expansion or creation of of web-sites directly related to the the BSP-2 projects.</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
## ANNEX 2

### CUMULATIVE QUARTERLY CONTRACTING AND DISBURSEMENT SCHEDULE

<table>
<thead>
<tr>
<th>MONTH</th>
<th>YEAR</th>
<th>CONTRACTING</th>
<th>DISBURSEMENTS</th>
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<td>Per Quarter</td>
<td>Cumulative</td>
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<tr>
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<td>3</td>
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<tr>
<td>JUL-SEP</td>
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</tr>
<tr>
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<td>2002</td>
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<td>7</td>
</tr>
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<td>JAN-MAR</td>
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<td>7</td>
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</table>


1. **Objective and scope**

Information and publicity measures concerning assistance from the European Community Phare Programme are intended to increase public awareness and transparency of EU action and to create a consistent image of the measures concerned in all applicant countries. Information and publicity shall concern measures receiving a contribution from the Phare Programme.

2. **General principles**

The appropriate Programme Authorising Officer in charge of the implementation of Financing Memoranda, and other forms of assistance shall be responsible for publicity on the spot. Publicity shall be carried out in co-operation with the EC Delegations, which shall be informed of measures taken for this purpose.

The competent national and regional authorities shall take all the appropriate administrative steps to ensure the effective application of these arrangements and to collaborate with the EC Delegations on the spot.

The information and publicity measures described below are based on the provisions of the regulations and decisions applicable to the Structural Funds. They are:


Information and publicity measures must comply with the provisions of the above mentioned regulation and decision. A manual on compliance is available to national, regional and local authorities from the EC Delegation in the country concerned.

3. **Information and publicity concerning Phare programmes**

Information and publicity shall be the subject of a coherent set of measures defined by the competent national, regional and local authorities in collaboration with the EC Delegations for the duration of the Financing Memorandum and shall concern both programmes and other forms of assistance.

The costs of information and publicity relating to individual projects shall be met from the budget for those projects.

When Phare programmes are implemented, the measures set out at (a) and (b) below shall apply:

(a) The competent authorities of the applicant countries shall publish the content of programmes and other forms of assistance in the most appropriate form. They shall ensure that such documents are
appropriately disseminated and shall hold them available for interested parties. They shall ensure the consistent presentation throughout the territory of the applicant country of information and publicity material produced.

(b) Information and publicity measures on the spot shall include the following:

(i) In the case of infrastructure investments with a cost exceeding EUR 1 million:

- billboards erected on the sites, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

- permanent commemorative plaques for infrastructures accessible to the general public, to be installed in accordance with the provisions of the regulation and decision mentioned in paragraph 2 above, and the technical specifications of the manual to be provided by the EC Delegation in the country concerned.

(ii) In the case of productive investments, measures to develop local potential and all other measures receiving financial assistance from Phare:

- measures to make potential beneficiaries and the general public aware of Phare assistance, in accordance with the provisions cited at paragraph 3(b)(i) above.

- measures targeting applicants for public aids part-financed by Phare through an indication on the forms to be filled out by such applications, that part of the aid comes from the EU, and specifically, the Phare Programmes in accordance with the provisions outlined above.

.4. Visibility of EU assistance in business circles and among potential beneficiaries and the general public

4.1 Business circles

Business circles must be involved as closely as possible with the assistance which concerns them most directly.

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to potential beneficiaries, particularly SMEs. These should include an indication of the administrative procedures to be followed.

4.2 Other potential beneficiaries

The authorities responsible for implementing assistance shall ensure the existence of appropriate channels for disseminating information to all persons who benefit or could benefit from measures concerning training, employment or the development of human resources. To this end, they shall secure the co-operation of vocational training bodies involved in employment, business and groups of business, training centres and non-governmental organisations.

Forms

Forms issued by national, regional or local authorities concerning the announcement of, application for and grant of assistance intended for final beneficiaries or any other person eligible for such
assistance shall indicate that the EU, and specifically the Phare Programme, is providing financial support. The notification of aid sent to beneficiaries shall mention the amount or percentage of the assistance financed by the Phare Programme. If such documents bear the national or regional emblem, they shall also bear the EU logo of the same size.

4.3 The general public

The media

The competent authorities shall inform the media in the most appropriate manner about actions co-financed by the EU, and Phare in particular. Such participation shall be fairly reflected in this information.

To this end, the launch of operations (once they have been adopted by the Commission) and important phases in their implementation shall be the subject of information measures, particularly in respect of regional media (press, radio and television). Appropriate collaboration must be ensured with the EC Delegation in the applicant country.

The principles laid down in the two preceding paragraphs shall apply to advertisements such as press releases or publicity communiqués.

Information events

The organisers of information events such as conferences, seminars, fairs and exhibitions in connection with the implementation of operations part-financed by the Phare Programme shall undertake to make explicit the participation of the EU. The opportunity could be taken of displaying the European flags in meeting rooms and the EU logo upon documents depending on the circumstances. The EC Delegation in the applicant country shall assist, as necessary, in the preparation and implementation of such events.

Information material

Publications (such as brochures and pamphlets) about programmes or similar measures financed or co-financed by Phare should, on the title page, contain a clear indication of the EU participation as well as the EU logo where the national or regional emblem is used.

Where such publications include a preface, it should be signed by both the person responsible in the applicant country and, for the Commission, the Delegate of the Commission to ensure that EU participation is made clear.

Such publications shall refer to the national and regional bodies responsible for informing interested parties.

The above-mentioned principles shall also apply to audio-visual material.

5. Special arrangements concerning billboards, commemorative plaques and posters

In order to ensure the visibility of measures part-financed by the Phare Programme, applicant countries shall ensure that the following information and publicity measures are complied with:

Billboards
Billboards providing information on EU participation in the financing of the investment should be erected on the sites of all projects in which EU participation amounts to EUR 1 million or more. Even where the competent national or regional authorities do not erect a billboard announcing their own involvement in financing the EU assistance must nevertheless be announced on a special billboard. Billboards must be of a size which is appreciable to the scale of operation (taking into account the amount of co-financing from the EU) and should be prepared according to the instructions contained in the technical manual obtainable from EC Delegations, referred to above.

Billboards shall be removed not earlier than six months after completion of the work and replaced, wherever possible, by a commemorative plaque in accordance with the specifications outlined in the technical manual referred to above.

Commemorative plaques

Permanent commemorative plaques should be placed at sites accessible to the general public (congress centres, airports, stations, etc.). In addition to the EU logo, such plaques must mention the EU part-financing together with a mention of the Phare Programme.

Where a national, regional or local authority or another final beneficiary decides to erect a billboard, place a commemorative plaque, display a poster or take any other step to provide information about projects with a cost of less than EUR 1 million, the EU participation must also be indicated.

6. Final provisions

The national, regional or local authorities concerned may, in any event, carry out additional measures if they deem this appropriate. They shall consult the EC Delegation and inform it of the initiatives they take so that the Delegation may participate appropriately in their realisation.

In order to facilitate the implementation of these provisions, the Commission, through its Delegations on the spot, shall provide technical assistance in the form of guidance on design requirements, where necessary. A manual will be prepared in the relevant national language, which will contain detailed design guidelines in electronic form and this will be available upon request.
EXECUTIVE SUMMARY OF THE OMAS/EMS CONSORTIUM EVALUATION ON THE PROJECTS OF BSP-1

EXECUTIVE SUMMARY OF REPORT R/ZZ/PRI/01045

by OMAS/EMS Consortium, Central Office, Final Version

5th November 2001

Assistance funded under the Support to the Representative Organisations and businesses (Component of the Business Support Programme)

This Monitoring and Interim Evaluation Report covers Phare support to the Representative Organisations and businesses financed under the Business Support Programmes ZZ-9816, ZZ-9912 and ZZ-0018. The period covered by the Monitoring and Interim Evaluation Report extends from December 1998 to July 2001. The factual basis of the Report was prepared by the OMAS/EMS Consortium between June and August 2001 and reflects the Programme situation prevailing on 1st July 2001. The assistance was provided as follows:

<table>
<thead>
<tr>
<th>Programme/Component</th>
<th>Start Date</th>
<th>Expiry Date</th>
<th>Disbursement Date</th>
<th>Amount (MEUR)</th>
<th>Committed (%)</th>
<th>Disbursed (%)</th>
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Background

The development of a strong private sector in the Candidate Countries (CC) is an essential element of the transition process and of the accession of these countries to the European Union (EU) membership. In this context, the development of efficient Business Support Organisations (BSO) able to provide appropriate assistance to their member companies is indispensable. In CC, BSO present a number of weaknesses that can be best resolved through co-operation with EU BSO.

Whilst many Phare programmes support private sector development, none of them, except the Business Support Programme (BSP), have directly addressed the needs of BSO. The Support to Business Representative Organisations is financed through three successive BSP: it is a Component of ZZ-9816, and of ZZ-0018, whilst ZZ-9912 is entirely dedicated to BSO.

Objectives
The wider objective of the Business Support Programme is to assist business operators within CC to develop a capacity to adapt to the *acquis*. The intermediate objectives of the programme are the strengthening of BSO and networks in the CC through partnership actions with their counterparts in the EU. The two immediate objectives are (i) the development of partnership contracts and co-operation actions between EU and CC business sectoral/horizontal organisations, and (ii) the support, through BSO, of activities aimed at helping CC companies to adjust to the *acquis*.

Indicators of Achievement of Programme objectives include an increased competitiveness of the economic entities; the number of intermediaries assisted through partnership actions; the number and quality of projects proposed. Indicators of Achievement for each project are not detailed in the Financing Proposal (FP). Risks identified in the FP include the limited impact of activities selected on enterprise development, and the incapacity of CC BSO to play their role as foreseen in the projects. Special conditions include that co-financing is compulsory and that no financial assistance will be directly provided to companies.

**Programme Management, Implementation and Co-ordination**

Programme management

Overall project management is the responsibility of a Task Manager in the Enlargement Directorate General (DG). Responsibility for Project implementation is with each of the ten contracting organisations representing their activity at European level, the Business Support Umbrella Organisations (BSUO). They all have formed consortia with some of the EU member organisations (EU BSO), of which they are the Leader (Project Leader).

The two main management and implementation structures are: an implementation team within the BSUO specially recruited for the project, or the partial or total sub-contracting of the daily management of the project to external companies. The three structures of internal co-ordination between BSUO, EU and CC BSO are: (i) a centralised structure with one team supporting directly the CC BSO and co-ordinating interactions, (ii) a matrix-based decentralised structure with project teams with geographical responsibility and/or responsibility for specific subjects, and (iii) a centralised structure with regional co-ordinators, with a Technical Team Leader, usually one of the regional co-ordinators.

**Activities and results**

Inception missions with the aim of further increasing the level of knowledge of the EU BSO on the CC BSO have been the first activity for a number of projects.

Conferences, seminars, workshops, training or consulting missions represent the biggest part of the different projects.

Internship and medium term secondments have been organised, consisting in a visit of a participant of the CC BSO to a EU BSO or to the European umbrella organisation, for a two to four weeks stay. Some projects included visit tours of CC teams to EU BSO.

The survey and training tools have also been developed, as well as extranet / internet sites. In some cases, the budget includes the supply of hardware and software to CC BSO. Some projects foresee the availability on-line of specific information on the *acquis*. In addition to the above, several other sector-specific activities have been implemented, such as the exchange of statistical data, the preparation of a tender to other EU programmes.
The above activities generated a general improvement in the level of knowledge and awareness on subjects related to EU accession as well as an understanding of the role and responsibility of the BSO in the EU. The most important result is disappearance of the isolation from which some of the BSO suffered. Partnerships have been or will be developed between CC and EU BSO, and co-operation actions have clearly started. The quality and the extent to which this knowledge has been spread is however highly variable from one project to another, and from one country to another. In addition, the activities have also supported improvement in the capacity of the CC BSO, leading to improvements in the credibility towards the governmental and official organisations, towards the public and towards the professionals of the sector.

**Overall Implementation Assessment**

Overall, the implementation is characterised by an appropriate and flexible design adapted to the needs of the BSO. Programme management by the Commission Services (CS) has been efficient but with too limited resources which may be the cause for a lack in decision making in some important administrative issues. Project implementation by the contracting EU BSO has been efficient and has shown clearly the added value of the multi-country approach with central management. A lack of homogeneity in the reporting format and a lack of detail in the financial planning and reporting has been identified as a potential weakness. Financial and time management were globally efficient.

**Conclusion**

Globally, cross-sectoral BSO (SME, Chamber of Commerce and Industry) have less satisfactorily achieved the Programme’ immediate objectives than sectoral ones, probably because initial conditions have been more difficult and may have required more resources. Achieving representation is more difficult across sectors than within a sector. On the other hand, the dissemination of the *acquis* by cross-sectoral BSO is likely to be more extensive as they reach more business entities. Moreover, some segments of the private sector can only rely on the cross-sectoral BSO to represent them, as they do not have their own sectoral BSO.

Overall, the component has contributed to progress towards the achievement of the objectives. In addition, it has contributed to dissemination of awareness, broadened the audience and through the internet site, made specific information on the *acquis* available for the different sectors. The achievement of the objectives is “**Satisfactory**”.

**Recommendations**

**Management Recommendations**

**Management**

For projects where daily implementation management is sub-contracted, the Commission Services should ensure that the overall cost of project management is properly monitored. The Commission Services should request the establishment of a cost overview supporting the identification of management costs more accurately.

The BSO project teams should define proper Indicators of Achievement.
Reporting and communication

The reporting format should be defined. The BSO project leaders should report regularly on the state of development of the different associations and their sector, as well as the remaining needs. Exchange of information between the participating BSO should be further encouraged, and more attention should be paid by the BSO project teams to the preparation and debriefing of internships. The Commission Services should encourage communication between the different project teams in order to disseminate successful experiences.

Design Recommendations

For similar Programmes in the future, the selection of participants should be taken into consideration, not only based on the quality of their proposals but also on the needs regarding to the adoption of the *acquis communautaire* in the different sectors (and countries), and the relative importance of the sector. The Commission Services should investigate whether some sectors that have not yet been involved directly require support in developing / setting up BSO. Early participation of the CC BSO should be encouraged by the Commission Services, because it avoids long inception periods and prevents better future management problems with the CC BSO. This is on the condition that the period between the selection and the implementation phase is kept as short as possible. Indicators of Achievement should be developed during the design phase of the projects. An exit strategy should be introduced in order to ensure sustainability of the results. The exit strategy should be defined by the project leaders in their proposals and should also be an important element of the selection of the projects. The Commission Services should ensure that direct support co-operation with the relevant Ministries is included in project proposals, e.g. the invitation of the CSD and interlocutors from the national Ministries to the same relevant activities of the respective projects. The Commission Services should clearly define what is meant by the phrase “Business Organisations”, to avoid supporting NGOs that may be better supported through other PHARE programmes.

The Programme should avoid supporting activities that have too general an impact. Rather it should focus more on sectorial concrete actions.

The Programme should take into account cost efficiency of the projects with regards to the overall Programme’ objectives.