

**European Territorial Co-operation**

**2007 – 2013**



## **South East Europe (SEE)**

*Transnational Co-operation Programme for a European area in transition on the way to integration*

### **Operational Programme**

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# CONTENTS

<b>Programme summary</b>	<b>6</b>
<b>1. Introduction</b>	<b>10</b>
1.1 Legal basis	10
1.3 The Programme Area	11
1.4 Preparation of the operational programme	13
<b>2. Analysis</b>	<b>14</b>
2.1 Territorial Integration	14
2.2 Geographic features	15
2.3 Competitiveness – economic performance and innovation	20
2.4 Environment (in co-ordination with SEA)	26
2.5 Accessibility – Transport and IC-Network	30
2.6 Territorial structure	38
2.7 Lessons learned from the period 2000 – 2006, co-operation in South East Europe	42
<b>3. SWOT and Challenges</b>	<b>45</b>
3.1 Strengths, weaknesses, opportunities and threats	45
3.2 Challenges for the co-operation area	46
<b>4. Programme strategy</b>	<b>50</b>
4.1 Objectives and Priority Axes of the co-operation programme	50
4.2 Implementation principles	58
4.2.1 Visible and concrete co-operation projects	58
4.2.2 Quality of partnerships	59
4.2.3 Pro-active project development beyond “open call” procedure	60
4.3 Application of EU principles	61
4.3.1 Principle: Promotion of sustainable development	61
4.3.2 Principle: Promotion of equal opportunities and non-discrimination	62
4.3.3 Principle: Subsidiarity	62
4.4 Quantification of objectives	63
4.5 Compliance and complementarity with other policies and programmes	68
4.5.1 Compliance with the Community policies	68
4.5.2 Complementarity with other programmes and measures financed by the Structural Funds, IPA, ENPI, EAFRD and the EFF	70
4.6 Main findings of ex-ante evaluation and strategic environmental assessment	73
4.6.1 Main findings of the ex-ante evaluation	73
4.6.2 Main findings of the strategic environmental assessment	80
4.7 Indicative breakdown by category at programme level	87
<b>5. Priority Axes</b>	<b>89</b>
5.1 Priority Axis 1: Facilitation of innovation and entrepreneurship	90
5.1.1 Develop technology and innovation networks in specific fields	92
5.1.2 Develop the enabling environment for innovative entrepreneurship	94
5.1.3 Enhance the framework conditions and pave the way for innovation	95
5.2 Priority Axis 2: Protection and improvement of the environment	97

5.2.1	Improve integrated water management and transnational flood risk prevention	98
5.2.2	Improve prevention of environmental risks	99
5.2.3	Promote co-operation in management of natural assets and protected areas	100
5.2.4	Promote energy and resource efficiency	101
5.3	Priority Axis 3: Improvement of the accessibility	104
5.3.1	Improve co-ordination in promoting, planning and operation for primary and secondary transportation networks	106
5.3.2	Develop strategies to tackle the “digital divide”	107
5.3.3	Improve framework conditions for multi-modal platforms	108
5.4	Priority Axis 4: Development of transnational synergies for sustainable growth areas	110
5.4.1	Tackle crucial problems affecting metropolitan areas and regional systems of settlements	112
5.4.2	Promote a balanced pattern of attractive and accessible growth areas	113
5.4.3	Promote the use of cultural values for development	116
5.5	Priority Axis 5: Technical assistance to support implementation and capacity building	117
<b>6.</b>	<b>Financing plan</b>	<b>119</b>
6.1	Annual commitment of ERDF in the programme	119
6.2	Indicative breakdown of ERDF contribution by Priority Axes	120
6.3	Financing plan for IPA contribution	121
6.3.1	Financing plan of IPA contribution with breakdown by partner states in the “IPA non-integrated phase”	121
6.3.2	Financial allocations of IPA contribution in the 2 <sup>nd</sup> phase of the programme implementation	122
6.3.3	Indicative breakdown of IPA contribution by Priority Axes in the 2 <sup>nd</sup> phase of the program implementation (2010-2013)	123
6.4	Financing plan for ENPI contribution	124
<b>7</b>	<b>Implementing provisions for the operational programme</b>	<b>125</b>
7.1	Programme management structure	125
7.1.2	Managing Authority	129
7.1.3	Certifying Authority	131
	The Certifying Authority will carry out the above described tasks also with regard to the IPA contribution in the “IPA integrated phase” of the Programme.	131
7.1.4	Audit Authority	132
7.1.5	Joint Technical Secretariat	133
7.1.6	“SEE” Contact Points	135
7.1.7	National Coordination	137
7.2	Project development and selection	137
7.2.1	Project generation	140
7.2.2	Project selection	140
7.2.3	Eligible applicants	141
7.2.4	Involving actors from other transnational programmes	142
7.3	Involvement of non-EU member “South East Europe” Programme partner states	142
7.3.1	Participation at programme level	142

7.3.2	Participation at project level – financing	143
7.4	Information and publicity	150
7.5	Project level implementation and programme level financial management	151
7.5.1	Project level implementation	151
7.5.2	Control systems to validate expenditure	153
7.5.3	Description of financial flows and procedures from project level to programme level	153
7.6	Monitoring and Evaluation	157
7.6.1	Monitoring	157
7.6.2	Evaluation	158
7.7	Specific implementation rules of the programme Technical Assistance budget	158
7.7.1	Technical Assistance Budget	159
7.7.2	Management of the Technical Assistance	160
7.8	Audits	160
7.8.1	The Audits of the Operations	160
7.9	Irregularities and recovery of funds unduly paid	161
7.9.1	Definition	161
7.9.2	Reporting	161
7.9.3	Recovery	162
7.9.4	Irregularities related to Technical Assistance projects	162
7.9.5	Errors of systemic nature	163
	<b>APPENDIX A – Literature for the analysis</b>	<b>164</b>
	<b>APPENDIX B – Tables</b>	<b>167</b>
	<b>APPENDIX C – Tables Strategic Environmental Assessment (SEA) - Results of Public Consultation</b>	<b>180</b>
	<b>APPENDIX D – Map programme area South East Europe</b>	<b>199</b>
	<b>APPENDIX E – List of National Authorities in IPA countries</b>	<b>200</b>

## Tables, Figures and Maps

Tab. 1:	Programme area	6
Tab. 2:	Priority axes and areas of intervention (Aoi)	8
Tab. 3:	Countries participating in the SEE programme	12
Tab. 4:	Financial allocation of priority axes	56
Tab. 5:	System of objectives	57
Tab. 6:	Subset of Ex-ante quantified OUTPUT indicators for the operational programme	64
Tab. 7:	Set of ex-ante quantified RESULT-indicators for Priority Axes and Areas of Intervention	66
Tab. 8:	Coherence between Priorities in NSRFs/SCF and South East Europe OP	71
Tab. 9:	Integration of core recommendations in the South East Europe OP	78
Tab. 10:	Procedural steps and timeline	80
Tab. 11:	Content of the Environmental Report acc. Article 5 and Annex I of the SEA-Directive	81
Tab. 12:	Recommendations of the Environmental Report	84
Tab. 13:	Indicative breakdown by codes for the priority theme at programme level (in accordance with Annex II of the Commission Implementing Regulation)	87
Tab. 14:	Indicative breakdown by codes for finance and territory at programme level (in accordance with Annex II of the Commission Implementing Regulation)	88
Tab. 15:	Annual commitment of ERDF in the programme (in Euro):	119
Tab. 16:	Priority axes by source of funding (in Euro):	120
Tab. 17:	Financing plan containing the 2007, 2008 and 2009 yearly contribution of IPA with breakdown by partner states	121
Tab. 18:	Basic indicators of size and economic activity in the SEE region, 2005	167
Tab. 19:	Demographic statistics	168
Tab. 20:	Labour statistics	169
Tab. 21:	Social indicators	170
Tab. 22:	Urban structure	171
Tab. 23:	Regional inequalities in NUTSIII level	172
Tab. 24:	Environmental indicators	173
Tab. 25:	Competitiveness indicators	174
Tab. 26:	Structural indicators	175
Tab. 27:	Infrastructure indicators	176
Tab. 28:	FDI inward stock in millions of dollars, 2004	177
Tab. 29:	Main characteristics of the INTERREG III B co-operation areas	178
Tab. 30:	Water supply and sanitation coverage	179
Fig. 1:	Logic chart of the programme objectives and priority axes	50
Fig. 2:	Definition of results according to the intervention logic	64
Fig. 3:	Generation of results, collection in the internal monitoring, selection of indicators for the OP	65
Fig. 4:	Priority axes and areas of intervention	89
Fig. 5:	South East Europe OP management structure	126
Fig. 6:	Calls for Proposals	139

Fig. 7:	Financial management of projects (ERDF and IPA in the “IPA integrated phase”)	155
Map 1:	Programme area South East Europe	12
Map 2:	Types of landscapes	17
Map 3:	Population development	18
Map 4:	GDP/capita 2003	22
Map 5:	Trans-European Transport Network and Pan-European transport corridors	33
Map 6:	Major transnational axes and motorways on the sea ports	33
Map 7:	Cities in South East Europe 2006	39

## Programme summary

The Transnational Co-operation Programme South East Europe is part of the new **European Territorial Co-operation** Objective for the programming period 2007 – 2013.

The **general aim** of transnational co-operation is to foster a **balanced territorial development and territorial integration** within the co-operation area.

Transnational co-operation concentrates on a limited number of **priority areas** in line with the Lisbon and Gothenburg processes: Innovation, Environment, Accessibility and Sustainable Urban Development.

Action related to **Innovation** shall make a direct contribution to the balanced economic development of a transnational co-operation area. Action related to **Environment** and **Accessibility** shall have a clear transnational dimension. Action to strengthen **Sustainable Urban and Polycentric Development** can be pronounced multilevel (transnational, national, regional) with a clear transnational impact.

The Transnational Co-operation Programme South East Europe faces an **additional challenge**.

While the Transnational Co-operation Programme South East Europe is a part of the internal **Cohesion Policy** of the EU, it actively seeks the full participation of non-Member States in the programme area benefiting from the external **Pre-Accession Assistance and the European Neighbourhood Policy** funding. The **programme area** includes **16 countries** with a total population of 200 million and presents one of the **most diverse and complex transnational co-operation areas** in Europe. This is the only transnational Programme area with such a large number of non-EU countries participating (candidates, potential candidates and third countries).

Tab. 1: Programme area

Country	Area
Albania	Whole territory
Austria	Whole territory
Bosnia-Herzegovina	Whole territory
Bulgaria	Whole territory
Croatia	Whole territory
The former Yugoslav Republic of Macedonia	Whole territory
Greece	Whole territory
Hungary	Whole territory
Italy	Lombardia, Prov. Autonoma Bolzano/Bozen, Prov. Autonoma Trento, Veneto, Friuli-Venezia-Giulia, Emilia Romagna, Umbria, Marche, Abruzzo, Molise, Puglia Basilicata
the Republic of Moldova	Whole territory
Montenegro	Whole territory
Romania	Whole territory
Serbia	Whole territory
Slovakia	Whole territory
Slovenia	Whole territory
Ukraine	Chernivetska Oblast, Ivano-Frankiviska Oblast, Zakarpatska Oblast, Odessa Oblast

South East Europe poses a **unique landscape to improve integration, competitiveness and consequently territorial cohesion**.



As a global objective the South East Europe co-operation programme shall develop **transnational partnerships on matters of strategic importance** to improve the **territorial, economic and social integration process** and to contribute to **cohesion, stability and competitiveness**.

The programme adopts a **common challenge approach**, focusing **primarily on matters of strategic importance**. Pursuant to the requirements of Article 6 of the ERDF Regulation (1080/2006) the programme identifies strategic thematic issues, which are relevant for the co-operation area and which shall be tackled through multilevel transnational action.

**Priority Axis 1 “Facilitation of innovation and entrepreneurship”** shall contribute specifically to the future development of South East Europe as a place of innovation. The objective is to facilitate innovation, entrepreneurship, knowledge economy and to enhance integration and economic relations in the co-operation area.

**Priority Axis 2 “Protection and improvement of the environment”** shall contribute to the improvement of the environmental conditions and to a better management of protected and other natural/semi natural areas. The objective is to override the constraints imposed by national barriers, to foresee future environmental threats and opportunities and to develop common transnational action for the protection of nature and humans.

**Priority Axis 3 “Improvement of the accessibility”** shall contribute specifically to the improvement of the accessibility of local and regional actors to the European Networks. That includes physical infrastructure as well as access to the Information Society. The objective is to promote co-ordinated preparation for the development of accessibility networks and the support of multi-modality.

**Priority Axis 4 “Development of transnational synergies for sustainable growth areas”** shall contribute to the balanced and polycentric patterns of the programme area. The Priority axis objective is to develop and implement integrated strategies for metropolitan areas and regional systems of settlements, work towards optimal polycentric structures in the programme area and use cultural values for sustainable development.

**Priority Axis 5 “Technical assistance to support implementation and capacity building”** shall contribute to the smooth implementation of the programme while enabling the programme bodies, stakeholders, project promoters and final beneficiaries to make full use of the opportunities offered by the European Territorial Co-operation Objective 3 and transnational co-operation in particular.

These priority axes are further detailed down to the distinct **level of areas of intervention**.

Tab. 2: Priority axes and areas of intervention (Aol)

Priority Axis 1 Facilitation of innovation and entrepreneurship	Priority Axis 2 Protection and improvement of the environment	Priority Axis 3 Improvement of the accessibility	Priority Axis 4 Development of transnational synergies for sustainable growth areas	Priority Axis 5 Technical assistance to support implementation and capacity building
<b>Aol 1.1</b> Develop technology & innovation networks in specific fields	<b>Aol 2.1</b> Improve integrated water management and flood risk prevention	<b>Aol 3.1</b> Improve co-ordination in promoting, planning and operation for primary & secondary transportation networks	<b>Aol 4.1</b> Tackle crucial problems affecting metropolitan areas and regional systems of settlements	<b>Aol 5.1</b> Secure the core management for the implementation of the programme
<b>Aol 1.2</b> Develop the enabling environment for innovative entrepreneurship	<b>Aol 2.2</b> Improve prevention of environmental risks	<b>Aol 3.2</b> Develop strategies to tackle the "digital divide"	<b>Aol 4.2</b> Promote a balanced pattern of attractive and accessible growth areas	<b>Aol 5.2</b> Implement accompanying activities (...)
<b>Aol 1.3</b> Enhance the framework conditions and pave the way for innovation	<b>Aol 2.3</b> Promote co-operation in management of natural assets and protected areas  <b>Aol 2.4</b> Promote energy and resource efficiency	<b>Aol 3.3</b> Improve framework conditions for multi-modal platforms	<b>Aol 4.3</b> Promote the use of cultural values for development	

The programme aims to **realise high quality, result orientated transnational projects of strategic character, relevant for the programme area**. This requires **high quality partnerships** and a **multilevel approach** on the activities level.

**Project partnerships** have to contain partners **from at least three participating states**, of which at least one shall be a EU member state. It is the task of each project applicant to present an **adequate activities mix**, which will produce **concrete and visible outputs**, will assure the fulfilment of the proposed project objectives and will contribute to the programmes objectives. Detailed procedures on **project generation, application and selection** will be developed and will be communicated to potential applicants in form of detailed Program Manuals.

The **European Regional Development Fund (ERDF)** is the main funding source of the programme. It has a total available ERDF budget of Euro 206,7 million for the 2007 – 2013 period. These amount is supplemented by national public funds finally amounting to Euro 245,1 million. The financial resources are significantly higher than for the predecessor programme INTERREG IIB CADSES 2000 – 2006.

The **involvement of non-member states** in transnational projects is a **significant element** of the programme. **Funding for non-member state project partners** shall come from **other EU sources**

(e.g. Instrument for Pre-accession Assistance and the European Neighbourhood and Partnership Instrument). For the 2007–2009 years, the financing of IPA countries is ensured by IPA funds (CBC Component) allocated separately to each IPA countries and managed by the concerned EU Delegation (exception: Croatia, where funds are managed by the national authorities, with ex-ante control of the EU Delegation). As of 2010 funds, IPA funds are transferred under Budget Chapter 13 (Regional policy) and are integrated in the programme, directly involving partners from for Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Albania and the former Yugoslav Republic of Macedonia into transnational partnerships, but without breakdown per country

**Eligible project partners** are public authorities; public equivalent bodies and any legal body governed by public or private law. Specific rules are used according to the concerned financial sources (ERDF, IPA, ENPI). Further information is provided in chapter 7.2.3 “Eligible applicants” and in the Program Manuals.

The designated Managing Authority is the **National Development Agency (Hungary)** located in Budapest. The Managing Authority will be responsible for managing and implementing the programme in accordance with the respective regulations.

The **generation and selection of transnational projects** will be the responsibility of the **Monitoring Committee** assisted by the **Joint Technical Secretariat**. The network of **“SEE” Contact Points**, which represent the programme in partner states serve as national co-ordination points for the programme implementation.

# 1. Introduction

## 1.1 Legal basis

- 1 COUNCIL REGULATION (EC) No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999 (in the following referred to as “General Regulation”)
- 2 REGULATION (EC) No. 1080/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Regional Development Fund and repealing Regulation (EC) No. 1783/1999 (in the following referred to as “ERDF Regulation”)
- 3 COMMISSION REGULATION (EC) No. 1828/2006 setting out rules for the implementation of Council Regulation (EC) N° 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) N° 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (in the following referred to as “Implementation Regulation”)
- 4 COUNCIL REGULATION (EC) No. 1085/2006 establishing an Instrument for Pre-Accession Assistance (IPA);
- 5 COMMISSION REGULATION (EC) No. 718/2007 implementing Council Regulation (EC) No. 1085/2006 establishing an instrument for pre-accession assistance (IPA).<sup>1</sup>
- 6 REGULATION (EC) No 1638/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument<sup>2</sup>

## 1.2 Transnational co-operation in the framework of Territorial co-operation

The transnational Co-operation Programme South East Europe (SEE) is part of the new **European Territorial Co-operation** Objective for the programming period 2007 – 2013.

In the framework of Cohesion Policy the Objective “European Territorial Co-operation” becomes now an objective **of its own** on an equal footing with the Objective “Convergence” and the Objective “Regional Competitiveness and Employment” and will replace the Community Initiative INTERREG III. The Transnational Co-operation Programme South East Europe (SEE) is a descendant of the former INTERREG IIIB CADSES Programme.

According to the General Regulation (Art. 3, 1083/2006) the **overall objective** of transnational co-operation is to **strengthen integrated territorial development** (= territorial cohesion) **linked to Community priorities**.

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<sup>1</sup> Article 86(4) of this Regulation establishes the legal basis for managing IPA contribution on an integrated manner in the framework of the Programme, stipulating that detailed rules on integrated management shall be laid down in the programme document and in the financing agreements.

<sup>2</sup> The ENPI Regulation is considered implementing the ENPI scheme described in 7.3.2.4 sub-chapter

**Territorial cohesion** pays particular attention to **specific needs** of broader transnational co-operation areas and should also be **part of the effort** to ensure that all Europe's territory has the opportunity to contribute to the **growth and jobs agenda** (renewed Lisbon agenda<sup>3</sup>).

The **Community strategic guidelines on cohesion** (2006/702/EC) specify that transnational co-operation areas need to **increase economic and social integration and cohesion**. Transnational co-operation programmes seek to increase co-operation across member states on matters of strategic importance.

Article 6 of the **ERDF** Regulation 1080/2006 provides that **transnational co-operation** supporting **integrated territorial development** in the co-operation area shall concentrate on **four priority areas**: Innovation, Environment, Accessibility and Sustainable Urban Development.

Action related to **Innovation** shall make a direct contribution to the balanced economic development of a transnational co-operation area. Action related to **Environment** and **Accessibility** shall have a clear transnational dimension. Action to strengthen **Sustainable Urban and Polycentric Development** can be pronounced multilevel (transnational, national, regional) with a clear transnational impact.

The Transnational Co-operation Programme South East Europe faces an **additional challenge**:

While the Transnational Co-operation Programme South East Europe is a part of the internal **Cohesion Policy** of the EU, it actively seeks the full participation of non-Member States in the programme area benefiting from the external **Pre-Accession Assistance and the European Neighbourhood Policy** funding. The programme area is located at the South Eastern edge of the Union, where several accession candidate countries and potential candidate countries as well as third countries engaged in the EU partnership framework are concentrated, thus going far beyond the external borders of the EU.

After the 2007 enlargement, 8 member states participate partially or totally in the **South East Europe** programme for territorial transnational co-operation in 2007 – 2013. The rest of the programme's regions belong to non-member states, which are either candidate countries, potential candidate countries, or third countries. The integration of potential and current candidate countries as well as of third countries **will be crucial for the South East Europe co-operation area**.

### 1.3 The Programme Area

The eligible area is legally based on the Commission Decision of 31 October 2006 drawing up the list of regions and areas eligible for funding from the European Regional Development Fund under the cross-border and transnational strands of the European territorial co-operation objective for the period 2007 – 2013 (notified under document number C(2006) 5144), (2006/769/EC).

The programme area covered by this operational programme, South East Europe (SEE) is a large geographical area of 1.9 million square km **including 16 countries** with a **total population of 200 million**.

<sup>3</sup> In response to the recognition that the diverse potentials of European regions have **not been sufficiently taken into account in the Lisbon Strategy**, the Ministers for Spatial Planning of the EU member states have in 2004 started a process towards the 'Territorial Agenda of the EU' policy document, to be adopted in 2007

It includes **all three types of aforementioned regions**: Regions of member states (among them a founding state, countries which joined at different stages of the development of the Union as well as new member states), regions of potential and actual candidate countries as well as of third countries:

Map 1: Programme area South East Europe



Tab. 3: Countries participating in the SEE programme

Country/Area	Relations with EU	Prospects	Funding
<b>Albania:</b> Whole territory	Stabilization and Association Agreement (SAA)	Potential Candidate	IPA
<b>Austria:</b> Whole territory	EU member state		ERDF
<b>Bosnia-Herzegovina:</b> Whole territory	No contractual relations with EU, autonomous trade preferences by the EU, negotiations on SAA since 25/11/2005	Potential Candidate	IPA
<b>Bulgaria:</b> Whole territory	EU member state		ERDF
<b>Croatia:</b> Whole territory	SAA (signed 2001, implementation since 2/05), accession negotiations started on 3-10-2005	Candidate status	IPA
<b>The former Yugoslav Republic of Macedonia:</b> Whole territory	SAA (signed in 2001, implementation since 2004), since 17.12.2005 Candidate State, but still no Negotiations	Candidate status (no negotiations)	IPA
<b>Greece:</b> Whole territory	EU member state		ERDF
<b>Hungary:</b> Whole territory	EU member state		ERDF
<b>Italy:</b> Regions: Lombardia, Prov Autonoma Bolzano/Bozen, Prov. Autonoma Trento, Veneto, Friuli-Venezia-Giulia, Emilia Romagna, Umbria, Marche, Abruzzo, Molise, Puglia Basilicata	EU member state		ERDF
<b>the Republic of Moldova:</b> Whole territory	Partnership and co-operation agreement (PCA) since July 1998, ENP Action Plan in force since February 2005	Third country	ENPI

<b>Montenegro:</b> Whole territory	Autonomous Trade Preferences since 2000, negotiations on SAA since 10/2005	Potential Candidate	IPA
<b>Romania:</b> Whole territory	EU member state		ERDF
<b>Serbia:</b> Whole territory	Autonomous Trade Preferences since 2000, negotiations on SAA since 10/2005	Potential Candidate	IPA
<b>Slovakia:</b> Whole territory	EU member state		ERDF
<b>Slovenia:</b> Whole territory	EU member state		ERDF
<b>Ukraine:</b> Chernivetska Oblast, Ivano-Frankiviska Oblast, Zakarpatska Oblast, Odessa Oblast	Partnership and co-operation agreement (PCA) since March 1998, ENP Action Plan in force since February 2005	Third country	ENPI

## 1.4 Preparation of the operational programme

The programme is the result of an intensive and detailed working process, which has required a high amount and quality of transnational co-operation, discussion and communication. A task force and two drafting teams were set up. After the initial technical meeting in Brussels on the 31. January 2006 a series of meetings took place almost every month in several locations across the programme area.

Civil servants, public officials and external experts met and discussed the possibilities and best ways to stimulate and promote co-operation in the programme area. Between the meetings the operational programme was gradually developed based on the outcomes of the discussions, using further consultations among the members of the task force and the drafting teams and extensive research. Citizens in the concerned counties was also widely consulted and their comments, observations and suggestions taken into consideration. The operational programme was scrutinised using an extensive ex-ante evaluation and strategic environment assessment (SEA). Both the ex-ante evaluation and the strategic environmental assessment were conducted in parallel and interactively to the development of the OP itself. Experts contributed to and commented on the document at every stage of the preparation of the programme. The process of preparing the operational programme for the South East European co-operation area culminated in the submission to the European Commission on 18/07/2007.

## 2. Analysis

### Introduction

The programme area is one of the **most diverse and complex transnational co-operation areas** in Europe. This is the only transnational Programme area with such a large number of participating Non-EU countries (candidates, potential candidates and third countries) and such a variety of stages of institutional relations, embeddedness or proximity to the EU.

Elaborating an **analysis** for a transnational co-operation programme of such a diverse space in almost every sense is a **great challenge**. Apart from the different status and relation to the EU of the programme partner the area is characterised by **highly distinct economic, social, infrastructural, technological and administrative and institutional disparities and diversities**. There are **massive lacunae** in the availability of harmonised data and no substantial preparatory thematic analysis for the whole area available. For the analysis the latest most current and available data have been used. However, in some fields a **lack of consolidated information on the EU 27** at the time of drafting was encountered. For that reason EU 25 data has also been included. Whenever this is the case the appropriate reference to the EU 25 or EU 27 is made.

Following the strategic and political guidelines of the EU the establishment and development of transnational co-operation should focus on **Innovation, Environment, Accessibility and Sustainable Urban Development** (according to Article 6, Regulation No. 1080/2006). Because of the different status of relationship to the EU of the programme participants and the different administrative and competence structures and level of development regarding economic basis, infrastructure, technology and innovation potential and the civil society, the four abovementioned topics **cover only a small range of the specific needs** of this European space.

For a better understanding of the challenges of transnational co-operation in this space the following analysis serves also as a **background report** and therefore some additional issues are integrated in the analysis which do not have a direct connection to the priorities of the programme.<sup>4</sup>

### 2.1 Territorial Integration

The programme area is the most heterogeneous area of Europe considering the specific cultural, political, ethnical, social and historical characteristics of the participating regions. Historically the political, cultural (several languages, Eastern, Western, South and mid-European impacts) social, ethnic (several nations and ethnic groups) and religious diversity of Europe and the Orient meets in the co-operation area. This great diversity is potential not only for the identity but also for conflicts and the foundation of both cross-border and transnational cohesion.

This area of wide diversities, different cultures, languages and different religions faces most of all the challenge of social, economic and political integration with regard to different facets:

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<sup>4</sup> As far as possible the analysis is based on harmonised and comparable data (Eurostat, World Bank..) In most of the cases data is only available for whole countries, therefore regional interpretations are not possible in all chapters. Because of the high disparities of quantities, qualities and structures in this co-operation space the use of average figures could be misleading; therefore, the focusing on the range of the differences gives a clearer picture of the specific situation.



- the deepening of EU 27 integration
- the pre-integration process of the accession countries
- the process of deepening relations with the EU Neighbouring countries and
- The stabilisation and development of bilateral relations.

This should not only refer to integration per se, but also to the spatial effects of international integration affects

- the internal disparities and development processes
- the relation between strong and weak regions and the structure of urban hierarchy and
- the different institutional and legal structures, frameworks and capacities

## 2.2 Geographic features

The physical, political and social geography of the programme area is a very important factor not only for the understanding of the present situation in the area but also for the identification of links for transnational co-operation issues.

### ***The constitution of new states***

Over centuries this space was affected by a changing history leading to the collapse of empires and political systems and spheres of influences, to wars, and to the constitution of new states and changing demarcations. Such a dynamic development of systems and political frameworks leads not only to new structures and new relations but needs also new approaches and new co-operation and communication structures.

### ***The diversity of landscapes***

The topography not only determines the spatial and settlement structures but also forms the spatial framework for the economic base and development perspectives. The diversity of landscapes in the programme area can be described by the following types:

#### ***- the mountainous areas***

The Alps, going from France into Switzerland, Northern Italy and Austria and further extending into the Dinaric Alps along the Adriatic Coast, the Apennines as the backbone of Italy, the Carpathian Mountains in the Eastern part of South East Europe and the Balkan Mountains, Rhodope and Pindos mountains, Olympos, Ossa and Pilion mountains as well as the mountains of Southern Greece are the most important mountainous areas. The Great Hungarian Plain, large patches of grassland at a level of about 100m over the sea, are located in between those mountain ranges. The mountainous areas can be characterised by specific economic structure (agriculture, forestry, tourism), by specific settlement structures and climate condition. Much of these areas are economically weak regions. The mountainous areas are ecologically very sensitive and therefore of very high environmental interest.

#### ***- the sea and the maritime areas***

Except Austria, Hungary, Slovakia and Serbia all programme partners have access to the sea, the Mediterranean or the Black Sea. For some of the partner regions the coastal and maritime space therefore is of crucial economic, cultural and ecological importance.

Tourism is one of the key sectors in these areas. The coastal regions account for most of the over-night stays throughout the whole programming area, with seasonal peaks in the summer months. By contrast, industry and the transportation sector (maritime transport, harbours) are responsible for the good economic performance and stability of the coastal regions. The integration of the ports into an efficient and adequate transportation and logistics system is seen as one of the most important challenges for the future.

In Greece there are 9,840 islands with a coastline of about 15,000 km. Along the Adriatic Sea coast of Croatia 1,185 small and large islands exist, of which 67 are populated. Restricted development potentials, demographic problems, the stabilisation of supply of goods and services, accessibility and integration into national markets and the transportation system are the main challenges for this part of the programming area.

From an ecological point of view, one of the biggest problems for the maritime regions is the pollution caused by traffic, tourism and from big rivers which flow into the sea after passing through mostly industrialised and built-up regions, and areas of intensive agriculture with a high density of intensive livestock breeding and the use of agricultural chemicals. The quality of the sea water on some beaches decreases in the vicinity of sewage outlets from larger urban agglomerations.

- ***the rivers(-systems)***

The Danube, as one of the largest rivers in Europe and connecting seven partner countries of the programme area and four capitals (Vienna, Bratislava, Budapest, Belgrade), plays a very important role for the Northern part of the co-operation area not only in a topographic and environmental sense but also in an economic and cultural sense. Running from North-West to South-East the Danube is the direct connection from the Atlantic Ocean and some of the most important harbours in Western Europe to the Black Sea and further the Mediterranean Sea. The Danube is also important for energy production and the vicinity to the river offers good locational conditions for specific industries and logistic activities. The **Danube Delta** is a specific landscape in the programme area. It forms the largest and best preserved of Europe's deltas and is one of the largest wetlands worldwide, a special waterfowl habitat and a museum of biodiversity, which includes 30 types of ecosystems

Beside the Danube, other **rivers/river-systems**, which play a significant role from a transnational point of view, including the Tisza and the Sava in the centre, the Po on the West, Axios, Nestos, Strimonas and Ardas-Evros in the South, are also located in the programme area.

Map 2: Types of landscapes



Source: EuroGeographics

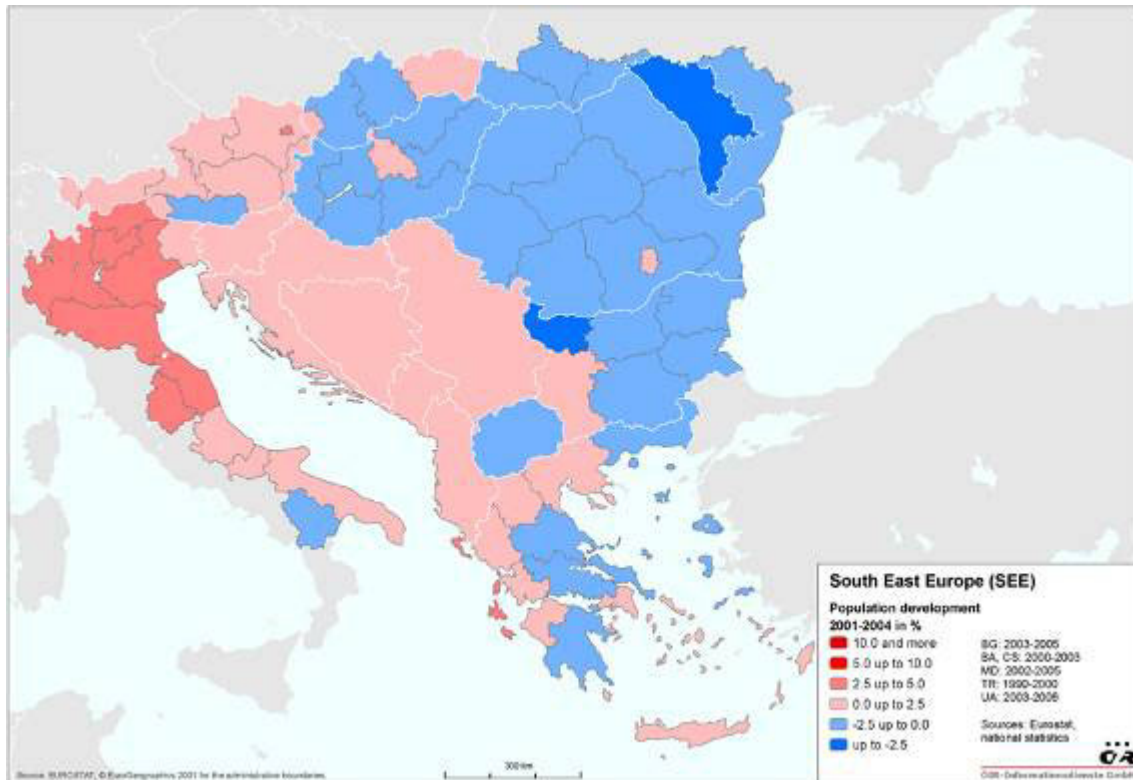
### ***Demographic development***

Demographic trends are very heterogeneous between and within the countries of the programme area, depending on economic, social and cultural and spatial factors. Challenges that need to be met are:

- the spatial concentration of positive or negative demographic development like migration, de-population (rural versus urban areas)
- ageing population and
- migration

Regarding **population growth** at the national level, most of the EU members (except Hungary, Bulgaria, Romania) in the programme area have experienced a modest increase in population in the last years mostly caused by immigration. Contrary developments have to be noted among the non-EU countries, which have lost a significant part of their population in a relatively short period due to emigration.

Map 3: Population development



Source: Eurostat, national statistics

In general the demographic development in the EU member states within the programme area follows the European trend of an **ageing population**. Therefore the main problem in those countries is the ageing of the population with all the connected strong impact in the social and health services and in the labour market. On the other hand the candidate, potential candidate and third countries follow two different routes. Countries like Serbia, Montenegro, Croatia and Albania seem to have a strong positive balance between birth and death rates offsetting emigration and keeping population on a growth path; for Ukraine further declines of development are expected because of serious negative balances between birth and death rates in combination with emigration.

For some (candidate, potential candidate and third) countries, **migration** is the main factor influencing the negative population development. A weak economic performance and lacking perspectives are the main motivation factors stimulating external migration. Notable are the emigrant outflows coming from Ukraine, Bulgaria, Romania, Serbia, Montenegro, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia. This emigration is directed mainly towards Western Europe (EU 15) and North America.

Migration is a very complex phenomenon with positive and/or negative impacts in the countries/regions of origin as well as in countries/regions of destination. Especially in economic weak rural or old industrialised areas, which are confronted with structural changes or problems, migration (mostly of young people) leads to depopulation and aging and to a deprivation of (qualified) human resources (brain drain) for starting or continuing development processes. On the other hand, in the immigration countries/regions the pressure on the labour market, the social systems and housing may increase, often followed by social tension and conflicts between different cultures.

In the programme area all these mentioned problems arise, some of the countries are favoured immigrant destination countries (e.g. Italy, Austria, Greece), while the other countries are the origin of high migration flows. Immigrant integration is a complex theme which generates continuous debate across the EU. The overrepresentation of immigrants in deprived urban neighbourhoods and the tendency to spatial segregation as a consequence of low income and unemployment, creates many of the conditions on which illegal immigration can feed.

### ***Socio-cultural aspects and cultural heritage***

The programme area is extremely diverse in terms of **ethnicity, culture and religion**. While larger homogenous areas are found on the perimeters, the central part of the area shows an extremely varied picture. In terms of ethnic and religious affiliation numerous peoples often are concentrated in border regions with neighbouring kin-states.

In some of the programme participating countries the Roma population remains the most vulnerable of the national minorities. Full and effective equality has not been secured for the Roma, who continue to be particularly exposed to discrimination and face difficulties in housing, health care, employment and education (high rate of illiteracy).

In general, ethnic diversity decreases. The long-term reasons thereof are found in urbanisation and assimilation. In the past decade, however, violent forms of homogenisation created homogenous areas even in once multi-ethnic lands. The return of those persecuted by war and conflict is doubtful and raises several issues. Relocations, however, cause new types of ethnic conflicts in other regions. This is one of the problems the area is faced in some parts.

**Cultural heritage** is defined as the totality of material and immaterial cultural assets like libraries, archives and museums, buildings (churches, castles, monasteries), as well as the expression of folk culture, the scientific perception etc. Cultural heritage contributes not only to cultural diversity and creativity and is part of a regional identity but is also a great resource for economic activities esp. for tourism and urban development.

In the programme area there are comprehensive activities to protect the cultural heritage (historical urban areas, monuments and historical ensembles, cultural landscapes). As examples for this wide variety of cultural heritage the properties included in the World Heritage list of the UNESCO<sup>5</sup> are to be mentioned here.

The programme territory is characterised by a big variety of valuable cultural areas that need a wise management for their preservation, enhancement and sustainable exploitation. Many sites, besides the well known ones, are lacking any kind of care, others are still not “discovered” and exposed to all possible risks.

Architectural monuments primarily include religious monuments (monasteries, churches, mosques, synagogues) and architectural parts of some historical towns. In areas stricken by ethnic conflicts, their existence is often threatened. Their preservation may strengthen regional integration since their location is typically at the borders of countries and in regions crossing ethnic borders (e.g. sea and Danube port towns, monasteries and shrines linked to a certain religion, stations of the Via

<sup>5</sup> The United Nations Educational, Scientific and Cultural Organisation (UNESCO) seek to encourage the identification, protection and preservation of cultural and natural heritage around the world considered to be of outstanding value to humanity. This is embodied in an international treaty called the **Convention concerning the Protection of the World Cultural and Natural Heritage**, adopted by UNESCO in 1972.

Egnatia, stone bridges of late empires, national places of worship etc.). The protection of such heritage indispensably calls for co-operation between the various ethnic areas and countries.

## 2.3 Competitiveness – economic performance and innovation

### ***Strong national and regional disparities are characterising the socio-economic performance of the programme area.***

The analysis of the regional GDP per capita performance revealed that the programme area is far from being cohesive. This area includes both European richest and poorest regions, with differences between those regions more than tenfold. Most part of the disparities in GDP per capita emerged in the 20<sup>th</sup> century, and a significant part even in the last one and a half decades.

There is a clear distinction between old and new EU member and non-member states. All NUTS 2 (or equivalent) regions, which are below 50% of the average EU 25 GDP level are located in the new EU member, candidate, potential candidate or third countries (Source: Eurostat).

Concerning the economic activity level and the growth performance two patterns of economic strengths are visible in the programme area. Firstly, a clear West-East divide becomes apparent with the strongest regions located in the West (Italian regions, Austria) and the least developed in the East (capital city regions and Greece being an exception). Secondly, economic strength is obviously influenced by the status of EU integration: Old EU member countries (EU 15) are usually performing better economically than new EU member states, which in turn perform better than EU candidate, potential candidate and third countries.

### ***The economic process in the programme area is based on different potentials and follows very different development paths: the new and (potential) candidate countries are performing worse than the old member states. Factors of competitiveness, like wages, taxes and aid systems in combination with the quantitative and qualitative availability of well educational labour force and the need of restructuring the national economy, offer good conditions for a high dynamic.***

In terms of economic dynamics (growth rates of per capita GDP) the economic performance shows another picture. Countries like Greece, the new EU member, candidate, potential candidate and neighbouring countries (especially Albania) usually are performing better than the old EU 15 member states between 1995 and 2003. Although the first years after the fall of the “Iron Curtain” were characterised by a severe economic crisis caused by huge challenges of internally (political and economic) and externally (i.e. globalisation, European integration process) adjusted transformation processes, the last decade brought high economic growth leading especially in capital regions to a remarkable catching-up process with Western Europe. Growth performance of regions especially in new EU member states, is better than in most of the Western European countries. Countries with the highest GDP growth rates are Hungary, Slovakia, and Slovenia. Factors of competitiveness like wages, taxes and aid systems in combination with the quantitative and qualitative availability of well educational labour force and the need of restructuring the national economy offer good conditions for a high dynamic.

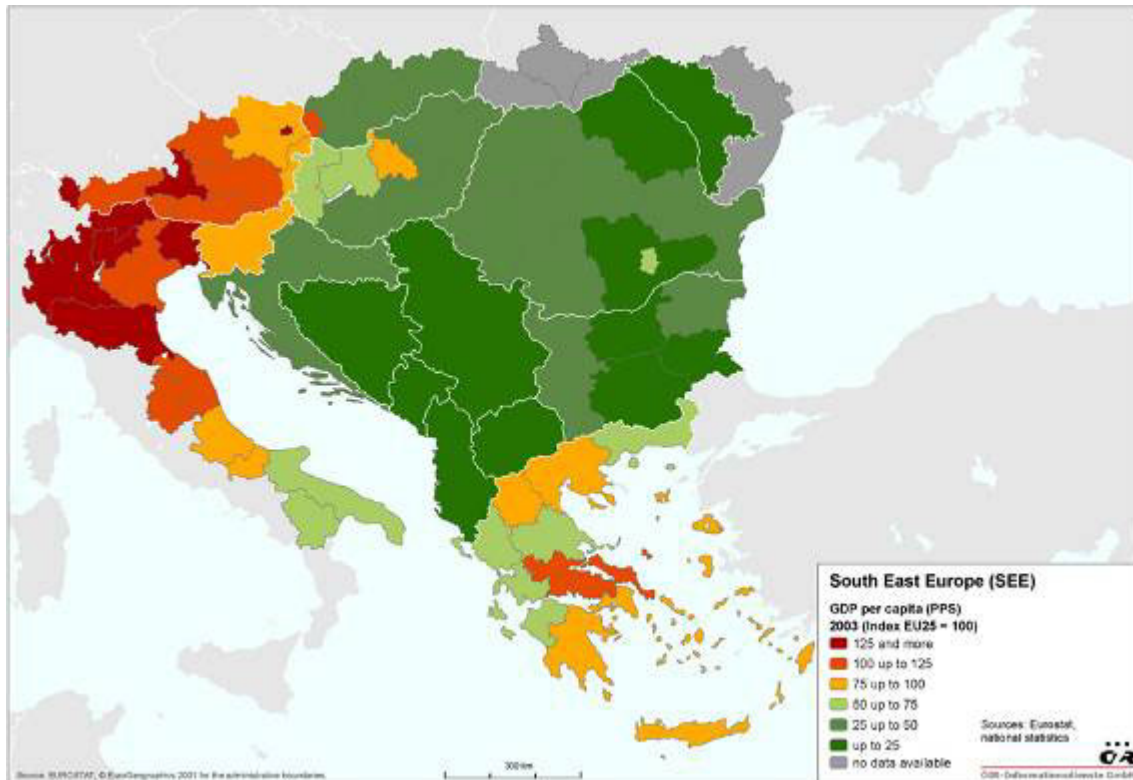
***FDI as a development engine – the current competitiveness of most of the programme participating countries apparently depends on the presence of foreign capital in the country.***

Foreign Direct Investment (FDI) was and still is a major source of growth and competitiveness in all transition countries in Europe. Especially the new EU members Hungary, Slovakia and Slovenia have considerably benefited from growing FDI inflows. Since 2000, FDI is also increasingly directed towards non-EU member countries from South East Europe with the candidate countries benefiting the most. For a number of non-EU countries within South East Europe, the most important investors are coming from Austria (for Croatia), Greece (for the former Yugoslav Republic of Macedonia) and Italy (for Albania), investment from within the region plays an important role also in supporting work positions and raising GDP and mobilising domestic capital. However, it seems that the allocation of FDI in South East Europe tends to favour the more advanced countries and increases disparities, despite the positive impact of investment by neighbours in the less advanced countries. What is true for the national level is even more true for the regional level. Growth and competitiveness of regions is a function of FDI in the respective regions. And since the location of FDI is rather selective and rather indifferent to cohesion considerations, the result is a dramatic increase of economic and income disparities among and within the countries of the programme area. The capital and other economic strong areas are benefiting much more of the foreign direct investment activities.

From the total FDI stock in the region in 2004, the largest share (49%) goes to Italy, followed by Austria (13.9%) and Hungary (13.0%), whereas the non-EU countries in the region receive very small sums (as e.g. Albania 0.3%, Bosnia and Herzegovina 0.4%, the former Yugoslav Republic of Macedonia 0.3%, Serbia and Montenegro 0.9%) (Source: UNCTAD, United Nations Conference on Trade and Development).

The growing FDI inflows have resulted in an increasing contribution of foreign firms to national economies. The presence of large transnational enterprises is a decisive factor of regional competitiveness in less developed areas in two ways: The investment of foreign enterprises, first of all, implies that some important factors ensuring profitability and competitiveness – like cheap and skilled labour force, basic infrastructure facilities, enterprise-friendly economic policies – are present in the region. Secondly, after settling down, the operations of foreign enterprises largely contribute to the competitiveness of the region, especially if supplies and production factors will be provided within the region.

Map 4: GDP/capita 2003



Source: Eurostat, national statistic

***The structural change meets different competitive levels of economies in regard to the sectoral importance and the quality and efficiency of production and services and the institutional framework.***

The economic structure of programme participating countries has similarities and differences from that of the EU 25. The similarity is that both areas experience a decline in the weight of agriculture and industry and an increase in the weight of services in the composition of GDP. The differences are the relative high importance of agriculture in some parts of the programme area. (e.g. Bulgaria, Romania, Albania, Serbia, Montenegro, the Republic of Moldova, Ukraine). Especially in the new EU member states and the candidate and some potential candidate countries the share of the service sector increased in the last years. Finally, industry, despite its serious decline since 1990, still accounts for 19% of GDP in Albania and 38% in Romania. Of course, similarities or differences in GDP shares with the EU should not underestimate the qualitative differences among the single countries in this area, especially in the industrial and the service sector.

As an important prerequisite for the economic development all countries in the programme area have taken significant steps towards **economic freedom**. As a result they are already very close to the EU average. The third countries Ukraine and the Republic of Moldova are the countries that yet need to cover some ground in order to reach the EU figures.

A comparison among 150 countries shows that there are serious problems of institutional nature, like corruption, in the region, which are affecting economic and social progress, but also the attractiveness of the programme area to outside investors. The Corruption Perception Index (CPI) ranks



more than 150 countries in terms of perceived levels of corruption, as determined by expert assessments and opinion surveys. On the basis of this assessment it can be shown that some parts of SEE suffer from relatively high levels of corruption. Only one country (Austria) ranks above the EU 25 average and only three countries have a value that is equal or above the mean value of the scale (Hungary, Italy, Slovenia). The rest of the countries have very low values.

***The political and economic changes (transformation process, integration, constitution of new states) in the last decades lead to extensive changes of trade relations and affect the programme area to a very high degree.***

The collapse of the Eastern bloc, the ongoing European integration process, times of isolation and severe sanctions during and after the war in the former Yugoslavia during the 1990s destroyed and changed traditional economic relationships between the countries of the programme area.

Nowadays trade relations in the programme area are dominated by some of the leading economic powers of Europe such as Germany and Italy. As an example, about one third of the foreign trade of Hungary or Slovenia is directed to Germany. Also for Austria, Germany is the most important trade partner in Europe. For Albania, Croatia, Serbia, Montenegro, Bosnia and Herzegovina and Romania, the most important partner is Italy. Countries, which have only recently become independent, have partly retained their traditional internal economic linkages and trade flows. There is still an intensive trade among the former Yugoslav Republics, although economic recession has lessened its volume. For Slovakia, the second main trade partner is still the Czech Republic. The main trade partner of the former Soviet republics, the Republic of Moldova and Ukraine is still Russia; Even older traditional links have been revived. For Hungary the second largest trade partner is Austria (Source: International Monetary Fund, IMF). However, intra-regional trade among the majority of the states in the programme area is still weak but rapidly rising.

***The development of the labour market follows the structural changes of the national economies and is determined by significant changes of the labour force demand concerning skills, flexibility and wage levels.***

The substantial changes of economic structures, development processes and relations between the countries since 1989 are determining the labour market structures in a qualitative and quantitative way with great differences between the old EU 15 member states and the new member states, candidate and potential candidate countries.

While the labour market in the old EU member states was influenced by the actual business cycles, the transformation process, structural changes of the national economies and the consequences of war affects the labour market in the new member states and the candidate and potential candidate countries. The main characteristics in the last mentioned were considerable and continuous decline and a significant change in labour force demand (causing additional pressure and mismatches in the labour market because of new requirements concerning labour force quality). On the other hand, the EU 15 countries within the programme area were confronted with labour market problems in the secondary sector, increasing shares of (part time) jobs in the services sector and pressure on the low qualified jobs by increasing number of foreign workers.

Regarding the **labour force** in general, the figures of labour force participation rate for 2004 (proportion of the population ages 15-64 that is economically active, source: World Bank) indicate the following patterns: Male participation rates range between 70-80%, whereas the female participation rate lies on average about 10-15 percentage points lower. In contrast to the experiences of EU 15 countries, women's participation rate in transition countries used to be higher, but dropped dramatically during the early years of transition.

Nevertheless, significant differences between the countries exist. Austria, Slovakia, Slovenia but also Bosnia and Herzegovina and the Republic of Moldova show generally relatively high labour force participation rates (both genders), whereas Greece, Albania, Serbia and Montenegro show high male, but lower female participation. Lower figures have to be noted in Italy, Hungary, Bulgaria, Romania, Croatia and the former Yugoslav Republic of Macedonia.

**Unemployment** statistics for 2005 indicate that South East Europe is divided in terms of the available work opportunities. Although the average figure for the region of South East Europe seems modest (9%), this is influenced primarily by the low figures of some EU 25 members (e.g. Austria, Slovenia, Hungary). Generally most of the participating countries were confronted by a loss of jobs during the transition process as a result of the privatisation of public sector enterprises and through the levelling off in hidden unemployment in government institutions. The demand of employees by the private sector, which is yet at the development stage, has decreased. The situation is critical in countries like Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro. The unemployment rate is more than 30% and unemployment is the most serious social and economic problem, threatening to destabilise the social structure, the institutions and the legal system, undermining the living conditions and the morality of significant segments of population. Most disadvantaged groups in the labour market are: women, young people, older unemployed people, poorly-educated and low-skilled people, long-term unemployed, people with disabilities, demobilised soldiers, refugees and ethnic minority groups (e.g. Roma) (Source: WIIW).

***The disparities of economic performance, the different institutional structures, missing or lacking (national) innovation strategies are the main characteristics of the programme area's innovation capacity.***

The innovation capacity can be described by the education system, the human resources (level of qualification) and the institutional framework for research and development (public and private sector, institutions, enterprises, budgets, programmes and politics).

Generally the **level of qualification**<sup>6</sup> – differing between the participating countries and single regions – does not reach the European average. Regarding the gross enrolment ratios 2004 (ratio of total enrolment, regardless of age, to the population of the age group that officially corresponds to the level of education shown) lower figures have to be noted concerning primary enrolment and to an higher extent regarding secondary enrolment ratios for the new EU member states Bulgaria and Romania as well as for the candidate and potential candidate and third countries.

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<sup>6</sup> Source of data: World Bank, 2006

Another indicator of opportunities regarding the active development of qualifications is the amount of **public expenditure on education**<sup>7</sup>. Measured in public expenditure in % of GDP the figures for 2004 range between 6% in Slovenia and 2.8% in Albania; even some EU 15 member states show quite low public expenditure percentages, e.g. Greece (4%) and Italy (4.7%).

The **research and development (R&D) system** includes universities, other public and private R&D facilities, science and technology parks, innovation and transfer centres. While universities and science centres are concentrated in major urban areas and/or the regional economic centres, some have been established in other regions to stimulate innovation and development processes.

The universities of the EU members of the programme area are of high quality in teaching and research and present a good level of internationalisation, so they can guarantee a fruitful co-operation in order to help the others to reach the standard level and contribute to the achievement of the Bologna Process and new Lisbon Strategy<sup>8</sup>. Although some progress can be observed concerning the adoption of the educational and research system in the candidate and potential candidate countries the progress reports noted that especially some of the small countries of this group did not fulfil the requirements set out in the Bologna Process and the implementation of the existing legislation is weak.

According to existing national strategies for innovation and technology the single countries in the programme area are more or less provided with technology parks, innovation and transfer centres. In the old EU member states such facilities are essential partners implementing the national and regional innovation strategy. In the new member states such institutions were established during the transformation process, the regional diffusion is much lower. In most of the candidate, potential candidate and third countries such facilities and institutions are missing as well as adequate strategic concepts.

Regarding **R&D expenditure** (Gross Domestic Expenditure on R&D, GERD) the figure is generally rather low in comparison to EU 25. In 2004 only Austria (2.3% of GDP) had R&D figures higher than the EU 25 (1.9%), while Slovenia (1.6%) was ranked second followed by Italy and Croatia (1.1%). Nevertheless, in Romania, Bulgaria and most of the candidate and potential candidate countries very low expenditure in R&D has to be noted (Source: DG Enterprise and Industry, 2006).

Concerning the recent development of R&D expenditure, some countries within the programme area show even declining shares of R&D expenditure, as e.g. in Slovakia, Bulgaria and Romania, whereas the highest growth rates can be observed in Hungary and Austria.

<sup>7</sup> No data available for Bosnia and Herzegovina and Serbia-Montenegro.

<sup>8</sup> According to these the major focus of training and research will be on growth and employment supporting knowledge and innovation, removing the obstacles to physical, labour and academic mobility and developing a knowledge-based economy with more and better jobs. This will contribute to the creation of the EHEA (European Higher Education Area) and the ERA (European Research Area) and their strict integration as required by Lisbon plans.

***The programme area has a low performance with respect to R&D and a dual spatial pattern is shown where few countries have figures comparable to EU standards but the majority of them have low levels of innovative activity, also due to yet lacking regulations and institutional capacities mainly in potential candidate and third countries, and as a result, low levels of competitiveness.***

Beside the public sector, enterprises are also playing an important role in terms of R&D. In this context the size, the position in the production process and the available capacity for research and development of the enterprises are determining the level and output and the quality of research and development activities. The economic structure described by the enterprise system gives a very diverse picture in this area. In Austria, in the Italian regions and in Greece the SMEs are dominating economic structures. Traditionally, large enterprise can be found in key industries (steel, machinery, vehicles, food and beverage, oil and chemicals). Until the transformation of the economic and political system the enterprise system in the former socialist countries was characterised by state-owned industrial complexes and large production units. During the transformation process the number of SMEs was growing rapidly, driven by the service sector, but also FDI contributes to structural change. This dynamic is especially very strong in the EU member states while in some of the candidate and potential candidate countries the basis of SMEs is still rather weak.

Generally the innovation capacity of SMEs is observed to be much lower than in large industry, therefore it will be very important to establish qualified and fitting frameworks to **motivate SMEs for innovation activities** or to bring them closer to the results of R&D activities.

This situation demonstrates an important reason that the performance of the programme area in terms of R&D in the business sector (Business sector expenditure on R&D, BERD) is (according to the GERD figures) at **low levels** absolutely, but also relatively. The share of business enterprise R&D expenditure on total R&D expenditure ranges between 24-60% in the participating countries (providing data on F&E expenditures), whereas EU 25 shows a share of 64% by the business sector (Source: DG Enterprise and Industry, 2006).

In terms of employment in the **research sector** South East Europe has a figure which is less than half the EU 25 average. This poor performance is due to the weak research base in the candidate and third countries. However, also Italy and Greece as well as the new member country Hungary show relatively low figures.

## **2.4 Environment (in co-ordination with SEA)**

### **Natural resources, biodiversity**

***Due to the various landscapes (mountainous areas, maritime regions, seas and river systems) there are substantial differences regarding the present situation of the environment, the nature and the scale of problems they are confronted with.***

Natural resources are extremely diversified in the programme area and include large areas of forest and agricultural land, mountain areas, important watercourses, coasts with specific landscapes, urbanised areas, as well as industrialised and mining areas. In general they are subject to a variety of adverse impacts from industrialisation, intensive agriculture, traffic and urbanisation and intensive tourism. Depending on the landscape features, the economic structure and performance, the

settlement structure and population density the main environmental issues and challenges are for example land use, water, protected areas, urban environment, brown fields development etc.

In all the territory there are areas with **valuable ecosystems** that are particularly sensitive and need special attention. Some are already protected but many are exposed to several risks due to unwise use and to the climate change.

The programme area contains the main **European rivers** after the Volga, which are the base of the local economies and identities, as the Danube with the Danube Delta, the Tisza and Sava on the East and the Po on the West, with the Axios, Nestos, Strimonas and Evros in the South and a huge **coastal area** along the Adriatic Sea, Ionian Sea, Black Sea and Aegean Sea, which are the cradle of European history and civilisation.

An uncontrolled development in terms of land use change, increased energy consumption, increasing surface of metropolitan areas would worsen all the water-related problems. A correct balance between exploitation and preservation of the ecological functions especially of **mountain and coast areas** as well as wetlands has to be envisaged to prevent the loss of the ecological balance with impact on the tourism/leisure industries, which represent a significant part of the economic resource base of the region.

### Environmental features

***The most severe environmental threats derive from increasing flows of motorised traffic and an increasing number of bottlenecks in urban areas, derelict and/or contaminated areas, gaps in energy efficiency, risks of natural and man-made disasters, threatened water reserves, deforestation and soil erosion, insufficient supply and disposal infrastructure and a significant industrial base in the still operating plants with no environmentally friendly technologies.***

The environmental situation in the programme area has improved substantially over the last 15 years. Emission of most pollutants decreased due to a decline in production but also due to restructuring and environmental measures. As far as the environmental risks related to economic activities are concerned, the programme area has an average **environmental quality** similar to that of the EU 25. The per capita daily emissions of organic pollutants into water are 9.211 kg in the region and 9.361 in the EU 25. However, this average figure conceals relatively still high emissions in countries like Hungary, Slovenia, Bulgaria, Romania and Serbia and very low emissions in countries like Albania, Bosnia and Herzegovina and Greece. In general, it seems that countries that had significant industrial bases in the pre-1989 period still operate plants with technologies that may not be as environmentally friendly, as in countries like Austria or Italy (World Bank, 2004).

The European Union's approach to **waste management** is based on three principles: waste prevention, recycling and reuse and improving final disposal and monitoring. Due to a linkage of the amount of waste and GDP, the amount of waste arising in the EU 25 is still higher than it is in the programme area. Nevertheless waste amounts are also increasing quickly in non-EU 25 participating countries. Many areas mainly in the candidate and potential candidate countries, particularly rural areas, are not served by municipal waste collection systems.

Land filling remains the dominant method of waste treatment used in Europe with lower rates in EU 15 and substantially higher rates in the acceding countries of 2004 and 2007 and the candidate

and potential candidate countries. Figures for recycling are rather discouraging. The rate of recycling in many countries is minimal. In relatively few countries, recycling of some waste streams has increased considerably during the past decade. In EU 15, recycling (including composting) of municipal waste was 21% in 1995 and 29% in 2000 (Eurostat, 2002). By comparison, in the EU accession countries where data exist, an average municipal waste-recycling rate of 8.6% was reported during the period 1998-2001.

In terms of the performance for **water supply and sanitation** services, urban regions are covered to a wide extent, whereas in some countries rural regions show a severe lack of services. Regarding the total coverage of services in 2004, the region may informally be divided into two broad groups of countries<sup>9</sup>:

- Countries with a **good to moderate performance for both water supply** (share of connected households between 82 and 100%) **and sanitation** (with more than 50% of households connected): Austria, Italy, Bulgaria, Slovakia and Croatia (where sanitation connection is even above 70%) and Greece, Hungary, Bosnia and Herzegovina and Ukraine
- Countries with **weak services in water supply** (share of connected households between 41- and 82%) and **sanitation** (coverage of households less than 50%): Romania, Albania, Serbia and Montenegro and the Republic of Moldova

Strong **growth in transport**, notable road transport, causes **growing environmental pressures**, like air and water pollution, greenhouse gas emissions, habitat fragmentation and destruction that need to be addressed by a sustainable transport policy. Growth in transport volume and activity will generate also increasing demand for fossil fuels and thus threatening energy security and generating more CO<sub>2</sub> emissions.

#### **Land use, natural risks and risk management**

***South-East Europe has to face the consequences of settlement dispersal and urban sprawl. Future accessibility patterns are expected to influence urban development and landscape. Large shares of the population still live in rural or semi-urban areas, posing an additional challenge on urban-rural relationships.***

***Due to ongoing climate change, a future increase of natural risks like droughts and floods and forest fires, landslides etc has to be assumed for the programme region. In the programme area environmental risks seem to be highly differentiated. Regions in the southern part of the area face greater risks from droughts, earthquakes and fires, while regions in the northern part of the area face greater risks from floods in the plains and landslides in the mountainous regions. Especially the great floods and forest fires of recent years have shown that risk management structures on a transnational level are missing.***

In South East Europe the share of population that lives in urban areas is relatively low compared to that of the EU-25. This is partly due to low level of urbanisation in Bulgaria, Romania and the Western Balkan countries, where a large segment of the population lives in rural and semi-urban

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<sup>9</sup> Source: Joint Monitoring Programme WHO-UNICEF, [www.wssinfo.org](http://www.wssinfo.org), 2.5.2007; no data for Slovenia and the Former Yugoslav Republic of Macedonia

areas. But there is a clear trend of suburbanisation in all urban regions from the beginning of the 1990s. Additionally segregation within existing urban areas is increasing.

Pressure on land take, urban sprawl and loss of traditional landscape will affect particularly those areas in South East Europe, which will gain higher accessibility potential in near future. The extension of high-speed transport infrastructure, but also extensions of airports and seaports will have a crucial influence on urban development. Some of the European corridors related to the trans European network, including the 30 priority projects, will affect the programme area's landscape.

As one result of changing land use patterns and high percentage of sealed surfaces, an increasing **number of flood events** were registered in the last decade: Between 1998 and 2004, Europe suffered from damaging floods, including the catastrophic floods along the river Danube in summer 2002. Since 1998 all floods registered in Europe caused about 700 fatalities, the displacement of about half a million people and insured economic losses totalling at least € 25 billion. Flood events during summer 2005, in Austria, Bulgaria and Romania and elsewhere, have pushed these figures even higher (COM 2006 15). The scale and frequency of floods are likely to increase in the future as a result of climate change, inappropriate river management and construction activities in flood risk areas.

The flow of the Danube River and other major river systems has become more extreme in Central and East Europe, with **higher floods and worse fluvial droughts**. The straightening and dredging of the riverbed has increased channel erosion, deepening riverbeds, lowering water levels and breaking the river's contact with its backwaters. The results led to falling water tables in surrounding aquifers and **extensive salination** of surviving water bodies on the floodplain.

The potential of other **natural or man-made hazards** is rising as well. While in central or northern areas of Europe more rainfall had been observed in the past few years, the Mediterranean region will have to face less snow- and rainfalls in the future which will lead to a higher risk of drought and forest fire. More extreme weather events will cause a real threat to human health, economic well-being and material assets.

## **Renewable energy and energy efficiency**

***The envisaged balance of the programme area in economic and social development will require a more and more increasing demand in energy provision, which should be provided by the ecologically friendly production of energy.***

In most EU Member States of the programme area the share of **renewable energy** (source: Eurostat) for primary energy production lies slightly below the average of EU 25 (2005: 6.38%) including hydropower electricity production of pump-storage installations, except Austria (21%) and Slovenia (11%) as large forestry countries. Within the renewable primary energy production biomass and waste along with hydropower are by far the most abundant sources of renewable energy.

Concerning the contribution of electricity produced from **renewable energy sources** to the national electricity consumption, the programme area shows figures below the EU 27 average (14% in 2005) not taking into account hydroelectric production coming from pump-storage installations functioning with power grid electricity. The highest share of electricity generation by renewable sources can be shown in Austria (58%), followed by Romania (36%), Croatia (36%), Slovenia (24%) and Slovakia (16%).

Significant potential of renewable energy sources is given also in the candidate and potential candidate countries by large forest and agriculture areas that can provide energy biomass, highlands and coastal territories with strong wind potential and generally high solar irradiation.

Over the period of 1995-2003 the industrial sector of EU 25 achieved significant **efficiency** increases. Although heavy industry such as non-metallic minerals and iron, steel and non-ferrous metals remained the most energy-intensive segments, they reduced their specific energy<sup>10</sup> by 0.5-2.5% per year (Source: DG TREN).

In contrast to EU 25, the energy efficiency in Bulgaria, Romania and in the candidate and potential candidate countries is at an early stage of implementation and realisation. Limited progress is especially shown for energy efficiency in most of the candidate and potential candidate countries, of which several have yet to implement legislation on those issues; administrative capacities require further strengthening.

## 2.5 Accessibility – Transport and IC-Network

### Transnational accessibility and transport network

*The programme area plays a significant role in the European transportation network acting as a bridge between North, South, East and West Europe. Although the existing transport network provides the basic accessibility to the programme area, the network and transport facilities mainly outside EU-25 territory are still sub-standard and provide a poor level of service, largely as a result of accumulated under-investment and a lack of adequate maintenance.*

*In general, the programme area needs a radical restructuring and a new planning of transport services in order to ensure parity of access to high quality infrastructure and a shift to environmental friendly systems.*

Transport networks have developed for centuries according to trade and travel requirements but also to political constraints; both factors are forming the situation in the programme area and have significantly changed recently. The **Trans-European Transport Network (TEN-T)** serves as the relatively well-developed transport backbone within the EU, the TINA-network and the **Pan-European Transport Corridors** fulfil a complementary function outside of the EU territory. They are forming a priority transport network, which has been defined at the Pan-European Transport Conferences, in particular those in Crete (1994) and in Helsinki (1997), comprising the transport modes: road, rail, inland waterway and sea transport<sup>11</sup>.

A dual pattern prevails in the context of **accessibility**. While the countries of EU 25 show relatively high levels of accessibility (even though already lower than central EU 25 respectively the accessibility of the “Pentagon” defined by London, Paris, Milan, Munich and Hamburg), the situation is worse in the countries which became EU members in 2007 but (apart from Northern Croatia) even inferior in candidate countries and potential candidate countries as repercussions of the difficult situation in the past decades causing lack of investment and maintenance.

<sup>10</sup> Measured by final energy demand per unit of gross value added (GVA), in 1995 prices, source: DG TREN.

<sup>11</sup> For the majority of Corridors a Memorandum of Understanding has been signed between the Ministers of Transport of the respective governments and the European Commission. A number of corridors leading through SEE are listed, some of them have become part of the TEN-T by enlargement of the EU in 2004.



In the future, the policy of the Pan-European Transport Corridors (TINA networks) will improve significantly the present situation and increase the accessibility of the programme area (mainly in the yet less accessible South and East) in addition to the further upgrading of the Trans-European Transport Network (TEN-T) mainly along its high-priority axes. Within the programme area those high-priority axes<sup>12</sup> envisage mainly an upgrading of railway links, an additional upgrading of roads is planned in the axis of Igoumenitsa/Patras-Athens-Sofia-Budapest.

Three of the five identified **major Trans-European Transport axes** are of importance within the programme area:

- **Motorways of the Seas:** Linking the Baltic, Barents, Atlantic, Mediterranean, Black and the Caspian Sea areas as well as the littoral countries within the sea areas and with an extension through the Suez Canal towards the Red Sea
- **Central axis:** To link the centre of the EU to Ukraine and the Black Sea and through an inland waterway connection to the Caspian Sea. Connections towards Central Asia and the Caucasus are also foreseen, as well as a direct connection to the Trans-Siberian railway and a link from the Don/Volga inland waterway to the Baltic Sea
- **South Eastern axis:** To link the EU through the Balkans to the Caucasus and the Caspian Sea as well as to Egypt and the Red Sea. Access links to the Balkan countries as well as connections towards Russia, Iran and Iraq and the Persian Gulf are also foreseen

Additionally “soft” measures have been defined with the aim of removing physical and administrative bottlenecks along the main transport axes identified and to facilitate co-operation and communication between authorities in the different countries (harmonisation of documents and procedures, joint border control stations etc). These measures include maritime safety and environmental protection, rail interoperability, extension of the European satellite radio navigation system (GALILEO) as well as the extension of the “Single European Sky” Initiative to the neighbouring countries<sup>13</sup>.

The **Pan-European Transport Corridors** are of high importance within the programme area as well as for providing a linkage to Northern and Western EU. The main transport axis and thus the direction of the main traffic flow of the region is North-West to South-East. This is strengthened by inland navigation **Corridor VII** representing the Danube inland navigation routes. **Corridor X** starts from Salzburg and through Ljubljana-Zagreb-Beograd-Niš-Skopje-Veles leads to Thessaloniki with branches towards Graz, Budapest, Sofia and Bitola-Florina.

Another major traffic corridor in South East Europe is **Corridor IV** today, starting in Dresden and ending in Constanta (main branch), Istanbul and Thessaloniki. **Corridor V** connects Venice with Kiev over Trieste, Koper, Ljubljana, Budapest, Uzhhorod and Lviv. Corridor **IV** and **Corridor V** will be extremely important for the future transport connection with Far-East markets, in particular with China.

Despite of the general importance of North-South corridors, the degree of construction in those corridors generally is low, mainly in the candidate and potential candidate countries but also in the

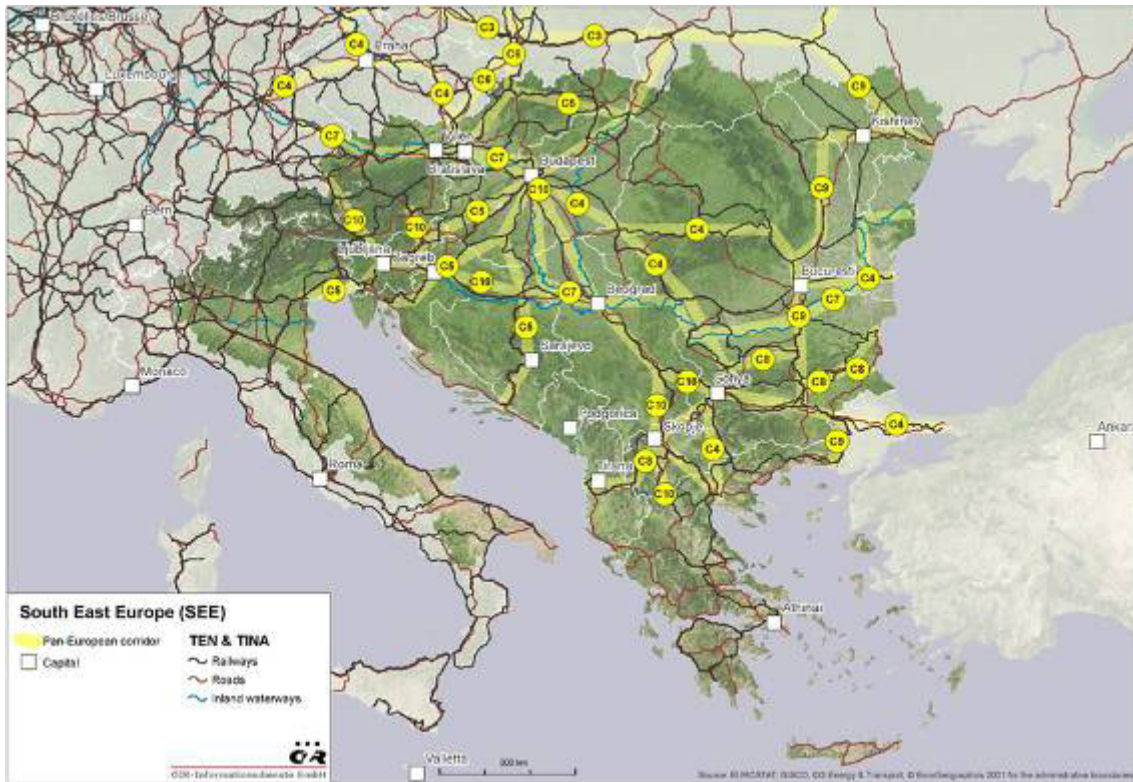
<sup>12</sup> 1. Railway axis Berlin–Verona/Milan–Bologna–Naples–Messina–Palermo, 6. Railway axis Lyons–Trieste–Divaca/ Koper–Divaca–Ljubljana–Budapest–Ukrainian border, 7. Motorway axis Igoumenitsa/Patras–Athens–Sofia–Budapest, 18. Rhine/Meuse–Main–Danube inland waterway axis, 22. Railway axis Athens–Sofia–Budapest–Vienna–Prague–Nuremberg/Dresden, 29. Railway axis of the Ionian/Adriatic intermodal corridor

<sup>13</sup> Source: Report from the High Level Group chaired by Loyola de Palacio, NETWORKS FOR PEACE AND DEVELOPMENT, November 2005

new EU member states (2007). This is especially true for **Corridor V**, connecting Ukraine via Hungary, Slovakia and Slovenia with the Adriatic Sea (Croatia and Bosnia and Herzegovina) and **Corridor IX**, starting in Northern Europe and Russia/Belarus and running via Ukraine/the Republic of Moldova and Romania, Bulgaria to Greece and the Aegean Sea.

**Corridor VIII** links the Adriatic Sea to the Black Sea, but also the corridors running North(West) to South(East) to each other. The construction of this corridor (from the Adriatic Sea to the Black Sea) to Bulgaria and Romania (Burgas/Várna-Durres – Bari/Brindisi) is slow, too, while the parallel Egnatia-Odos motorway in Greece will be completed by 2008.

Map 5: Trans-European Transport Network and Pan-European transport corridors



Source: Gisco, DG Energy and Transport

Map 6: Major transnational axes and motorways on the sea ports



Source: High Level Group

**Sea navigation** is of high importance for most of the programme partners. The programme area comprises major strategic transit routes and important seaports within three European Transport Areas:

- The Black Sea Transport Area

- The Adriatic-Ionian Transport Area
- The Aegean Transport Area and
- The Mediterranean Transport Area

The ports of Constanta (Romania), Burgas and Varna (Bulgaria) and Odessa (Ukraine) are of major importance within the Black Sea Transport Area, having diversified activities and receiving large sea vessels. Piraeus, Thessaloniki and Alexandroupolis (Greece) are of major importance within the Mediterranean Transport Area, while within the Adriatic-Ionian Transport Area, there are Italian ports (Venice, Trieste, Ancona, Bari), Slovenian ports (Koper) and Greek ports (Patras, Igoumenitsa) and the ports of candidate and potential candidate countries (Rijeka, Split, Ploce, Durres and Vlore) of which Rijeka is the most important. The envisaged development of TEN and Pan-European Corridors is also meant to strengthen the links between the countries with accession to the sea and landlocked countries.

Additionally the **inland waterways**, the **Danube River** and its affluents are of high importance within programme area too. Inland navigation was almost completely interrupted by the destruction of bridges in Serbia, nevertheless, the Danube has a considerable potential for the transportation of goods. Danube accommodates the trade of some Balkan countries with Russia and Ukraine and also some transit between Western Europe and countries on the Black Sea, providing direct access to the sea for some landlocked countries.

**Logistics** plays a key role to ensure (sustainable) mobility and to increase the modal share of environmental friendly transport modes. Its importance is still growing because of the increase in globalisation of production together with corresponding supply chains. There are a number of – some contradictory – trends currently taking place, as e.g. centralisation of logistics organisation in European and regional distribution centres, decentralisation in the light of saturation of the European roads, outsourcing logistics activities (shippers buy multifunctional logistic services from external service providers). The “Motorways of the Sea” initiative by the EU Commission in 2004 aims to foster integrated inter-modal options, based on short sea shipping, providing frequent, high-quality alternatives to road transport. The guidelines set three main objectives: Concentrating freight flow on sea-based routes, increasing cohesion, and reducing road congestion through modal shift.

Concerning inter-modal transport a recently elaborated study on transport infrastructure<sup>14</sup> noted that today it is still limited in the countries of the programme area, specific inter-modal transfer facilities (when existing) are largely under-utilised. Most inter-modal transfer operations are accommodated in seaports or river-ports, or in railway stations. The development of inter-modal transfer capabilities is generally included in individual development plans for ports and railways.

Regarding **air transport** wide differences in traffic volumes concerning both passenger traffic and freight and mail transport exist. In 2005, Italy reported the highest volumes of passengers (88 Mio.) and freight (754,000 tons), followed by Austria (20 Mio. passengers, 182,000 tons) and Greece (31 Mio. passengers, 106,000 tons). Within EU 25, the countries which accessed in 2004 and in 2007 clearly show higher year to year growth of passengers in 2005. Whereas the number of passengers increased in all participating countries of EU 27, freight transport in all countries except Austria decreased (Source: Eurostat).

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<sup>14</sup> ECMT, Transport Infrastructure Regional Study (TIRS) in the Balkans, Final Report prepared by Lois Berger SA, March 2002.

In contrast to EU 25, air transport in the candidate and potential candidate countries supports less traffic than ten years ago, but it is currently confronted with a steady increase in air traffic and with forecasts predicting high traffic demand. Some parts of the programme area are already facing the need to increase capacity while evidence indicates that this need will extend to the entire programme area in a medium range. This increase will put challenging requirements on the countries to ensure that capacity is available and an optimal airspace structure and route network is provided.

Within the programme area flows of air transport<sup>15</sup> are oriented Northwest/Southeast serving the holiday destinations and the Eastern Mediterranean and linking the Middle-East and Africa to en-route traffic arriving/departing the European Region. Due to existing restraints, such as the fragmentation of airspace in non-EU countries, the airspace of the programme area is more complex, than it is in the European Union in which the framework for the creation of the “Single European Sky” (SES) has been laid down in 2004. The SES Regulations promote more efficient and safer use of the European airspace regardless of national boundaries. In 2004 the European Commission also started negotiations with eight South East European partners (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Romania, and Serbia on a “European Common Aviation Area” (ECAA) agreement, which has been signed in 2005 with the aim to develop the ECAA by 2010.

Summarising the situation of the **existing transport infrastructure network** the following **major weaknesses**, which require immediate attention by national and EU policy makers have to be noted:

- First, as a legacy of the previous system, transport networks are either obsolete – requiring reconstruction and maintenance – or not existing in several cases in Central and East European countries. European standards highways are very few and cannot serve the rapidly increasing demand for transport. Despite efforts, the transport network in the programme area and especially in the candidate and potential candidate countries is still inadequate and requires significant funds for its expansion
- Second, even in countries with more advanced transport networks, like Italy, the continuous increase in traffic has reduced the efficiency of the highways
- Third, the railway network in the area of the programme area is not sufficiently developed. Some countries have efficient systems covering a part of the territory, while other countries have inefficient systems of rail transport. Discontinuities across the borders are very often the reason of the limited efficiency of railway at the transnational level
- Fourth, the traditional transport route of the Danube River (Corridor VII) is under-utilised nowadays, but has a lot of potential for development. A greater utilisation of the Danube as an international transport waterway would significantly benefit the whole area by providing a viable alternative to road transport with positive impacts on the environment (reduction of gas emissions, reduced pressure on roads etc.) and on the economy of the river port cities
- The presence of rivers as Danube, Tisza and Sava and the connected rivers system as well as the Adriatic, Ionian, Aegean and Black Sea suggest the existence of opportunities for the exploitation of combined ground/water corridors.

<sup>15</sup> Source: DG TREN - The South East Europe Functional Airspace Block Approach Working Group (SEE FABA WG), Report on The Opportunities for the Application of The Functional Airspace Block Approach in South East Europe, February 2006

## National and regional accessibility

**Rapid traffic changes** took place in the last fifteen years, road traffic progressed extremely in all countries; however, the road network did not close the gap originating from the rapid growth in vehicles pressure; moreover, neither the technical condition nor the quality of side-road network attains the levels of 1990. Inland navigation grew only insignificant partly due to war damages and bridge wrecks and partly due to economic restructuring.

In South East Europe, excluding Greece, the degree of development of transport shows a West-East and a Northwest-Southeast decline based on the infrastructure and service quality, capacity. South East Europe is well behind the EU 25 figures in a number of critical indicators as e.g. for **road infrastructure**.

The participating EU 25 countries and Croatia have connecting European motorway networks, while Serbia and the former Yugoslav Republic of Macedonia have direct and continuous connections (through Hungary and Croatia), whereas Bulgaria, Romania, Montenegro, Bosnia and Herzegovina and Albania have none. The share of paved roads in the programme area is only 76%, compared to 93% of the EU 15. This lower figure is explained by the lower quality of the transportation system in the new EU members (2007), the candidate and potential candidate countries. The **motorway network** (based on density) is also most developed in EU 25 countries and Croatia, followed by Serbia and the former Yugoslav Republic of Macedonia. On the other hand, corridor motorways in Bulgaria and Romania only have short, non-connecting sections; the rather limited 2-by-2-lane main roads in Bosnia and Herzegovina and Albania do not have a motorway status. The density of automobile penetration is more or less the same as above (Source: World Bank).

Also the quality of the **railway system** is rather poor, its rail density (33 km/km<sup>2</sup>) is at about 2/3 of EU 25 (48 km/km<sup>2</sup>). The density is highest in Hungary, Slovakia and Austria and the lowest in Albania and Greece. Among the new EU members (2007) and the candidate and potential candidate countries, Romania and Croatia show figures, which reach EU 25 average (Source: World Bank).

**Freight forwarding** by railway regressed the most in Bosnia and Herzegovina, while passenger transport by rail regressed the most in Croatia and Albania. In spite of the traffic of numerous railroad branches decreasing below critical levels, only few lines have been eliminated. **High-speed railroads** are non-existent (implementation of long-term plans for construction of tracks between capitals with a minimum speed of 200 km/h call for at least 20 to 25 years), while tracks allowing for a maximum speed of 160 km/h (which are under construction in several parts of the international lines of Trans-European/Pan-European corridors) make up only 2-4% of national railroad networks.

Furthermore there are countries located at the sea, sharing the challenge to offer accessibility (for passengers and freight) to a high number of small isles (most of them sparsely inhabited) by **shipping traffic** (esp. Croatia and Greece).

## Urban transport system

Due to their administrative, economic and cultural functions, the transport system of cities is of high importance. A sustainable urban transport system is essential to be able to take into consideration both, the increasing mobility requirements of the population and the quality of living and working spaces.

Studies from the “Urban Transport Initiative”<sup>16</sup> demonstrate that cities in transition countries generally show urban road networks, which are **less densely developed** than those in the cities located in EU 15 states and **car ownership is still lower in those countries**. Further those studies indicate that the share of public transport in some of the new member state cities is still **considerably higher** than in EU 15 cities. It is considered possible that the limited road space in the cities could act as an inherent form of demand management measure, which – combined with the lower levels of car ownership – serves to **stimulate a higher public transport modal share until today** (although bus-fleet renewal is still less regular in those cities than in EU 15 cities). Nonetheless – because of further economic development – it can be presumed that, if not hindered by policy measures, this favourable modal share will approximate to the less favourable trend in EU 15 cities.

### Information and telecommunication system

***A serious gap of quality and quantity of telecommunication infrastructure and access to services between the single countries and regions is characterising the situation in the programme area.***

Additionally to the improvement of transport infrastructures and services the development of **telecommunication** must integrate the infrastructure buildings. Access to knowledge is of as high importance as structural facilities regarding the competitiveness of the EU territory.

In terms of **telecommunication services and infrastructure**, the figures also indicate a serious gap between the EU 25 and South East Europe. This gap is primarily due to the low level of telecommunications infrastructure in the candidate, potential candidate and third countries and in Romania. In some countries, like Romania or the Republic of Moldova, the available telephone lines per 1000 people are less than half the ones available in the EU (while the number of mobile phones per capita is one of the highest in Europe in Romania).

Regarding the share of **internet users**, the situation is even more polarised. South East Europe has on average 154 internet users per 1000 people, while the EU 25 figure is more than double (322). This huge gap is explained by the low or extremely low levels of internet use in the candidate and potential candidate countries. Notice, however, that among the EU members only Austria, Italy and Slovenia have high figures of Internet use. The other EU 25 countries have internet use figures that are closer to the average of South East Europe, rather than the EU 25 average (Source: World Bank).

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<sup>16</sup> Source: Urban Transport Initiative, Year Two, 2005

## 2.6 Territorial structure

***Significant for the programme area are regional disparities in terms of economic power, innovation, competitiveness and accessibility between urban areas and rural areas. Beside that the establishment of new countries and with it the establishment of new frontiers has upset the pre-existing patterns of political, economic, social and cultural relationships.***

South East Europe is characterised by small countries, as 13 countries have a population less than 11 million people. There are regions of large countries like Italy and the bordering regions of the third countries like Ukraine participating in this programme.

Additionally, significant **regional differences** within programme area can be found. Regions among the richest of Europe (e.g. Vienna, Lombardia) may be found as well as the poorest countries and regions of the continent (the Republic of Moldova and Albania). Intra-national inequalities in the new member states and the non-EU countries tend to be on average higher than in the old EU members (EU 15) and for a number of reasons related to the process of integration and structural change in these countries they also tend to increase over time.

The capital regions are usually the **strongest regions** in a country because urban functions are concentrated here. They are “hot spots” of knowledge (universities, high education), cultural endowments, decision-making functions in the public and private sector, transport and telecommunication services etc. They take over gateway functions, decision-making and control functions as well as the leading role in terms of innovation and competitiveness. Within a national context, they are the strongest regions in terms of GDP growth and productivity. Most of the foreign direct investments (in the new EU member states and non-EU states) is directed towards them. In regard of competitiveness the capital regions are in a favourable position. The second highest level of per capita GDP can be found in most of the regions of the EU 15 member states and in the Western border regions of the new EU member, candidate and potential candidate countries. With the exception of Albania, Europe’s poorest regions are nowadays along the Eastern and Southern external borders of the EU: In the Republic of Moldova and in the Western Ukraine.

### **The urban system<sup>17</sup>**

The population density is giving a clear picture of the actual settlement pattern in the programme area. At the national level, the most densely populated area is found in Italy (2005: national 191 inh./km<sup>2</sup>, within Eastern Italy 193 inh./km<sup>2</sup>) followed by Slovakia, Hungary and Albania (109-110 inh./km<sup>2</sup>). At the sub-national level the population is concentrated clearly the capital areas, additionally only few other regions can compete with this trend.

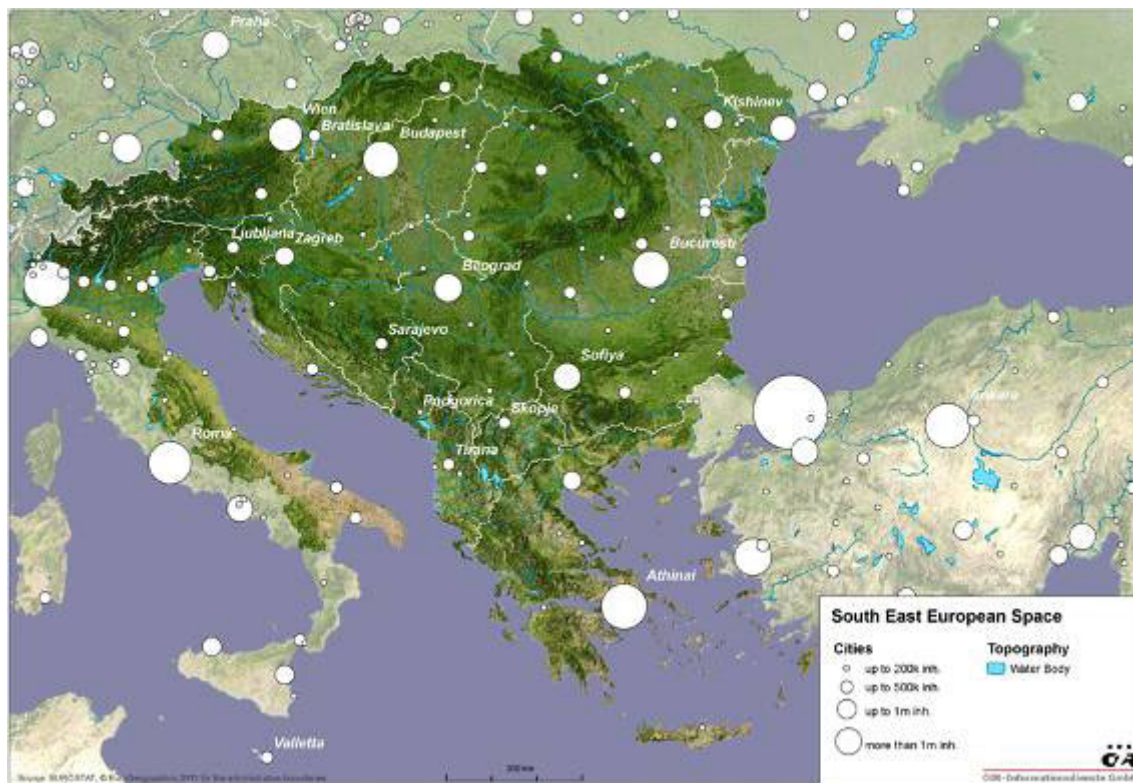
The programme area is characterised by a significant **urban structure**. In terms of population the urban areas of Athens, Budapest, Vienna, Milan and Istanbul, Bucharest, Belgrade, Sofia and Thessaloniki are the largest. A population lower than 1 million have the capitals Zagreb, Bratislava, Sarajevo, Ljubljana, Podgoriza, Skopje, Tirana, and also important cities like Bologna and Bari in Italy), in Bulgaria Plovdiv, Iasi, Timisoara and Constanta in Romania and Odessa in Ukraine.

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<sup>17</sup> This chapter is based on the results of the PlanNET CenSE projects.



Map 7: Cities in South East Europe 2006



Source: EuroGeographics

The programme area presents a **very large variety of towns**, able to play the **leading role in the territorial polycentric development**. Both metropolitan regions and large, medium-sized or small cities are distributed evenly over the territory, (see map). Both, polycentric and monocentric structures can be found in programme area. Countries like Slovenia and the Slovak Republic are fostering polycentricity as traditional policy option, supporting by different instruments. The also more polycentric countries like Austria and Italy, have their rural parts strongly connected with urban centres, which are therefore more prosperous. Countries like Serbia, Montenegro and Albania have a polycentric network without policy support by administrative and political decentralisation so far and are thus strongly centralised in functional terms. Hungary and the former Yugoslav Republic of Macedonia are still more or less centralised in functional and accessibility terms with tendencies to decentralisation but also with concentration of economic activities and power in major urban centres. The result of these three options is evident in rural areas where small villages with no power or instruments are rapidly disappearing and suffering of social, economic and ecological challenges. Here, **polycentrism is running great risk** because of the current territorial development pattern in Europe. Only a limited number of large cities in the new EU member and candidate countries i.e. especially the capital cities, have until now been the beneficiaries of the integration process.

The meaning of the **polycentric policies and their implementation is therefore treated as of great importance for the European integration**. Any kind of promotion and application of polycentricity depends on the governance power of the acting institutions to be considered. In order to apply or to further develop the concept of polycentric development at the transnational level, it is crucial to take into account the very different ways of implementation at the national and regional levels, which reflect very different administrative systems and political cultures in the programme

participating countries. There is **no explicit urban policy** at the national level in the SEE countries. In most of the countries there is **only weak or even no power** at all with respect to **spatial development** at the national level.

Increasingly diverse functional interdependencies between cities and their countryside **require co-operation between local authorities** in the field of local transport, waste management, energy production and use, environment protection. To support sustainable urban (and rural) development, complementarities between cities and countryside, towns and regions or among similar close small towns should not be focused only on economic and infrastructure issues but on all the urban functions, such as culture, education, knowledge and social infrastructure.

### Rural and periphery regions

Generally the programme region shows a relatively **high share of non-urban population** (36%) compared to the EU 25 average (24%). Within the group of the EU member countries a noticeable high level of rural areas has to be noted for Bulgaria, Slovakia, Slovenia, Romania and Greece (differences between the inner and coastal regions) and for the countries of the West Balkan Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia, Montenegro and Croatia. High shares of rural regions can also be found in some (mountainous or coastal) parts of Austria and Italy where a large segment of the population lives in rural and semi-urban areas (Source: World Bank and Estimation from Eurostat and SEED Centre Regional Databases, OECD).

A **low level of urbanisation** in the region indicates that the economy still depends to a large extent on agriculture and do not fully exploit the possibilities to benefit from the (re)development of manufacturing and the expansion of services. It also indicates that a large share of population may **not have immediate access to a number of services** that are available in the cities. Due to the structural situation, rural areas often are confronted with the following trends and problems:

- Depopulation and the aging of the rural society due to the process of structural changes, the decrease in agricultural production or the loss of jobs in dominant branches
- Lower level of access to and quality of basic services and the poorer ICT penetration in comparison with urban areas
- Strong dependence on special industries (agriculture, fishing, forestry, mining)
- Adverse conditions for diversification regarding financial and human resources
- Peripheral position and lacking transportation network
- High level of unemployment and unfavourable unemployment structure
- Brain drain
- Problems in stabilizing the technical and social infrastructure
- Poor links to the central regions

In the programme area some rural regions have developed a **relatively good competitive position in agriculture or tourism** (e.g. coastal areas as the Mediterranean and Black Sea), mountainous areas as the Alps and the Carpathians). However, a number of rural areas have **not yet**

**managed** to achieve structural change and have considerable economic problems often due to their peripheral location.

Rural areas which are subject to pressures, for example through economic growth and the expansion of the neighbouring urban areas have to **face great challenges** in terms of increasing traffic volumes, pressure on land use and environmental burdens (e.g. noise, waste).

The rural regions are **not homogenous areas** in terms of development opportunities and prospects. The diversity of rural development in the programme area makes it clear that spatial development strategies must take into consideration the local and regional conditions, characteristics and requirements. New impetus can be expected from an intensification of the relationship between the (dominant) cities and the countryside (urban-rural relationship). In a polycentric urban system the small and medium-sized towns and their inter-dependencies form important hubs and links, especially for rural regions.

### **Border regions**

In the past 25 years the programme area has undergone a number of political and structural changes (end of the communist regimes, 3 EU accession rounds 1995, 2004, 2007, the war in the former Federal Republic of Yugoslavia) that radically altered the political physiognomy. Nowadays within the programme area there are **very different situations of border relations**: EU internal borders with and without Schengen status, EU external borders, bilateral borders, although the status of particular borders is to be changed in the future (e.g. enlargement of Schengen).

The **numerous border regions seem to be more heterogeneous than in EU 27**. Whereas some countries show the known EU 25 pattern of peripheral, demographically and economically less prosperous border regions, in other countries those trends are less clear. Several border regions are favoured by a capital which is located near the border. (e.g. Vienna-Bratislava). As a consequence of the constitution of new states, old, **well-established connections have been severed and needs to be rebuilt now on a new basis**. Sometimes when the separation has been less than peaceful, hostility, mistrust and hatred form part of the heritage with which these countries have to cope and have to perceive the relationship with their "new" neighbours.

## 2.7 Lessons learned from the period 2000 – 2006<sup>18</sup>, co-operation in South East Europe

The Programme for South East Europe will be built upon the experiences gained during the predecessor programmes for the CADSES area. Co-operation in this area started in the mid-90s, when the **INTERREG IIC programme** (1997 – 1999) played a considerable part in establishing and enhancing co-operation networks and contributed to a better understanding of common challenges and solutions. Projects under the successor **INTERREG IIIB CADSES programme** (2000 – 2006) could build upon this basis.

According to a JTS study from October 2006, an ERDF budget surpassing EUR 143 million (and EUR 100 million of national co-financing) were allocated during the programming period 2000 – 2006 to support the elaboration of **134 CADSES projects** in which more than 1,600 project partners have been involved in CADSES. The **number of partners** in the programme period 2000 – 2006 is almost eight times higher than in the funding period 1994 – 1999, thus the aim to generate and foster transnational co-operation during the two CADSES funding periods was successful.

**Project partners** can be found in **all 18 countries** participating in the CADSES programme. Most partners are based in the old member states (Italy leading, followed by Germany, Austria and Greece). Among the five new EU member states, Hungary and Poland boast the highest numbers of project partners. Bulgaria, Romania and Croatia – despite facing funding and administration obstacles – participated with a significant number of partners.

However, participants from different countries experience **deviating starting conditions** for transnational co-operation (incl. institutional capacities/experiences, political barriers etc.). While the enlargement process and the accession perspective for many of the countries provide a more equal basis, still provisions have to be made to facilitate the engagement of transnational partners.

Experience in CADSES showed a high motivation that was hampered by **significant administrative obstacles**. The IPA and ENPI<sup>19</sup> frameworks will definitely facilitate the inclusion of non-EU partners. However, the mobilisation of multilevel partners in the EU countries is also crucial.

Suggestions from CADSES projects and studies underline the importance of **projects with multi level approach** (i.e. with a visible local/regional result and impact additional to the transnational one), the support of exchanges within projects with similar topics or structures, the participation of actors in small and medium cities, the fostering of co-operation among different transnational zones (i.e. MedSpace, Black Sea and especially Central) and the development of bottom-up development and integration zone even if they concern only a limited geographical area.

The largest number of projects (38%) is concentrated in the field of **spatial development**, whereas the remaining projects are distributed relatively equally over the issues **transport systems** (19%), **natural and cultural heritage** (19%) and **environmental protection** (24%).

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<sup>18</sup> Source: Study of the mid term evaluations of INTERREG programmes for the programming period 2000-06; MTE of the INTERREG IIIB CADSES Programme, December 2003; Draft Report-Update MTE of the INTERREG IIIB CADSES Programme, September 2005; Workshop Experience of East West Co-operation in the CADSES Area, Leipzig October 2006; INTERREG III B CADSES Project Book, October 2006; INTERREG- An assessment of needs by INTERACT, February 2004

<sup>19</sup> European Neighbourhood and Partnership Instrument, ENPI

Studies and reports conducted in the framework of strategic projects<sup>20</sup> in the CADSES area recommend the intensification of transnational co-operation within **3 broad thematic groups**:

- **Metropolitan areas and polycentricity**: This group is considered as a highly complex issue addressing the role of metropolitan areas as dense areas dominating economic growth, innovation and knowledge, social and demographical trends, rural-urban relations and integration in to transnational and global economic zones. The issue could be approached as a terrain of combating negative developments (economic and employment “mono-cultivation”, over concentration of capital and know-how, urban sprawl and segregation, decline of economic sectors) or as an opportunity for the development of differentiated and complementary urban networks, exploitation of research and development facilities and potential, establishments as gateways to the larger transnational area. Last but not least parallel to the economic and urban development dimensions, the role of urban areas in the preservation of cultural heritage as crossroad of numerous cultural routes must be emphasised.
- **Accessibility** through transport and telecommunication networks: This group focuses on the requirements and needs of existing infrastructure, the projections for new infrastructure investments and the capacities of public and private sector to design, implement, maintain and operate them. Accessibility should also be addressed not only in operational terms but also in geographical. Hence the development of North-East and West-East connections, along with the upgrade of regional and secondary networks and the utilisation of the ports areas and their connection to the landlocked parts must be underlined.
- **Environment and natural resources protection**: The CADSES area is characterised by a large variety of natural environments. However, sources of problems tend to be present through the entire area. Thus Water management and waste water treatment, agricultural use of water resources, energy efficiency and Renewable Energy Sources, brownfields and pollution monitoring, suburbanisation, road transport, erosion and flooding fragmentation of landscaped and protected areas and finally the need for transnational co-ordination of protection acts and administrative provisions along with were all mentioned.

In the period 2000 – 2006 the overwhelming acceptance of CADSES was **not entirely problem-free** however. Some of the problems encountered were generic to Transnational Co-operation, other were area-specific. CADSES thematic orientation was obviously supported. Strategy was in some cases **too broad**, lacking focus on the enlargement process and the European Neighbourhood Policy. While this lack of sharpness raised questions it did not however affect the appeal of transnational co-operation. This fact is evident by the large numbers of project applications (559 for the 4 calls) and approved projects. **Programme implementation** revealed however **weak points**, which should be taken in consideration. The programme evaluations, workshops and conferences, project books and stakeholders’ feedback offer valuable sources for the extraction of lessons learned.

One of the main issues of implementation was the request for **clear structures**. Thus the role and tasks of the Managing Authority (MA), Technical Secretariat (JTS), Joint Monitoring Committee (JMC)/Joint Steering Committee (JSC) and especially of the CADSES Contact Point (CCP) and the Transnational CADSES Contact Point (TCCP) were not always clear to the beneficiaries. In some cases this **role-confusion** was accompanied with **delays** in the programme process (e.g. delays in the finalisation of subsidy contracts), which affected the creditability of transnational co-operation.

<sup>20</sup> Vision Planet, PlaNet CenSE, ESTIA-SPOSE

Directly related to the roles of the involved bodies, is the need for **transparency** in Programme publicity and communication, project generation and project selection. Easy access to relevant documents and information to Programme requirements and administrative proceedings could help significantly. The CADSES Website played a positive role in that direction, albeit to a **late point**. The importance of a **Programme Complement** should be underlined in light of the new Programming Period, especially regarding the need for clear objectives and eligibility guidelines in order to move towards tangible implementation.

Project partners and stakeholders also expressed the need for **common tools** such as assistance manuals for project generation and implementation. The provision of “Assessment Manuals” and “Project Books” was welcomed. The development of “Project Management Handbooks” was also greeted. The **Partners feedback mechanisms** should be further elaborated, definitely beyond the obligatory reporting procedure (and purpose), which should be better explained to the beneficiaries. **Programme monitoring** should be in the position to provide as early as possible meaningful and useful information.

Concerning Community added value some interesting points were identified. The request for **visible and concrete outputs** was a point of concern, especially when seeking high-ranking political backing, which was not always available. The “**bottom-up**” **approach** originally envisaged for CADSES might **not necessarily be the best practice** for the area. The potential of CADSES in raising the awareness on the Structural Funds in new member states and non-member states, promoting institutional development and capacity building and transferring know-how was somehow limited by the **occasional obscurity** of outputs and results.

In comparison with other transnational programmes CADSES fared reasonably well. In most cases similarities in objectives, procedures and management structures are obvious. However, CADSES had an initial **ratio of member states to non-member states** of **4:14** and **diverse institutional pre-conditions**. Hence, imbalances in Country Participation and experience of lead partners (LPs) must be also seen in the light of programme effectiveness. Comparison to the Baltic Sea Region might be the most meaningful one, taking in account the large number of non-member states present in both programmes and the programme budget size. Apart from the diverging historical and political context, the **role definition and co-operation** between MA, JTS and JSC and JMC in the Baltic Sea Region could offer practical hints.

### 3. SWOT and Challenges

#### 3.1 Strengths, weaknesses, opportunities and threats

The results of the socio-economic analysis are summarised in the following SWOT analysis and form a bridge to the programme's strategy (global and specific objectives, identification of priority axes).

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#### Strengths

- Diversified economic structure and dynamic development
- Location advantages – important crossroad between Northern and Western Europe and the Far and Middle East
- Strong and thriving capital regions as carriers of economic growth
- Strong polycentric system and a leading role of the small and medium-sized cities
- High labour force potential
- Presence of universities and research institutes with high level of internationalisation and broad supply of education facilities
- R&D infrastructure well developed in the central regions
- Existing strategy by definition of TEN and Pan-European Corridors
- Access to the sea, important high-capacity ports
- Rivers suitable for freight transportation, the Danube, as an important international inland waterway
- Broad biodiversity and abundance of natural resources of high environmental value
- Presence of a great variety of valuable cultural heritage

#### Weaknesses

- Existence of a imbalances within the programme area - distinct economic disparities as separating elements (e.g. economic disparities along the EU external borders, between old and new member states and candidate countries, within countries, urban-rural, centre-periphery)
  - Depopulation and migration as consequence of structural changes and missing job perspectives,
  - Low R&D expenditure in the private and public sector and missing R&D concepts and/or implementation (esp. in some candidate countries)
  - Weak accessibility and poor quality of basic services (transport, information, telecommunication) in general and especially in the candidate countries, but also in rural/peripheral regions
  - Lags in quality and quantity of high developed infrastructure (rail, road, water ways, air transport, telecommunication) and insufficient maintenance of existing transport infrastructure
  - Quality of natural assets (e.g. water, soil, air, biodiversity) and increasing pollution
  - Low level of exploitation of renewable energy and of energy efficiency
  - Inadequate management and lack of preservation enhancement of natural and cultural assets
  - Insufficient co-ordination in the protection against and the prevention of natural disasters
  - Institution building process is lagging behind (candidate and third countries)
  - Very slow construction and upgrading of Pan-European Corridors due to lacking financial means
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**Opportunities**

- Better access to (urban) services and information through technological progress and European Integration
- Mobility of the labour force through EU Membership and approximation
- Dynamic FDI activities
- Intensive trade relations among neighbouring countries and regions
- Sustainable tourism
- R&D infrastructure and (transnational, regional) know-how transfer
- Internationalisation process of the economy, the education and research system
- Qualified human resources as basis for promoting entrepreneurial skills
- Construction and upgrading of Pan-European Corridors (in accordance with TEN networks)
- The development of inter-modal transport and logistics together with the strategically important position of South East Europe
- Environmentally friendly transport systems and the potential of inland waterways (e.g. Danube) for sustainable international transport
- Existing sources for using renewable energy sources and applying environmental friendly technologies
- Coordination of international/national/regional interests
- Capacity building and strong institutions

**Threats**

- Depopulation process and loss of the economic base and worsening social disparities and isolation of peripheral regions
  - Existence of a lot of border regions with historical burdens
  - Decline and aging of population with pressure on labour markets, social and health services
  - Increasing sub-urbanisation process cause increasing commuting activities with negative environmental impacts
  - Social segregation due to economic problems, migration, missing or low integration of ethnic minorities
  - Delayed integration in the common market
  - Low adaptability of the labour force to the new requirements of prospective employers
  - Discrepancies in income level and distribution – strong increase of economic and income differences among the regions, population
  - Brain drain - migration of skilled labour force/well educated persons
  - High density and increasing traffic flows (urban areas, transnational routes...)
  - High environmental burdens caused by increasing traffic
  - Very slow construction and upgrading of Pan-European Corridors due to lacking financial means
  - Lack of co-operation between decision makers
  - Diverging and conflicting international/national and regional interests
  - Technological risks and risks of natural hazards
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### 3.2 Challenges for the co-operation area

The SWOT offers a broad and detailed overview over the **most important strengths and weaknesses of the area and of the emerging opportunities and alarming threats** affecting the programme area. Nevertheless a large and diverse area such South East Europe can only be marginally outlined in a single SWOT.

But even when using a very dense and compact SWOT the programme is challenged to make some **crucial choices**. The South East Europe Transnational Co-operation Programme cannot address all issues. Resources must be concentrated in the fields with a clear transnational dimension (like innovation, environment, accessibility as well as urban and regional development) and where transnational co-operation can make a difference to the benefit of the co-operation area.



The **uniqueness of the co-operation area** has been emphasised in several occasions. The South East Europe Transnational Co-operation Programme poses a distinctive opportunity for all participating states and regions to react to strategic challenges that are not addressed or cannot be tackled within other programmes and initiatives. Those strategic challenges are:

- Foster **integration** at all levels
- Utilising the territorial capital to facilitate **competitiveness** and **innovation**
- Override the constraints imposed by national barriers to protect and improve the **environment**
- Coordinated improvement of **accessibility**
- Joint action for balanced **territorial structures**.

In the following paragraphs those **five strategic challenges** are illustrated.

### Integration

South East Europe is composed from a **broad mix of countries**. Old and new EU Member states, accession candidates and potential candidates and third countries are concentrated. But the disparities among them are apparent. This area of wide diversities, different cultures, languages and different religions faces numerous challenges of social, economic and political nature. Some of the richest and the poorest regions of the continent are calling the programme area their home. Some of them have been zones of peace, prosperity and co-operation for decades while others only recently left the turmoil of the last years of the 20. century behind them.

Despite their differences, however, all states and regions are connected to a **universal vision** that of **European integration**. Member states are facing the need to deepen their integration in the EU structures and utilise the opportunities offered to them. Candidates and potential candidates are approaching the EU channelling their efforts in the fulfilment of the criteria for an equal partnership and a stabilisation and development of bilateral relations.

The European integration process offers each country with an array of tools and funding possibilities. There is a high concentration of Objective 1 regions and the related Structural Funds support, whereas the Instrument of Pre-Accession Assistance is also intervening in the non-member states in a way that bears close resemblance to the instruments of the EU Regional Policy. The utilisation of the programme for transnational co-ordination in those two fields is crucial.

Beside the Structural Funds intervention the area is revealing another field for transnational action. South East Europe is one of the **most rapidly growing areas** in Europe, despite the **big disparities** and the **troublesome recent past**. It is essential to avoid the emergence of **new dividing lines**, which are going to be rather of an economical rather than of a political nature. Currently a **rapid disintegration** in the co-operation area is observable especially within the states with growing economic differences, selective investment and brain drain currents. Transnational co-operation, while not possessing the funds for redirecting the existing trends can make a significant contribution to the **reorientation of co-operation patterns and motivation for joint action**. A unique chance for all actors at the national, regional and local level exists for the integration in networks of their peers and the joint development of answers to the problems imposed to all of them.

## Competitiveness and Innovation

The requirement for more competitiveness and innovation **is present in every debate** on regional development policies all over Europe. However, South East Europe is rarely associated with those two terms. Indeed there are **large “white spots” in the innovation mental landscape** in the programme area. The area is undergoing a fundamental change in economic and production patterns after the 1990-changes. Some regions, especially the capital cities are adapting well to the new challenges, others are trying to re-orientate themselves.

However, the **main comparative advantages** of the programme area are of **temporary nature**. Low wages, tax cuts and aid systems cannot be maintained eternally. The combination of quantity and quality of the available well educated labour force, the development of public awareness and the restructuring of the economy are the **only guarantees for growth and integration** in the global markets in the long term.

The area is challenged to address the request for competitiveness and innovation in two dimensions:

- The geographical dimension, addressing the selective concentration of capacity, investment, labour forces and infrastructure in certain geographic areas, especially at the Western rim and
- The disparities in the institutional configuration, the qualification of the human resources, the mobilisation and networking of existing institutions and the development of critical mass on the demand and supply side.

## Environment

South East Europe is **home to a vast variety of landscapes, ecosystems and species**. The large number of protected areas, the potential for the employment of environmental friendly technologies and the assets for future economic and social development are the strong points of the area. However, this environmental abundance is threatened by a **large number of factors** such as contaminated areas, risks of natural and human disasters, threatened water reserves, deforestation and soil erosion. Also global phenomena such as **global climate change** affect the area causing droughts, floods and forest fires.

The international community and the EU in particular have made the “environment” a major issue in the Political and Regional Development Agenda. In South East Europe the challenge has three dimensions:

- Facing the legacy of the past due to the heritage imposed to the region after 1945
- Reacting to the opportunities arising (e.g. renewable energy sources, surveillance technologies, tourism) and preparing for the emerging threats (e.g. climate change)
- Coordinating actions between the fragmented political landscapes.

## Accessibility

The programme area plays a significant role in the European transportation network acting as a bridge between North, South, East and West Europe. The existing networks however **cannot keep pace with the rise of the demand and the increasingly demanding** standards specifications. A large number of instruments and concepts like the TEN and the Pan-European Transport Corridors are crossing the area. However, the **opportunities are sub-optimally used** either due to deficits

in co-ordination or in lacking know-how. Apart from that accessibility networks offer significant advantages to the adjacent areas without spreading the benefits within the regions. Last but not least accessibility has a fundamental environmental dimension, which should be considered when planning related interventions.

Accessibility interventions in the area must hence take in account the following parameters:

- Need for co-ordination through national and regional borders and across instruments and funds
- Interest compromise among national, regional and local stakeholders for the development of transport networks in line with the location development policies of agglomerations
- Integration of landlocked areas and maritime zones
- Utilisation of ICT<sup>21</sup> and multi-modal platforms as an alternative to physical mobility and road transport.

### **Territorial structures**

The area is characterised by extensive and balanced settlement patterns. However, those patterns are **rapidly changing** with capital regions becoming stronger, certain zones accumulating human resources and capital and a large number of regions and smaller centres entering a spiral of decline and degradation. Significant for the programme area are regional disparities in terms of economic power, innovation, competitiveness and accessibility between urban areas and rural areas. Beside that, the emergence of new countries and with it the establishment of new frontiers has upset the pre-existing patterns of political, economic, social and cultural relationships.

Apart from the shifts in influence between regions and metropolitan areas, centres and periphery are facing **urgent problems** within their boundaries. Thus a high concentration of activities and human resources in single cities causes urban sprawl, segregation and overburdening of the environment and the infrastructures. On the other side declining areas do not have the means to maintain their status and the inherited infrastructure thus entering a circle they cannot escape by their own.

Urban areas are the places where economic activity, cultural progress, innovation and knowledge are attracted and generated. Transnational co-operation is necessary in the state mosaic of the area due to the large number of centres and their functional relations. Interventions must move in two directions:

- Horizontally, addressing the relations and the development perspectives of centres and regions between them
- Vertically, addressing the problems within the urban areas and the joint approaches to solve them.

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<sup>21</sup> Information and communication technology

## 4. Programme strategy

### 4.1 Objectives and Priority Axes of the co-operation programme

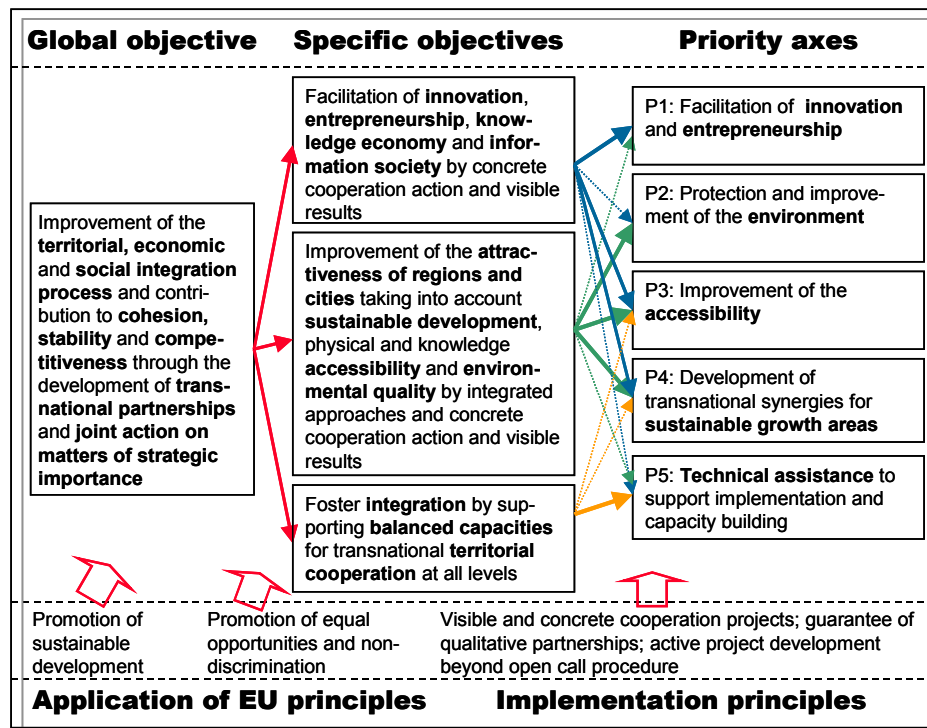
The Programme strategy is the result of the interaction of the following elements:

- **EU strategic decisions** as laid down in the Community Strategic Guidelines on Cohesion (2006/702/EC)
- The **specific needs and challenges** of the South East European co-operation area as presented in the analysis and SWOT of the present document
- The **scope and limitations** of an Objective 3 Transnational Co-operation Programme as outlined in the relevant regulations (e.g. Regulation No. 1080/2006)

These elements design the outline of the strategy and define the placement of the **global and specific objectives and corresponding priority axes of the operational programme.**

The programme strategy is structured along **one global objective, three specific objectives and implementation principles**, which will be achieved by implementing **five priority axes.**

Fig. 1: Logic chart of the programme objectives and priority axes



The programme strategy sets out a **consistent common territorial strategy** for the South East Europe co-operation area, which explains the major objectives and priority axes to be implemented.

**Global Programme Objective:**

The programme shall improve the **territorial, economic and social integration process** and contribute to **cohesion, stability and competitiveness** through the development of **transnational partnerships** and **joint action on matters of strategic importance**.

The Global Objective is in line with the Community Strategic Guidelines on the strategic focus of a transnational co-operation programme, addressing the need for **stability** of the South East European co-operation area and connects to the lessons learned in the 2000 – 2006 period.

South East Europe poses a **unique landscape for improving integration, competitiveness and consequently territorial cohesion**. The area is the most diverse, heterogeneous and complex transnational co-operation area in Europe and covers 17 countries (or regions thereof).

The aim of territorial cohesion sets requirements for a policy response addressing **both competitiveness AND integration** at the same time. These two policies need not be contradictory but actually complementary for the **territorial cohesion** of the programme area.

**Competitiveness** is about utilising and developing economic strengths and opportunities while utilising the territorial capital and developing growth poles.

**Integration** is about removing barriers of free movement, building up networks and enhancing interaction and co-operation.

The policy definitions outlined above are **closely interrelated**. The utilisation of economic strengths demands the development of interaction and co-operation, the utilisation of the territorial capital presumes the removal of barriers, while the development of growth poles assumes the networking of all relevant stakeholders if they wish to play a role in the integrated global markets.

The **crossroad** of the competitiveness and integration policies is **territorial cohesion**. Territorial cohesion is about reducing regional disparities, co-ordinating coherent sector policies and achieving added value compared to the results expected by the implementation of single programmes and initiatives. In other words territorial cohesion in South East Europe is **more than the sum** of all national and regional policies of the participating regions and states.

The programme adopts a **common challenge approach**, focusing **primarily on thematic issues and not only on a geographic approach**. Pursuant to the requirements of Article 6 of the ERDF Regulation (1080/2006) the programme identifies strategic thematic issues (matters of strategic importance), which are relevant for the co-operation area and which shall be tackled through multi-level transnational action. These thematic issues are further detailed down to the distinct **level of areas of intervention**.

Effective transnational co-operation in the entire programme area can only be achieved through the promotion of partnerships with **clear multilevel and thematic approaches** resulting in high quality result orientated transnational projects of strategic character, relevant for the programme area.

As another consequence of this approach, the programme also – but not exclusively – supports efforts that focus on and have a clear positive impact on larger **transnational geographic areas** such as river basins, transport corridors or polycentric developments. This emphasis is especially important to the programme since transnational geographic areas could be highly relevant to integrated economic, social and environmental development but are not typically targeted by other programmes such as cross-border or interregional co-operation programmes.

The above mentioned **matters of strategic importance** to be tackled, are epitomised in the specific programmes objectives:

**Specific Programme Objective 1:**

The programme shall facilitate **innovation, entrepreneurship, knowledge economy and information society** by concrete co-operation action and visible results.

This objective underlies a pure “acceleration strategy”, which combines and strengthens the South East European strengths and opportunities as defined in the SWOT. The objective is in line with Community Strategic Guidelines Priority 2.

Specific Programme Objective 1 is strongly - but not exclusively- linked to Priority Axes 1, 3 and 4.

**Arguments** for the Specific Programme Objective 1 are:

- The requirements of the Lisbon Agenda (EU context) to be implemented in all European programmes;
- The comparative advantage of many South East European countries is “low wages”. This advantage will vanish in a few years. It is necessary to invest in Innovation;
- Basic research institutions do exist and they educate satisfactory. However, if no adequate employment opportunities exist, those highly qualified people will leave the region;
- Growth poles exist in urban centres. They should be fostered. The region has the highest growth rates in the area; investment in Innovation will help maintain this;
- Weak or underdeveloped information and knowledge infrastructure in the area is confronted with a steadily rising demand. Hence an intervention in this direction can make a direct and visible difference in the development of the area;
- Research, technology and innovation investments are heavily polarised in the Western Edge of the programme area, diffusion mechanisms should be promoted through Transnational Action;
- The programme area is characterised by many small states. Innovation needs some critical mass (capital, human resources, knowledge, networks). This can be hardly achieved in single states, thus Transnational Action is recommended.

**Specific Programme Objective 2:**

The programme shall improve the **attractiveness of regions and cities** taking into account **sustainable development**, physical and knowledge **accessibility** and **environmental quality** by integrated approaches and concrete co-operation action and visible results

This objective offers a balanced mix of development and preservation through structuring, stabilising and preventing elements directly addressing weaknesses and threats identified in the SWOT. The objective is in line with Community Strategic Guidelines Priority 1.

Specific Programme Objective 2 will be pursued primarily in Priority Axes 2, 3 and 4.

**Arguments** for the Specific Programme Objective 2 are:

- European trends show that regions and cities are attractive when job opportunities and quality of live are assured at the long term. In the programme area attractive regions are located mainly in the periphery of the area while in the core, hot spots with a high concentration of economic, social, environmental problems exist. Current growth poles are congested, potential growth areas have to redefine their role and smaller centres are declining. These problems cannot be challenged only on national level. Transnational action is a booster for national or regional strategies;
- A balanced distribution of competitive growth areas over an area in combination with strong internal and external functional relations is seen as a necessary precondition to tackle regional disparities. Fostering a polycentric development thus requires both well-distributed, strong nodes and dynamic flows and interactions in-between. These should not be narrowed to the economic field only. Nodes develop and grow at cultural crossroads, thus cultural exchange and promotion should be a vivid element;
- Development and growth are dependent on an efficient connection to European and global markets. For instance, maritime areas surround the programme area; however, the connections between ports and land locked areas are weak. The utilization of the coastal areas and ports is crucial for the integration into the global market;
- In the environmental sector major changes were observed. Overall pollution was reduced due to industrial decline, however pollution sources and hot spots become more numerous and uncontrolled. Envisaged economic growth and related consumption rates require action. This action is of limited effectiveness if applied only at national level since pollution does not stop at borders;
- The area is characterised by a large number of smaller states with fragmented infrastructure, interrupted networks and natural resources extending over several states. Under those circumstances transnational action is a necessity, which can provide the framework for co-ordination.

### Specific Programme Objective 3:

The programme shall foster **integration** by supporting **balanced capacities for transnational territorial co-operation at all levels**.

This objective addresses the basic needs for developing strategic activities in a geographic area, which is characterised by differing framework conditions for transnational, multilevel and cross-sectoral and implementation-oriented forms of co-operation. The aim is more enhanced and balanced framework conditions in all participating South East European regions for transnational co-operation. Framework conditions include awareness-raising activities, actions towards a common identity; develop methodologies and tools for identifying potentials of the space. This objective is in line with Community Strategic Guidelines (chapter 2.5 transnational co-operation).

**Specific Programme Objective 3** is pursued primarily – but not exclusively – in Priority Axis 5.

**Arguments** for the Specific Programme Objective 3 are:

- In contrast to other programmes the co-operation area is characterised by **extreme disparities** deepened by the distinction between member states and third states. The development of capacities for transnational co-operation becomes an **objective per se** requiring special attention to accompanying activities;
- **Major challenges** exist in programme area such as: Administrative fragmentation, imprecise role of potential stakeholders, limited significance of transnational co-operation so far and complicated implementation due to multitude of regulative frameworks.

### Objectives of Priority Axes

The global and specific objectives of the operational programme will be pursued through **five priority axes**. Those priority axes contribute differently to the specific programme objectives.

Priority Axes 1, 3 and 4 contribute to the facilitation of **innovation, entrepreneurship, knowledge economy and information society** by interventions in innovation networks, enabling environment and framework conditions, through addressing the “digital divide” on a transnational scale and through the development of synergies of metropolitan areas as the **primus locus** for achieving Specific Programme Objective 1.

Priority Axes 2, 3 and 4 contribute to Specific Programme Objective 2 improving the **attractiveness of regions and cities** taking into account **sustainable development**, physical and knowledge **accessibility** and **environmental quality** through interventions in water management, environmental risk prevention, management of protected areas and resource efficiency, co-ordination of the development of accessibility networks and through joint approaches to the problems and potentials of growth and metropolitan areas.

Last but not least, Priority Axis 5 is aiming at balanced capacities for transnational territorial co-operation at all levels, as expressed through the Specific Programme Objective 3.



Finally the priority axes are in accordance with the thematic fields set out in Article 6, Reg. (EC) No. 1080/2006 and fit within the Community Strategic Guidelines on Cohesion (2006/702/EC) as far as the territorial dimension of Cohesion Policy is concerned.

**Priority Axis 1 “Facilitation of innovation and entrepreneurship”** shall contribute specifically to the future development of South East Europe as a place of innovation. Objective of Priority Axis 1 is to facilitate innovation, entrepreneurship, knowledge economy and to enhance integration and economic relations in the co-operation area.

This objective of Priority Axis 1 can be achieved through the accomplishment of the operational objectives referring to the development of technology & innovation networks, the promotion of an enabling environment for innovative entrepreneurship and the enhancement of the framework conditions for innovation.

**Priority Axis 2 “Protection and improvement of the environment”** shall contribute to the improvement of the environmental conditions and to a better management of protected and other natural/semi natural areas. Objective of Priority Axis 2 is to override the constraints imposed by national barriers, to foresee future environmental threats and opportunities and to develop common transnational action for the protection of nature and humans.

This objective of Priority Axis 2 can be achieved through the accomplishment of the operational objectives referring to integrated water management and flood prevention and management, the prevention of environmental risks, the management of natural resources and the promotion of resources and energy efficiency.

**Priority Axis 3 “Improvement of the accessibility”** shall contribute specifically to the improvement of the accessibility of local and regional actors to the European Networks. They include physical infrastructure as well as access to the Information Society. Objective of Priority Axis 3 is to promote co-ordinated preparation for the development of accessibility networks and the support of multi-modality.

This objective of Priority Axis 3 can be achieved through the accomplishment of the operational objectives referring to the co-ordination in promoting, planning and operating of primary and secondary transportation networks, the development of strategies tackling the “digital divide” and the improvement of framework conditions for multi-modal platforms.

**Priority Axis 4 “Development of transnational synergies for sustainable growth areas”** shall contribute to the balanced and polycentric patterns of the programme area. Objective of Priority Axis 4 is to develop and implement integrated strategies for metropolitan areas and regional systems of settlements, work towards optimal polycentric structures in the programme area and use cultural values for sustainable development.

Priority axis 4 shows a specific cross-sectoral character strongly interlinking economic, environmental, social and governmental issues.

The objective of Priority Axis 4 can be achieved through the accomplishment of the operational objectives referring to the challenges of crucial problems affecting metropolitan areas and regional systems of settlement, the promotion of a balanced pattern of attractive and accessible growth areas and the promotion of cultural values as a development asset.

**Priority axis 5 “Technical assistance to support implementation and capacity building”** shall contribute to the smooth implementation of the programme while enabling the programme bodies, stakeholders, project promoters and final beneficiaries to make full use of the opportunities offered by the European Territorial Co-operation Objective 3 and transnational co-operation in particular.

Objective of Priority Axis 5 is to support the implementation of the programme and increase capacity of institutions and beneficiaries in the programme area.

The objective of Priority Axis 4 can be achieved through the accomplishment of the operational objectives referring to the securing the core management for the implementation of the programme and the implementation of accompanying activities to support the generation and implementation of high quality, result oriented transnational projects and partnerships.

### Financial allocation per priority axes

The systematic of programme objectives, the internal coherence of the programme and the huge diversity of the programme area **require a balanced allocation** of the available funds. The financial allocation in the table presented reflects the equilibrium between the interests of the programme actors and the framework of the EU Cohesion Policy.

Tab. 4: Financial allocation of priority axes

Priority axes	Budget share (ERDF funds, rounded numbers)
P1: Facilitation of innovation and entrepreneurship	21,3%
P2: Protection and improvement of the environment	27,4%
P3: Improvement of the accessibility	21%
P4: Development of transnational synergies for sustainable growth areas	24,3%
P5: Technical assistance to support implementation and capacity building	6%

Tab. 5: System of objectives

Global programme objective	Specific programme objectives	Objectives of Priority Axes (related results are specified in the quantification)	Operational Objectives (corresponding with Areas of Intervention, Examples of activities are specified in each Aol)
<p>The programme shall improve the <b>territorial, economic and social integration process</b> and contribute to <b>cohesion, stability and competitiveness</b> through the development of <b>transnational partnerships and joint action on matters of strategic importance</b></p>	<p>1. The co-operation programme shall facilitate <b>innovation, entrepreneurship, knowledge economy and information society</b> through concrete co-operation action and visible results</p>	<p><b>P1:</b> Facilitate innovation, entrepreneurship, knowledge economy and enhance integration and economic relations in the co-operation area (<i>P1 "Facilitation of innovation and Entrepreneurship"</i>)</p>	<ol style="list-style-type: none"> <li>1. Develop technology &amp; innovation networks in specific fields</li> <li>2. Develop the enabling environment for innovative entrepreneurship</li> <li>3. Enhance the framework conditions and pave the way for innovation</li> </ol>
		<p><b>P2:</b> Override the constraints imposed by national barriers, foresee future environmental threats and opportunities and develop common transnational action for the protection of nature and humans (<i>P2 "Protection and improvement of the environment"</i>)</p>	<ol style="list-style-type: none"> <li>4. Improve integrated water management and flood risk prevention</li> <li>5. Improve prevention of environmental risks</li> <li>6. Promote co-operation in management of natural assets and protected areas</li> <li>7. Promote energy and resource efficiency</li> </ol>
	<p>2. The co-operation programme shall improve the <b>attractiveness of regions and cities</b> taking into account <b>sustainable development</b>, physical and knowledge <b>accessibility</b> and <b>environmental quality</b> through integrated approaches and concrete co-operation action and visible results</p>	<p><b>P3:</b> Promote co-ordinated preparation for the development of accessibility networks and the support of multi-modality (<i>P3 "Improvement of the accessibility"</i>)</p>	<ol style="list-style-type: none"> <li>8. Improve co-ordination in promoting, planning and operation for primary &amp; secondary transportation networks</li> <li>9. Develop strategies to tackle the "digital divide"</li> <li>10. Improve framework conditions for multi-modal platforms</li> </ol>
	<p>3. The co-operation programme shall foster <b>integration</b> through supporting <b>balanced capacities for transnational territorial co-operation at all levels</b></p>	<p><b>P4:</b> Develop and implement integrated strategies for metropolitan areas and regional systems of settlements, work towards optimal polycentric structures in the programme area and use cultural values for sustainable development (<i>P4 "Development of transnational synergies for sustainable growth areas"</i>)</p>	<ol style="list-style-type: none"> <li>11. Tackle crucial problems affecting metropolitan areas and regional systems of settlements</li> <li>12. Promote a balanced pattern of attractive and accessible growth areas</li> <li>13. Promote the use of cultural values for development</li> </ol>
		<p><b>P5:</b> Support the implementation of the programme and increase capacity of institutions and beneficiaries in the programme area (<i>P5 "Technical assistance to support implementation and capacity building"</i>)</p>	<ol style="list-style-type: none"> <li>14. Secure the core management for the implementation of the programme</li> <li>15. Implement accompanying activities to support the generation and implementation of high quality, result oriented transnational projects and partnerships</li> </ol>

## 4.2 Implementation principles

The programme shall support the areas “economic-” and “social integration process” through stimulating **concrete and visible transnational territorial co-operation projects** and **high quality partnerships** across all priority axes.

For this purpose the programme formulates **specific requirements** related to the generation of visible and concrete co-operation projects, the contingency of pro-active project development (“targeted calls”) in addition to “open call” procedure, the outlining of possible activities and the guarantee of qualitative partnerships.

This chapter aims at the provision of:

- Assistance for **project applicants** and
- Assistance for the bodies responsible for **project selection**.

### 4.2.1 Visible and concrete co-operation projects

In contrast to the EU mainstream programmes and objectives territorial co-operation often suffers from the **intangibility and vagueness** of outputs and results. Looking at the **outputs of successful CADSES projects**, it becomes clear that the programme area requires the implementation of **joint concrete actions** with a **result-oriented approach** and not exclusively focusing on the exchange of experiences and networking. The **Community Cohesion Policy** epitomised through the Structural Funds and the Cohesion Funds, the **Instrument of Pre-accession Assistance** and the **European Neighbourhood Policy** offer a comprehensive framework in this direction.

While the value of exchange of experiences and networking remains valid, the **thematic co-operation in specific fields** should be further encouraged. A „**peer-review process**“ could assist this aspect, especially during **project idea generation** and **project proposal development**. Such a process could guarantee qualitative “**bottom-up**” projects with clear transnational focus on the programme area.

Projects will produce **useful, applicable and transferable outputs**, preparing investment and delivering concrete examples of small-scale infrastructure investment as tangible proof of the efficiency of the methodologies and strategies decided at transnational level and of their reproducible character.

This requires high quality partnerships and a **multilevel approach** on the activities level. On the transnational level there are hardly any administrative authorities and very few transnational policies. The programme is acting as facilitator for competent national and regional actors to develop partnerships and bridge the transnational gap. The pattern repeats itself on the receiving end – there is usually no transnational media or public to be addressed, while local actors are focused on their narrow operating environment. Hence at the local level projects must include competent partners which can have an important role and which can produce outputs with a clear and visible impact. The programme should therefore focus on enabling projects to follow a multilevel approach involving different perspectives on the same topic.

For these ends the Transnational Co-operation Programme South East Europe offers a wide array of co-operation opportunities. There are some limitations imposed by the Objective 3 scope and available programme funds. However, the project generators and project applicants have the opportunity to propose the correct activities mix to reach the individual project objectives and hence contribute to the programmes objectives at all levels.

Projects could include **activities such as** networking and exchange of information activities, studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable.

It is obvious that **none of these activities** can serve the objectives of the programme **as a “stand alone”**. These types of activities are as always **only indicative**. The Transnational Co-operation Programme South East Europe and the generated projects are **objective driven**.

It is the task of each project applicant and each proposed intervention to present an **adequate activities mix**, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the Programmes Objectives.

However, **visibility is not only project-related**. It requires the active engagement of the programmes **monitoring system**, which must be able to produce meaningful and comprehensive results.

Furthermore, an **ongoing evaluation process** on the level of the Monitoring Committee (MC) is envisaged from the very beginning for ensuring an appropriate steering of the programme implementation by the MC.

#### 4.2.2 Quality of partnerships

Partnerships should be:

- Involving at least three countries of the programme area, one of which is an EU member state (details are provided in chapter 7.2.2 “Project selection”).
- Objective-driven
- Implementation-oriented
- Relevant, guaranteeing the required “critical mass”
- Capable of managing the transnational partnership while also competent to achieve the targeted thematic results
- Inclined to joint learning and interaction, promoting information flows and willing to deal with conflicts.

Experience showed that there is **not a universal definition of a good partnership**. The nature of each project and the objectives set the requirements of the partners. Process oriented projects will benefit from cross-sectoral participation. Strategic projects require multilevel approaches including the main decision makers in order to deal with the relevant issues and apply the proposed successful solutions on the ground. All projects benefit from balanced national representation (e.g. imbal-

ances of partnerships involving municipalities from one state and a Ministry from another state should be avoided). Finally partnerships should be **as large as required** to reach the projects objectives but **as small as possible** in order to remain manageable and flexible. Partnerships should not be artificially “inflated”, clearly stating the difference between Partners, Network members and target groups.

#### 4.2.3 Pro-active project development beyond “open call” procedure

The **mainstream way** of programme implementation is the publication of **open calls**. In these calls transnational partnerships of potential beneficiaries can submit their proposals in line with the priority axes of the programme and further detailed information of the specific call. The bottom up development of project ideas shall be encouraged and supported by the programme.

**Additional** and in response to the need to strengthen the programme’s strategic character and its visibility and to concentrate efforts, the programme adds a **strategic top-down component** (“targeted calls”) to the mainstream bottom-up involvement of actors. Specifically, the Programme encourages and actively guides the development of a number of transnational projects, which are of particular strategic value to the programme partners.

The generation of strategic projects and the definition of issues of major importance fits within the role proposed for Priority Axis 5 on Technical Assistance. In general transnational co-operation programmes pose a specific challenge for the technical assistance. **South East Europe seems to be the most challenging among them, especially due to the capacity and experience disparities among beneficiaries and stakeholders** in the generation of the envisaged strategic projects. Pivotal aspects are Publicity and Communication, Project Generation and Project Selection. The Technical Assistance offers the **tools** (e.g. thematic seminars) for the facilitation of the preparatory activities.

In addition to the general requirements outlined above these “**top-down projects**” are expected to:

- Make an outstanding contribution to the achievement of the programme and priority axes objectives in accordance with implementation principles and application of EU principles
- Deal with thematic issues of major importance for the co-operation area
- Contribute to an integration of the space (e.g. co-operation of metropolitan areas)
- Are of high importance for the political agenda of the South East Europe co-operation area
- Involve a strategic partnership bringing together key actors with the capacity to deliver as well as to make use of project results
- Link the Programme to other Programme Areas, primarily to the Central European Space, Alpine Space, Black Sea Synergy and Mediterranean Space (e.g. through an inter area research network)

A more **detailed description** is provided in **chapter 7.2** “Project development and selection”.

### 4.3 Application of EU principles

This chapter addresses the EU principles according Article 16 and 17 of the General Regulation and describes of how the programme will pursue these horizontal objectives.

#### 4.3.1 Principle: Promotion of sustainable development

In accordance with **Article 17 of the General Regulation**, the Operational Programme conforms to the general objective of protecting and improving the environment as stipulated in Article 6 of the Treaty. Projects are expected to actively tackle wider environmental concerns and should contribute to the realisation of the **EU Sustainable Development Strategy**<sup>22</sup>.

In relevant areas, projects shall further consider the principles of the Community Policy regarding the protection and improvement of natural heritage and biodiversity as well as related amendments, such as the **Flora-Fauna-Habitat directive** (92/43/EEC), **Birds directive** (79/409/EEC) and **NATURA 2000** ecological system.

Development in the South East Europe programme area is taking place in highly sensible areas. As a horizontal principle sustainability must be part of all the priorities. A special consideration point is whether activities are confronted with different user demands. Sustainable concepts are especially requested and implemented in regional and environmental development, the further development of national and nature parks, but also in sector activities, e.g. tourism, leisure economy, technical infrastructure (energy). The principle of sustainability aims at providing relevant development conditions to the living generation, without decreasing the development possibilities for future generations. To reach this point, the three dimensions of sustainability – the environmental, the economic and the social – have to be taken into consideration.

- Environmental sustainability means the environmental friendly use of natural resources, the improvement of the quality of the environment, the protection of biodiversity and risk prevention for humans and the environment
- Economic sustainability means to create a future oriented economic system and to increase economic capability and competence for innovation
- Social sustainability means social balance, the right for human life and the participation of the population in policy and society

In the programme's context that would mean that all envisaged actions respect the three dimensions of sustainability. The overall objectives structure and the resulting priority axes show direct links to these dimensions, addressing environmental protection and improvement, promoting a future oriented economic system based on knowledge and innovation and underlining social equality and public participation.

#### **Sustainability implies: More balanced development of regions**

This objective implies that regions which are less favoured e.g. in terms of accessibility and economic structure shall be included in the modernisation process, which overall shall contribute to

<sup>22</sup> Commission Report for the Council and the European Parliament on the matter of the Sustainable Development Strategy summary: operational platform. Bruxelles, December 13, 2005, COM (2005) 658 final

reducing regional disparities in a long term perspective. A balanced development provide for a polycentric development with close ties between cities and their hinterland.

### **Sustainability implies: Improved regional governance and participation**

Improving the governance of interventions. This means engaging all relevant stakeholders, promoting a greater role for local authorities, achieving the right co-ordination between territorial and thematic priorities and encouraging good planning and management practices.

#### **4.3.2 Principle: Promotion of equal opportunities and non-discrimination**

The Amsterdam Treaty 1999 adopted Gender Mainstreaming as one of the main tasks of the Community – imbalances should be abolished and equal opportunities for men and women supported. **Article 16 of the General Regulation** stipulates that the Member States and the Commission have to take care of equal opportunities for men and women and non-discrimination based on sex, racial or ethnic origin, religion or believe, disability, age, or sexual orientation by implementing European Funds activities. Moreover, in any case of public expenditure it has to be ensured that the expenditure will be evaluated in its impact on equal opportunities and non-discrimination and, if needed, activities have to be adapted.

The implementation of the activities is in line with European and national policies for equal opportunities and non-discrimination. To put an end to discrimination and to achieve equal opportunities between the genders is a task of the policy – gender mainstreaming is a strategy for this. Equal opportunities is no separate topic, it is the basic principle for each single activity. By inclusion of equal opportunities in all the concepts and activities there should be achieved balance and fairness within the society.

In the South East European context that would mean that all priorities offer tools and opportunities to discriminated groups to improve their situation, while preventing or minimising negative developments in the fields of equal opportunities and non-discrimination (full economic and social participation of ethnic minorities). These elements are respected in all priority axes addressing participation and accessibility for everyone and promoting the inclusion of all citizens in the development processes.

#### **4.3.3 Principle: Subsidiarity**

The subsidiarity principle is intended to ensure that decisions are taken to the level ensuring the optimal efficiency and impact and simultaneously as closely as possible to the citizen and that constant checks are made as to whether action at Community level is justified in the light of the possibilities available at national, regional or local level. In the programme context that would mean that problems are tackled and projects are developed at the level where added value is guaranteed and local or national solutions are no more effective than action taken at the transnational level. The priorities of the programme offer practical means to empower civil society, to promote participation of local and regional authorities and to strengthen transnational bonds.



#### 4.4 Quantification of objectives

The ERDF regulation (particularly Article 12 (4)) emphasises the need to describe the objectives of each priority axis using a limited number of indicators for **output and results**. All priority axes should set quantified targets by means of a limited set of indicators **to measure the achievement** of the programme objectives.

Due to the limited financial resources and the scope and limitations of possible activities within an Objective 3 Transnational Co-operation Programme, it is obvious that the results of the programme will be mainly of immaterial nature; in some cases material investments may be appropriate and justifiable. The co-operation programme will never be a substitute of convergence and competitiveness programmes, which are more investment oriented and produce more visible and quantifiable outputs and results. So in the case of the transnational co-operation programme results will be more difficult to measure compared to convergence and competitiveness programmes.

Despite these limitations, a set of output and result indicators has been developed to measure the achievements of the co-operation programme. Output and result indicators have been developed along with the specific objectives of the priority axes taking into account the operational objectives of the areas of intervention and the common minimum core indicators required by the Commission.<sup>23</sup>

The operational programme **contains only a sub-set of output and result indicators**, which are ex-ante quantified. A **full set** of indicators will be further developed in a separate document (Programme Manual). The full set of indicators serves for the **internal programme management** and forms an indispensable basis for the **reporting and communication needs** to make the programme achievements **visible** to the programme partners and to a broader public. The full set of indicators is not part of the operational programme.

The ex-ante quantification of the **output targets** is based on **two parameters**: The allocation of ERDF funds per priority axis and an estimated average project size (Euro 1,5 million ERDF funds).

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<sup>23</sup> The New Programming Period, 2007 – 2013: Methodological Working Papers, Working Document No. 2, 1 June 2006

Tab. 6: Subset of Ex-ante quantified OUTPUT indicators for the operational programme

	Target 2007-2015	Data source
<b>Indicators for the priority axes</b>		
Priority axis 1: Total no. of projects implemented to facilitate innovation and entrepreneurship	29	Monitoring
Priority axis 2: Total no. of projects implemented to protect and improve the environment	36	Monitoring
Priority axis 3: Total no. of projects implemented to improve the accessibility	37	Monitoring
Priority axis 4: Total no. of projects implemented to develop transnational synergies for sustainable growth areas	28	Monitoring
<b>Total no. of projects P1-P4</b>	<b>130</b>	Sum
<b>Indicators reflecting the degree of co-operation</b>		
– No. of projects respecting only <b>two</b> of the following criteria: Joint development, joint implementation, joint staffing, joint financing	0	Monitoring
– No. of projects respecting only <b>three</b> of the following criteria: Joint development, joint implementation, joint staffing, joint financing	104 (80%)	Monitoring
– No. of projects respecting <b>four</b> of the following criteria: Joint development, joint implementation, joint staffing, joint financing	26 (20%)	Monitoring

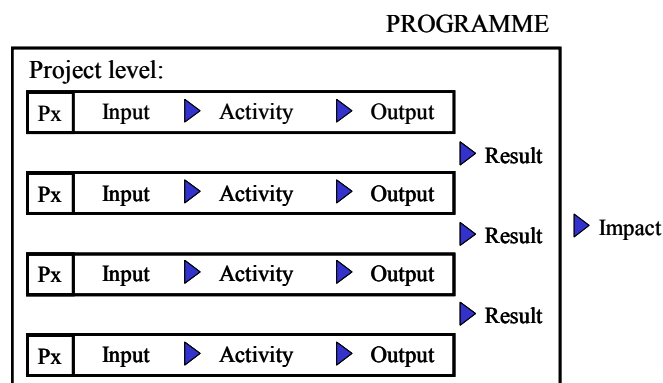
The **complete list of output indicators** (which is not part of the operational programme) could include output indicators referring to **all priority axes** and areas of intervention (including the Technical Assistance) and **horizontal** output-indicators reflecting project characteristics, strategic implementation principles, output of project activities, public awareness. All relevant indicators should be **included in application forms and reports**.

### Definition and generation of results

Results are generated through the outputs of projects within the scope of the programme. In contrast to it impact indicators refer to the long-term consequences of the programme and are beyond control of the programme management. So, impact indicators are not included in the programme.

Result indicators are linked to **operational objectives** corresponding to single areas of intervention. Therefore in total **13 result indicators** are defined for the priority axes 1 to 4, which will be ex-ante quantified.

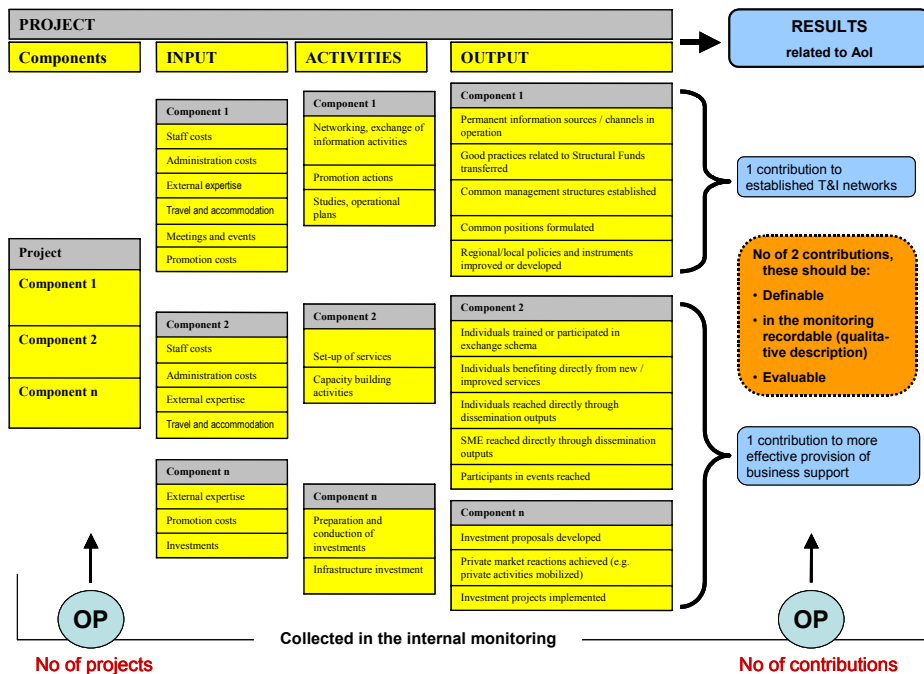
Fig. 2: Definition of results according to the intervention logic



To illustrate the **generation** of results: Projects usually consist of **components**. These components are related to **inputs** such as different types of costs (e.g. staff costs). Costs are related to **activities** (e.g. networking, exchange of information activities, studies, training). Activities generate **outputs** (e.g. permanent information sources/channels in operation, common positions formulated, individuals trained or participated in exchange schema). And – out of the scope of a project - outputs generate **results**. Results reflect the operational objectives of areas of intervention. A single component or a bundle of components can generate a result and therefore contribute to achieving an operational objective. Hence the **total number of contributions exceeds the total number of projects**. Contributions should be: **Definable**, in the monitoring **recordable** (with short qualitative descriptions) and **evaluable** (quality standard).

The following figure serves as an **illustration** and provides no concrete definitions for the monitoring system.

Fig. 3: Generation of results, collection in the internal monitoring, selection of indicators for the OP



**Quantification of Result indicators**

A single project can generate several definable, recordable and evaluable contributions to one or several operational objectives. It is assumed that every project generates **in average 3 contributions**. So **130 projects** produce in total **390 contributions** to **13 operational objectives** corresponding to single areas of intervention. The ex-ante quantification of the **result targets** depends on the **weighting** of the individual areas of intervention.

Projects will declare their relevance of any given result indicator by yes/no selection and subsequently will give a short qualitative description where applicable. All project contributions to the operational objectives of a single priority axis are accumulated. The total sum per priority axis reflects the achievement of the set target. This number represents the result indicator at priority axis level. If it turns out in the course of the implementation that especially highly weighted areas of

intervention do not show an appropriate performance (in terms of no. of contributions), measures should be taken to improve the performance.

Tab. 7: Set of ex-ante quantified RESULT-indicators for Priority Axes and Areas of Intervention

<b>Result indicators corresponding with the objectives of Priority Axes and Areas of Intervention</b>	<b>Target 2007-2015</b>	<b>Data source</b>
<b>P1: Total no. of contributions to facilitated innovation, entrepreneurship, knowledge economy and enhanced integration and economic relations in the co-operation area</b>	<b>88</b>	Sum
No. of contributions to established technology and innovation oriented networks in specific technology fields	38	Monitoring
No. of contributions to more effective provision of collective business and innovation support especially for SME	28	Monitoring
No. of contributions to improved innovation governance and increased public awareness with regard to innovation	22	Monitoring
<b>P2: Total no. of contributions to protected and improved environment</b>	<b>108</b>	Sum
No. of contributions to improved integrated water management and flood risk prevention structures and systems	23	Monitoring
No. of contributions to improved transnational risk prevention structures and systems	34	Monitoring
No. of contributions to co-ordinated activities on management schemes of natural assets and protected areas	27	Monitoring
No. of contributions to co-ordinated activities on energy and resource efficient technologies, services and policies	24	Monitoring
<b>P3: Total no. of contributions to the co-ordinated preparation of accessibility networks and supported multi-modality</b>	<b>111</b>	Sum
No. of contributions to the co-ordinated promotion, planning and operation of primary and secondary transportation networks	36	Monitoring
No. of contributions to co-ordinated activities to lessen the digital divide among states and regions especially in the case of market failure	32	Monitoring
No. of contributions to co-ordinated activities for increased efficiency of existing transport and to the stimulated shift to environmentally friendly transportation systems	43	Monitoring
<b>P4: Total no. of contributions to developed and implemented integrated strategies for metropolitan areas and regional systems of settlements, optimised poly-centric structures in the area and used cultural values for sustainable development</b>	<b>83</b>	Sum
No. of contributions to built up and disseminated strategies, skills and knowledge and pilot action for tackling crucial problems affecting metropolitan areas and regional systems of settlements	27	Monitoring
No. of contributions to the provision of partners with new tools for the formulation of their role and the formation of new partnerships for functional growth areas	27	Monitoring
No. of contributions to improved joint conservation and better utilisation of cultural values for development and sustainable tourism	29	Monitoring
<b>Total no. of contributions</b>	<b>390</b>	

### **Baselines for output and result indicators in order to provide information on the physical progress of the operational programme**

According implementation regulation (ANNEX XX - annual and final reporting) for each quantified indicator mentioned in the operational programme the information on baseline, the target and the

achievement of the targets shall be provided. Targets will not be specified for each year but cumulative for the period 2007 – 2015.

As baseline for the year 2007 the value “0” will be applied. For the subsequent years the results of the respective previous year are applied in each case as baseline.

### **Context-indicators**

Context indicators should monitor the evolving socio-economic context of the programme. Context indicators form part of the **analysis** to describe the socio-economic development status based on official statistics (e.g. Public expenditure on education in % of GDP, 2004).

For the OP no context indicators (going beyond the analysis) are defined. For the programme context indicators are unsuitable, since the public expenditures, which are applied in the framework of the OP, demonstrate **only a very small part** of the entire public expenditures in co-operation area. A relationship between the programme funds and context indicators (macro- and meso-economic values) cannot be made therefore.

## 4.5 Compliance and complementarity with other policies and programmes

### 4.5.1 Compliance with the Community policies

The OP South East Europe in 2007 – 2013 contributes to achieving priorities established in the updated Lisbon and Gothenburg strategies and in the Community Strategic Guidelines. Additionally it takes into consideration European policies in respect to urban development, spatial development, transport and environment.

In the course of the European Council summit held in March 2000 the **Lisbon Strategy** was adopted in which the emphasis was put on the necessity to make the EU „the most competitive and dynamic knowledge world economy with a higher figure of job opportunities having a better quality along with a higher social cohesion“. The scope of this strategy, which forms a socio-economic programme, has been extended by an agreement entered into in the course of the **Gothenburg Summit** where the sustainable economic development became an integral part. With regard to unsatisfactory results of the Lisbon Strategy its innovation has been proposed (in the report for the European Council spring summit<sup>24</sup>) and the so-called Lisbon Action Programme has been adopted and presented in the document called „Joint activities for economic growth and employment - New start of the Lisbon Strategy“.

The **policy of cohesion** has to contribute to the implementation of the renewed Lisbon agenda. In the Community Strategic guidelines (2006/702/EC, October 2006) the following priorities of the Community have been defined:

- Improving the attractiveness of member states, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving the environment (Guideline: Making Europe and its regions more attractive places in which to invest and work)
- Encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies (Guideline: Improving knowledge and innovation for growth)
- Creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital (Guideline: More and better jobs)

The Community Strategic guidelines formulate further strategic themes, which are supported by the South East programme namely:

- Encouraging a sound spatial planning strategy promoting a polycentric approach, and improving the links between rural and urban areas. This strategy should aim to strengthen the role of metropolitan areas as poles of excellence, at the same time controlling their expansion (urban sprawl) and to make small and medium-sized towns more attractive, reinforcing their economic base
- Improving the governance of interventions. This means engaging all relevant stakeholders, promoting a greater role for local authorities, achieving the right co-ordination between territorial and thematic priorities and encouraging good planning and management practices

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<sup>24</sup> Report in the European Council spring summit: Joint activities for economic growth and employment. New start of the Lisbon Strategy. COM (2005)24, Brussels, February 2, 2005

The importance of the **urban question** is further developed in the communication from the Commission: "Cohesion Policy and cities: The urban contribution to growth and jobs in the regions" (COM(2006) 385 final, July 2006).

**URBACT 2007 – 2013** tackles particular challenges concerning the situation in urban areas in Europe. The programme shall facilitate the cities' task of playing a vital role in the achievement of the Lisbon and Gothenburg strategy aims by following the overall objective: "To improve the effectiveness of sustainable integrated urban development policies in Europe with a view to implementing the Lisbon-Gothenburg Strategy". As priority axes have been defined: "Cities, engines of growth and jobs" (1) and "Attractive and cohesive cities" (2).

With the **European Spatial Development Perspective (ESDP, 1999)** an important step towards a co-ordinated regional and spatial development policy has been done. Three basic objectives, which should lead towards sustainable and balanced development of the territory of the European Union exist:

- Economic and social cohesion
- Preservation and management of natural and cultural resources
- More balanced competitiveness of European space

European integration is part of the ESDP. Local and regional authorities have to co-operate in regional development across borders.

The further development **policy of European Unions transport** systems is meant to meet society's economic, social and environmental needs. The fact that effective transportation systems are essential to Europe's prosperity and have significant impacts on economic growth, social development and the environment has been formulated already in the White Paper "European transport policy for 2010: Time to decide". EU transport policy shall help to provide Europeans with efficient, effective transportation systems that:

- Offer a high level of mobility to people and businesses throughout the Union
- Protect the environment, ensure energy security, promote minimum labour standards for the sector and protect the passenger and the citizen
- Innovate in support of the first two aims of mobility and protection by increasing the efficiency and sustainability of the growing transport sector
- Connect internationally, projecting the Union's policies to reinforce sustainable mobility, protection and innovation, by participating in the international organisations

The Trans-European Network (TEN) is one of the core projects, dealing with EU wide transport infrastructure development, linking up national networks by modern and efficient infrastructure and thus enhancing accessibility within EU.

The Programme „**i2010 – European Information Society in 2010**“ is supposed to contribute also to creation of the information society. It will concern primarily activities for achieving certain goals of the initiative that will consist in increase of the information technologies availability. Projects implemented in the framework of this transnational co-operation 2007 – 2013 will contribute to build-up the information society.

In compliance with the item 11 of the Regulation proposal on the ERDF activities concerning small and medium enterprises the transnational OP will contribute to the realisation of the **European Charter of Small Enterprises** adopted by the European Council in June 2000 in Santa Maria de Feira, in the area of “Increase of Technological Capacities in Small Enterprises.”

Principles of the Community Policy regarding the protection and improvement of the **environment**, e.g. as formulated in the **Sixth Community Environment Action Programme 2002-2012 (EAP6)**<sup>25</sup>, addressing key environmental objectives and priorities as well as relevant amendments including the EU guidelines will also be respected. It concerns namely the fulfilment of obligations mentioned in the guideline 92/43/EEC (guideline on habitats), the guideline on birds 79/409/EEC and guidelines relating to the Natura 2000 ecological system.

Projects contributing to the realisation of priorities registered in the **EU Sustainable Development Strategy** will be supported in the OP because it is required that partner states would concentrate their efforts to promote key issues in the field of climate change, energy, public health, social exclusion, demography and migration, natural assets management and balanced traffic.

Other programmes that may be of relevance to the South East Europe programme comprise:

- **FP7:** the 7th Research Framework Programme with its priorities on collaborative research, Ideas, Human Resources (People) and Capacities (SMEs).
- **CIP:** the Competitiveness and Innovation Framework Programme with the aim to foster the competitiveness of enterprises, in particular SMEs; to promote all forms of innovation, including eco-innovation; to accelerate the development of a sustainable, competitive, innovative and inclusive Information Society; to promote energy efficiency and new and renewable energy sources in all sectors including transport.

In addition, specific transnational, national and regional programmes such as for instance the Danube River Protection Convention are of relevance.

The South East Europe programme acknowledges the potentials of cooperation with the three new joint cohesion policy initiatives, for investment, growth and jobs in the Member States and regions. The three initiatives are JASPERS (Joint Assistance in Supporting Projects in European Regions), JEREMIE (Joint European Resources for Micro-to-Medium Enterprises) and JESSICA (Joint European Support for Sustainable Investment in City Areas). Although the South East Europe programme does not finance large-scale investments, it highly encourages preparing such investments, which can be funded from other programmes (e.g. Cohesion Fund etc.). In this respect all three initiatives can be of specific importance to the South East Europe programme.

#### **4.5.2 Complementarity with other programmes and measures financed by the Structural Funds, IPA, ENPI, EAFRD and the EFF**

Co-ordination of activities between the transnational programme for South East Europe and **national programmes** covering parts of the eligible area is seen as essential to create synergies between efforts at different levels and to allow financing of follow-up actions to transnational projects. Co-ordination with the present programme is therefore particularly needed with:

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<sup>25</sup> Decision No. 1600/2002/EC of the European Parliament and of the Council of 22 July 2002



- **National Strategic Reference Frameworks** and the **National Strategy Plans for Rural Development** of the participating member states
- **Instrument for Pre-Accession Assistance (IPA)** for Candidate and Potentially Candidate countries and the respective Multi-Annual Indicative Planning Documents
- **European Neighbourhood and Partnership Instrument (ENPI)**

National Strategic Reference Frameworks (NSRFs) have been prepared by the national authorities of the member states, and Strategic Coherence Framework (SCF) have been prepared by the national authorities of the candidate countries. Those Frameworks depict the national strategic priorities 2007 – 2013. In the course of the ex-ante evaluation, the NSRFs and the SCF of all participating EU Members and Croatia (available as draft versions during the Programme drafting) have been reviewed and stated to be coherent as regards their objectives concerning convergence, competitiveness and employment (for further information see 4.6.1 Main findings of the ex-ante evaluation, “External coherence with other policies” as well as the report on the ex-ante evaluation).

Tab. 8: Coherence between Priorities in NSRFs/SCF and South East Europe OP

South East Europe OP	P1: Facilitation of innovation and entrepreneurship	P2: Protection and improvement of the environment	P3: Improvement of the accessibility	P4: Development of transnational synergies for sustainable growth areas	Chapters on territorial/transnational co-operation or other relevant chapters
NSRFs, SCFs					
Austria	●	●	●	●	✓
Bulgaria	●	●	●	●	✓
Croatia	●	●	●	#	-
Greece	●	●	●	●	✓
Hungary	●	●	●	●	-
Italy	●	●	●	●	✓
Romania	●	●	●	●	✓
Slovak Republic	●	●	●	●	-
Slovenia	●	●	●	#	-

# ... Coherence with at least one of the NSRF priorities

Source: Report on the Ex-ante Evaluation, Draft 25 April 2007

Complementary activities to the **NSRFs** (ERDF, ESF and Cohesion Fund Operational Programmes), **IPA** and **ENPI** are assured by the programme’s focusing on transnational issues of activities, which are in line with the nationally focused objectives identified by the participating countries. Special care should be taken for project activities related to social problems (e.g. migration, integration of disadvantaged people etc.) and **ESF-funded Operational Programmes** in order to exploit potential complementarities. The programme adds a wider European dimension to those programmes by facilitating transnational integration and cohesion on matters of strategic importance.

Within the **Objective 3 European Territorial Co-operation** it will be additionally essential to consider **overlaps with other programmes** covering parts of the eligible area (cross-border and inter-regional co-operation, other transnational co-operation areas), in order to enhance synergies and

to exploit potential complementarities but to avoid duplicating activities. In this context, the co-ordination of the South East Europe programme with the overlapping transnational co-operation areas (Central Europe, Alpine Space, Black Sea Synergy and the Mediterranean Space) will have to be taken into consideration particularly through the pro-active project development process beyond “open call” procedures as described in section 4.2.3.

Last but not least co-ordinated implementation of activities will be highly important in relation to measures financed by **EAFRD** (European Agricultural Funds for Rural Development, including LEADER 2007 – 2013) in particular for activities under **rural development programmes** such as enterprise development, accessibility, awareness raising and attractiveness, environmental quality (including the management of natural resources, water management and risk prevention, actions linked to biodiversity) and the use of renewable energy and by **EFF** (European Fisheries Funds). Possibly similar activities to be considered and co-ordinated might emerge mainly in Priority Axis 4 (Development of transnational synergies for sustainable growth areas) and Priority Axis 2 (Protection and improvement of the environment).

A **crucial role** in the **aiming for synergies and continuous complementarity** in programme implementation with all the above mentioned instruments is played by the National Coordination mechanisms and procedures e.g. through **National Committees or corresponding national procedures** as stipulated in chapter 7.1.7 National Coordination.

## 4.6 Main findings of ex-ante evaluation and strategic environmental assessment

### 4.6.1 Main findings of the ex-ante evaluation

#### Process and content of the ex-ante evaluation

##### *Content of the ex-ante evaluation*

ÖAR Regionalberatung was commissioned by the Ministry of Infrastructure and Transport, Italy, as the Managing Authority of the INTERREG IIIB "CADSES Neighbourhood Programme" 2000 – 2006 to carry out the ex-ante evaluation of the future Transnational Co-operation Programme South East Europe. This contract also includes the preparation of the strategic environmental assessment (SEA). Therefore SEA and ex-ante evaluation were carried out in close co-ordination both in terms of timing and content.

The components of the ex-ante evaluation correspond with those contained in the relevant Working Paper of the EU Commission:

1. Appraisal of the Socio-economic Analysis, Relevance of Strategy
2. Rationale and Consistency of the Strategy
3. External Coherence with other policies (national levels, EU)
4. Expected results and impacts
5. Implementation systems

These components were specified further during the meetings with the programming group, neither the Managing Authority nor the task force put forth additional evaluation questions or requirements to the ex-ante evaluators.

In dealing with these components, the experience gained during the 2000 – 2006 programme period was taken into account, in particular the findings of the mid-term evaluation (MTE) 2003 and the MTE up-date in 2005.

##### *Process of the ex-ante evaluation*

The ex-ante evaluation was carried out parallel to the elaboration of the operational programme, i.e. the assessments were done in an iterative process, based on interim results of the programming process and in close co-ordination with the programming team.

This process can be subdivided into several phases respectively assessment stages:

1. In a meeting of the drafting team on 11./12.9.2006 in Ljubljana the ex-ante evaluation team presented the content of the evaluation and a work plan.
2. The assessment of the first three components was done on the basis of a 1. draft OP (October 2006). Main findings were presented at and discussed with the task force (12. and 13. October

2006). The work was documented in a paper containing detailed comments, which were discussed with the programming experts.

3. The next assessment was carried out on the basis of the draft Version 1.1. (November 2006). The evaluators assessed the external coherence of the programme with National Strategic Reference Frameworks and policy risks and presented the result at a task force meeting (6. and 7. December 2006). As the programme draft was in a process of redrafting at this stage, no further evaluation steps were taken.
4. Based on the draft OP (version 2.1, January 2007) the evaluators assessed the incorporation of recommendations, the likeliness of expected results and impacts (based on the method "Process Monitoring of Impacts") as well as the indicator and the implementation system. The main findings were presented to the task force (6. and 7. February 2007). Detail comments and recommendations were discussed with the programming experts.
5. Based on the OP-draft 2.2. a draft Report has been prepared which was presented at the task force meeting on 19. and 20. April 2007. Following this meeting, the assessment of expected impacts was finalised based on the financial allocations and quantification of indicators provided in OP Version 3.0.

## **Results and value added of the ex-ante evaluation**

### *Appraisal of socio-economic analysis, relevance of strategy*

The analysis presents an accurate overview of the current situation in the co-operation area. Generally the analysis contains recent and relevant information on the economic and social situation of the programme area, partly – due to lack of availability for specific parts of the programme area – on national level. The main disparities, deficits and development potentials, relevant to the programme's strategy are presented in a concise manner, and extensive stakeholder consultation has taken place to identify needs or collect development ideas. The recommendations of the ex-ante evaluators have largely been integrated, eliminating initial inconsistencies between SWOT analysis and area description.

### *Rationale and consistency of the strategy*

The programme objectives and the selected priorities appropriately address the needs, identified in the socio-economic analysis. The OP displays a high degree of strategic rationale: The global and specific objectives are in line with the premises and principles of the programme focus, and the selected priorities address the defined objectives. The programme is well focused and strives for a stronger implementation focus, compared to the 2000 – 2006 INTERREG IIIB-CADSES Neighbourhood Programme. The experience gained with the implementation of this programme, the findings of the mid-term evaluation and its up-date have been taken into account.

Most of the amendments recommended in the course of the ex-ante evaluation have been incorporated, which lead to improved justifications of priorities as well as to a clearer description of the links between priority objectives and areas of intervention. Also the intended application and implementation of horizontal principles was made more visible.

However, the implementation of the strategy – in particular the intended focus and level of ambition – is still associated with some risks that should be taken into account during the programme's implementation:

- Translating programme strategy into action: This will notably require pro-active development of transnational projects in line with defined objectives, which can only be achieved if there is a joint understanding of all programme partners. If this transformation process cannot be carried out swiftly there is a risk of slow programme start, delays in implementation and even de-commitments
- The participation of candidate and third countries on project level is crucial for reaching the programme objectives. Efforts should be intensified to find project actors in these countries. The necessary application of different funds (beside ERDF also IPA and ENPI) as well as the 10%/20%-rule (in third countries and EU member states) can at the same time delay the implementation of the programme
- Need to identify/address new actors: The realisation of strategic projects requires involvement of key actors for the respective themes
- To strengthen the pre-investment type of projects resp. support in a possible project follow-up with other funds, guidance on programme and national level is required

#### *External coherence with other policies*

The OP draft is coherent with the General Structural Fund Regulation and the ERDF Regulation, notably Article 6 (2). It is equally in line with the basic aim of Cohesion Guidelines, especially 2.5 on transnational co-operation (economic and social integration).

The OP draft was assessed for coherence with the National Strategic Reference Frameworks (NSRF) of all EU member states participating in the programme and for Croatia (Strategic Coherence Framework<sup>26</sup>). In addition, interviews were carried out with persons responsible for NSRF.

This assessment has revealed that all priorities of the draft OP are in line with the NSRF objectives and priorities. Therefore the contents of the programme are in line with national strategies. In those cases, where the NSRFs contain a specific chapter on territorial co-operation, it was also verified that the Draft OP correspond with the priorities and objectives stated therein. This coherence with the NSRF implies that – in principle – within each member state taking part in the OP South East Europe funding will be available through various OPs which can be used to co-finance follow-up actions to transnational projects.

When drafting the programme it was also taken into consideration that programmes under EAFRD and ESF shall fulfil a complementary function that overlapping is avoided and possible synergies can be created.

#### **Implementation system**

The draft OP contains a concise overview of the structures and procedures for programme implementation, including descriptions of the programme structures (MC, MA, JTS, CA<sup>27</sup>, AA<sup>28</sup>, CP<sup>29</sup>), the project life cycle, project development and call procedures, information and publicity as well as information on the involvement of non-EU member partner states in the programme area. In addition, descriptions of monitoring system and electronic data exchange are available.

<sup>26</sup> The SCF for the former Yugoslav Republic of Macedonia was not available at the time of programme drafting.

<sup>27</sup> Certifying Authority, CA

<sup>28</sup> Audit Authority, AA

<sup>29</sup> Contact Points, CP

Programme management structures are in line with ERDF requirements and take into consideration the experiences with management of the CADSES Neighbourhood Programme. It was thus decided to concentrate administrative structures on one location and to choose experienced institutions.

The roles and tasks of the various structures are clearly described and there is a clear division of tasks between Management, Certifying and Audit Authority.

On project level the lead partner principle is foreseen, thereby it can be built on experiences from the last programming period.

There is a good and useful description of desired quality of projects and the mechanisms for the generation of projects (targeted calls, 1 and 2 step procedures). This can make an important contribution to the intended focus on outputs and results, but the implementation of pro-active project development still remains unclear unless coherence between the chapters 4.2.2 and 7.2 is given.

The monitoring and evaluation system also displays an orientation towards observing the achievement of expected results and objectives. However, the descriptions at present are only rudimentary, and it remains to be seen whether the required focus on expected results and project contributions is actually integrated in the templates for applications and reports and if the foreseen on-going evaluation will be implemented in an adequate manner to support the Monitoring Committee in its envisaged steering tasks.

Concerning complementarity with other programmes, no provisions are made for overlaps with CENTRAL, Alpine Space and Mediterranean Programmes, beyond the application of the 20% rule. In particular, mechanisms for co-ordinating decision-making at project level should be introduced as well as provisions for the continuation of successful partnerships, which have been established within the (much larger) CADSES co-operation space.

To allow for a swift programme start as well as a smooth implementation of the programme, following recommendations of the ex-ante evaluation are underlined:

- A swift establishment of programme administration and procedures shall be ensured
- It shall be envisaged that all Contact Points have the same level of commitment and that financial support is ensured
- A rapid establishment of technical monitoring system and of control systems in the member states shall be strived for

### **Main results with regard to expected impacts**

In order to assess the likeliness of results and impacts, impact diagrams were prepared by the evaluators at the level of priorities. These initial diagrams were presented to the task force and discussed with the programming expert team.

These impact diagrams show that the expected effects are linked in a plausible manner to the types of activities/projects envisaged for support. All of the expected results and impacts are likely to be achieved with the foreseen activities. Therefore the programme displays a rather consistent „theory of action“, although quite a few of the impact mechanisms are yet to be specified or completed.

However, there is a clear need for continuous steering at programme level to ensure focus and progress towards results. Elements in this direction are the targeted calls, the development of strategic projects and continuous monitoring of project contributions (via applications/reports).

The indicator systems consists of two types – output and result indicators.

- In the proposed system outputs are captured at a rather aggregated level (number of projects on priority axes level), but with the additional set of indicators contained in the Programme Manual it will be possible to provide figures on indicators at the level of areas of intervention and thus meet the likely reporting requirements of the EC (which are not clear at present)
- Result indicators are considered as proxy indicators, which measure the contribution of the projects to programme objectives, but not the achievement of objectives per se

The Programme Manual will contain an additional set of indicators, which should provide more detailed and qualitative information on the projects supported by the programme, including a more detailed breakdown of indicators per area of intervention (Aol).

The financial allocations at priority level were agreed in a collaborative manner between the programme partners, taking into consideration their thematic preferences, their estimation on the potential for project generation and the experience gained during the current programme period. Based on these premises, the resulting distribution – clear preference for Priorities 2 (environment) and 3 (accessibility) – seems plausible, but the lower allocations for Priorities 1 (innovation) and 4 (sustainable growth areas) should still permit the achievement of their intended objectives.

A more refined picture of the financial allocations per area of intervention (based on an aggregation of the quantifications for the categories of expenditure) reveals that Aol 3.3 (multi-modal platforms), 1.1. (technology and innovation networks) and 3.1. (transport networks) will receive the highest allocations, closely followed by 2.2 (environmental risks) and 3.2 (accessibility to ICT). These five areas of intervention will receive almost 50% of the total funding, which is considered appropriate given that these are thematic areas of EU-wide importance, which also have a good potential to demonstrate a transnational value-added.

The smallest allocations are foreseen for Aol 1.3 (framework conditions for innovation), 2.1 (water management/risk prevention) and 2.4 (energy and resource efficiency). It remains to be seen whether the modest allocations of the two latter might not actually endanger the achievement of their operational objectives, therefore project generation in these two areas should be closely observed and reallocation of funds considered if the financial volumes prove to be too small.

The quantification of indicators is based on two plausible assumptions (average project size and expected contributions per project). The assumed average project size in terms of ERDF contribution (1,5 Mio.) is considerably higher than in the 2000 – 2006 CADSES programme (1 Mio.), due to intention of programme management to focus on larger projects, which can be handled easier. It remains to be seen whether this assumption is also in line with the financial capacity of the intended applicants, especially in the new member states.

Since the co-financing rate will be much higher than in the current programme period, the overall financial volume will be almost the same as in the 2000 – 2006 CADSES programme – as will be the expected total number of projects (130 vs. 134 at present).

The targets for the result indicators (expected contributions to the area of intervention objectives) are based on the assumption of on average three contributions per project, which seems ambitious

yet achievable – but will require adequate reporting of these contributions, so all of them can be duly captured.

Altogether it can be stated that the allocation of financial resources – both in terms of volume and their distribution to the priorities and areas of intervention – is in line with the programme’s theory of action. And it can therefore be expected that this allocation will provide adequate support for the achievement of the objectives as stated in the OP.

### Integration of core recommendations in the OP

The following table contains a synthesis of the main recommendations made during the ex-ante evaluation and how they have been incorporated during the programming process:

Tab. 9: Integration of core recommendations in the South East Europe OP

Ex-ante recommendations	Integration in the final OP draft
<i>Feedback to first OP draft (Sept. 2006)</i>	
Coherence analysis and SWOT with other programme parts to be improved – especially with strategy and priorities	The priority axes and corresponding areas of intervention are better explained in the light of the SWOT and challenges
Analysis shall be focused on OP relevant information, some chapters shall be strengthened or better described, SWOT structure shall be improved	The analysis chapter has a new structure according to priority axes, is a bit shorter and enriched with maps, important findings are emphasised. A new section “challenges” is added
Strategy has to be further developed, objectives and choice of priorities better justified	The strategy chapter is substantially revised, a table showing the systematic of objectives is added, the priority axes are better explained in the light of the SWOT and challenges
For the proposed activities transnational added value shall be ensured	The description of the priority axes and areas of intervention is substantially improved with respect to transnational added value
Within priorities innovation focus should be wider and pre-investment type of some projects underlined	The description of the priority axes and areas of intervention is substantially improved also with respect to pre-investment types of activities



<b>Feedback to OP draft 1.1. (Nov. 2006)</b>	
Doubts regarding eligibility of purely rural activities within "Priority 3 – Sustainable urban development" shall be considered	The revised priority axis 4: "Development of transnational synergies for sustainable growth areas" aims to develop and implement integrated strategies for metropolitan areas and regional systems of settlements, optimise the area's polycentric structures and use cultural values for sustainable development. Possible similar activities supported by EAFRD (European Agricultural Funds for Rural Development, including LEADER 2007 – 2013) have to be considered and co-ordinated in the implementation phase.
Risk of broad thematic approach shall be considered, complementarities with other programmes and clear criteria for project selection required	The programme adopts a common challenge approach focusing on strategic thematic issues for the area, which are thoroughly described in the priority axes and areas of intervention. Criteria for project selection are set out in point 7.2.2 and will be further developed in the Applicants Manual
Risk of lacking transnational added value shall be taken into consideration	With the improved description of the priority axes and areas of intervention this risk should be kept small
Risk of delayed start due to unclear focus, new implementation procedures and application of different funds shall be considered	The transnational co-operation programme poses a specific challenge. Against this challenge the operational programme is optimised in order to keep risks as small as possible. All further risks must be considered in the implementation. A high risk – beyond the means of programme management – lays in the lacking harmonisation of regulations and legal standards.
<b>Feedback to OP draft 2.1. (Jan. 2007)</b>	
Structure of priority description shall be improved	The description of priority axes follows in the revised OP an uniform structure (context, objectives, Explanation, target groups and/or indicative potential beneficiaries)
Indicators should be revised as outputs are only captured at a very aggregate level and for result indicators the relation to the descriptions of AoI is often not evident	Section 4.4 is completely revised in accordance with ex-ante evaluation
In the Implementation chapter some descriptions are too detailed, capitalization as task for JTS and CP could be mentioned	Sections 5.5 and 7.7 will be more harmonised
Description of call procedures shall be coherent between chapters	Recommendation is considered in the OP (Harmonisation of sections 4.2 and 7.2)
Description of project quality should be realigned in one chapter	The desired project quality is described in section 4.2 and 7.2.2 (and not only in one chapter). Strong signals to potential applicants are essential. "Implementation Principles" should be seen as part of the strategy and indicate qualitative requirements and not an administrative specification. Project selection criteria are outlined in point 7.2.2 and will be further developed in the Applicants Manual
International organisations, consortia and NGOs should be taken into consideration as eligible partners	NGOs meeting the criteria in the OP (point 7.2.3) are eligible project partners. The case of international organisations is still under consideration.

#### 4.6.2 Main findings of the strategic environmental assessment

According to the **SEA directive** (2001/42/EC) a Strategic Environmental Assessment has been performed for the South East Europe Programme.

The main aim of the Strategic Environmental Assessment was to assess significant impacts on environmental issues. Additionally, it was an objective to integrate environmental considerations into the programming procedure at an early stage to ensure a high level of environmental protection and promote sustainable development.

The process enabled the environmental authorities of the participating states and the general public to express their opinion on the environmental impacts of programme implementation.

This section delivers an overview of the main stages of the SEA process, also in correspondence to the overall process and programming steps.

Tab. 10: Procedural steps and timeline

PROGRAMMING PROCESS		2006 week	SEA PROCESS	
Sept 11.-12. 06	DT-Meeting Ljubljana	37	Diagnosis on environmental issues	
		39	Oct. 16. 06	<b>Scoping Report</b>
Oct. 12.-13. 06	TF-Meeting Bucharest, RO	41	Consultation with Environmental Authorities -> Comments on Scoping	
Nov. 03. 06	<b>OP Draft 1-0</b>	45	Nov. 10. 06	<b>1st Draft</b> (version 1-1) <b>Environmental Report</b>
Nov. 28. 06	OP Draft 1-1	48		
Dec. 06. / 07. 06	TF-Meeting Thessaloniki, GR	49		
Dec. 28. 06	<b>OP Draft 2-0</b>	52		
		<b>2007</b>		
		02	Jan. 31. 07	<b>2nd Draft</b> (version 2-1) <b>Environmental Report</b>
Feb. 06. / 07. 07	TF-Meeting Ljubljana, SLO	06		
Feb. 22. / 23. 07	Meeting with EC, TF-Meeting, Brussels	08		
March 19.07	<b>OP Draft 2-2</b>	10		
		12	March 21. 07	<b>3rd Draft</b> (version 2-2) <b>Environmental Report</b>
		12	March 22. 07	<b>start of public SEA-consultation</b>
April 19. / 20. 07	TF-Meeting Sinaia, RO			
May 4. 07	<b>Final OP, Version 3-0</b>	20	May 18. 07	<b>end of public SEA-consultation</b>
		20	May 23. 07	<b>“Summarizing Statement”, Vers. 1-0</b>
	<b>Submission to the EC</b>	29	July 18. 07	
		34	Aug. 23. 07	<b>“Summarizing Statement”, Vers. 2-0</b>
	<b>Re-Submission to EC</b>	44 / 45	Oct. 31. 07	<b>“Summarizing Statement”, Final Version</b>

## Environmental Report – methodology and results of assessment

The Environmental Report describes the current situation and likely development of environmental issues. This “zero-option” represents the “baseline” for the overall assessment process within the SEA. International environmental objectives, laws and regulations with relevance to the environmental issues within the programming area of South East Europe are summarized.

For each area of intervention possible effects on the relevant environmental issues have to be analysed, referring to “guiding questions” and environmental protection objectives. As none of the areas of intervention are described sufficiently detailed to perform a quantitative assessment, the assessment concentrates on a qualitative description of possible impacts on relevant environmental issues referring to SEA directive (2001/42/EC).

The SEA directive requests to identify reasonable alternatives to the programme. In a multi-step process the SEA provided recommendations in order to optimize the programme. Positive, neutral and negative effects on environmental issues of different draft versions of the Operational Programme were assessed during the programming process. The SEA team suggested reformulations of priority axes / areas of intervention, new activities and project selection criteria to the Task Force which were mostly incorporated in the final versions of the programme. These suggestions and recommendations are regarded as possible alternatives to the Operational Programme (SEA Directive, Art. 5).

Due to the specifications of Article 6 of the ERDF Regulation the “zero-option” is not regarded as a “reasonable alternative” in the light of the Directive. However the environmental impact of the “zero-option” is illustrated in chapter 5 of Environmental Report according to Annex I lit. b of the Directive.

Tab. 11: Content of the Environmental Report acc. Article 5 and Annex I of the SEA-Directive

Directive provision	Chapter Environm. Report	Comments
Lit. a) outline of the contents, main objectives of the plan or programme and relationship with other relevant plans and programmes	Chapter 2	The final draft of the programme and the herein outlined priority axes / areas of intervention are the product of continuous interaction between the SEA team and the Task Force.
Lit. b) relevant aspects of the current state of the environment and the likely evolution thereof without implementation	Chapter 5	Including an assessment of environmental impact of the “zero-option”
Lit. c) the environmental characteristics of areas likely to be significantly affected	Chapter 5	Most environmental data were analysed on a transnational base due to the character of the Operational Programme.
Lit. d.) any existing environmental problems which are relevant to the plan or programme including, in particular, those relating to any areas of a particular environmental importance, such as areas designated pursuant to Directives 79/409/EEC and 92/43/EEC;	Chapter 5	Chap. 5-5 includes an overview of number and area of sites pursuant to Directives 79/409/EEC and 92/43/EEC (Natura 2000 network).
Lit. e) the environmental protection objectives, established at international, Community or Member State level, which are relevant to the plan or programme and the way those objectives and any environmental considerations have been taken into account during its preparation;	Chapter 4	As the South East Europe Programme operates on a transnational level, the description of environmental objectives was focused on international and Community frameworks.

Lit. f) (f) the likely significant effects on the environment, including on issues such as biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, material assets, cultural heritage including architectural and archaeological heritage, landscape and the interrelationship between the above factors;	Chapter 6	The assessment of likely significant effects on the environment was elaborated upon the relevant information, based on the different stages of programme development. It resulted in an interactive process, leading to an optimized version of operational programme.
Lit. g) the measures envisaged to prevent, reduce and as fully as possible offset any significant adverse effects on the environment of implementing the plan or programme;	Chapter 6	The suggested reformulations and amendments were provided to the programming team (Task Force) and discussed within an iterative process. They have been mostly integrated into the final draft of the programme. Detailed criteria used in course of project selection (incl. eligibility and quality criteria in terms of environmental impact) will be approved by the future Monitoring Committee and will be communicated to project applicants in form of "Applicants Manuals" (see OP, chap. 7.2.2)
Lit. h) an outline of the reasons for selecting the alternatives dealt with, and a description of how the assessment was undertaken including any difficulties (such as technical deficiencies or lack of know-how) encountered in compiling	Chapter 3	There is not any alternative for a fundamental change of the overall structure of the programme, as possible strategies and priority axes have to refer to Art. 6 of the ERDF Regulation. The assessment of different draft versions of the Operational Programme (including different approaches to reach the aims of the priority axes) complies with the request of SEA-directive to "deliver an outline of the reasons for selecting alternatives".
Lit. i) a description of the measures envisaged concerning monitoring in accordance with Article 10	Chapter 7	Environmental indicators will be an integrated part of the extended set of monitoring indicators, which will be concluded within a separate document by the future Monitoring Committee (OP, chap. 7.6.1)
Lit. j) a non-technical summary of the information provided under the above headings	Chapter 0	No additional comment

### Integration of SEA process during programming

The preparation of the Operational Programme was conducted within the transnational Task Force composed by representatives of national authorities of participating EU member states, actual and potential candidate countries as well as of third countries, which were supported by external experts providing the technical assistance on the programming, the ex-ante evaluation and strategic environmental assessment. The process involved a number of meetings of the Task Force and discussions with continued feedback between the SEA and the programming experts from September 2006 to April 2007. The involvement of environmental authorities and SEA-experts in the programming process and the closely linked SEA process ensured that environmental aspects were considered at an early stage and were adequately integrated.

### Possible environmental impacts of the programme (non-technical summary)

The programme integrates positive impacts on environmental issues into transnational cooperation and development activities. Priority axis 1 supports the creation or restructuring of technology & innovation-oriented networks, which will increase the implementation of best (or almost) best technologies and – in a mid-term perspective – will lead to more resource and energy efficiency in production and service sector. Priority axis 2 supports the protection of environment and natural resources, with positive impacts on most of the environmental issues including biodiversity and hu-

man health. Priority axis 3 aims to change transnational framework conditions for promoting, planning and operation for primary & secondary transportation networks and multimodal platforms. Priority axis 4 promotes activities to improve living conditions in urban areas, with positive impacts on water resources, soil, air and environmental related health risks.

An assessment of possible positive or negative effects cannot be performed for all areas of intervention, due to the lack of information on details about possible downstream activities. Some activities seem to have only limited impact on environmental issues (e.g. “Develop the enabling environment for innovative entrepreneurship”).

Negative impacts on environmental issues cannot be excluded, if the programme supports planning and preparation of transport infrastructure (road, rail, waterways) without taking into account environmental impacts. This could lead to an increase in land take, fragmentation of habitats and additional impact through air and noise pollution in sensitive areas. Ongoing implementation of risk technologies (like gen manipulated seeds) or the unbalanced exploitation of energy sources could have negative impacts on landscape, soil and biodiversity. These assessment results should be taken into account during project selection procedures.

### **Main results**

Programme priority axes and areas of intervention will mostly have positive or neutral impacts on the relevant environmental issues. Significant negative impacts on the environment can be excluded, as project selection criteria will be elaborated in line with the overall principle “promotion of sustainable development”.

Programme implementation should focus on key issues of long-term balanced development in a transnational context, like reducing negative impacts of climate change, air emission control, cooperative management of natural assets, sustainable transport systems and integrated risk management.

### **Recommendations of the Environmental Report**

The SEA provided recommendations for improving the Operational Programme from the environmental point of view. These proposals for new activities, reformulations and for the selection of projects to be implemented aimed at the promotion of positive environmental effects and the mitigation of possible negative impacts on the environment. The table below gives an overview on main SEA suggestions and how these have been considered in the programme.

Tab. 12: Recommendations of the Environmental Report

SEA Comments	Integration into the OP
Diffusion and application of innovation should influence economic development, which leads to more resource and energy efficiency, especially by establishing regional knowledge capabilities and technology transfer institutions which work on these issues.	This objective is widely addressed under priority axis 1: "Facilitation of innovation and entrepreneurship": Activities should generate concrete projects in building up technology & innovation capacity for improved products, processes and services, integrating cleaner technologies and supporting innovation in public services.
Transnational technology & innovation networks should integrate "risk assessments" to identify possible environmental risks and social impacts of new technologies.	This recommendation was incorporated into the Objectives of Priority Axis 1.
<p>The Operational Programme should explicitly address transnational activities, which support long-term reduction of air emissions, including greenhouse gas emissions beyond the target time frame of Kyoto-protocol (2012+).</p> <p>Know-how transfer should be supported in the field of integrated waste management, air emission control, cleaner production and consumption as well as energy efficiency.</p>	Priority axis 2 supports activities, which intend to "promote energy & resource efficiency": The purpose of this area of intervention is to support transnational cooperation in the adoption of EU policies and directives including community frameworks for energy efficiency and reduction of greenhouse gas emissions. Transnational activities, which support integrated waste management and long-term reduction of air emissions are addressed by priority axis 4, particularly by the area of intervention "tackle crucial problems affecting metropolitan areas".
Projects which aim to increase the exploitation of renewable energy sources should be accompanied by impact assessments, analysing possible negative impacts on agriculture, forestry, biodiversity, soil, water, air and landscape development.	This recommendation will be incorporated into the project selection procedure to be developed by the future Monitoring Committee.
The transnational programme should concentrate on developing sustainable and energy efficient transportation systems including multi-modal logistics and alternative modes to improve accessibility without significant environmental impacts (esp. reducing air emissions, noise, land take).	This recommendation was incorporated into the Objectives of Priority Axis 3.
<p>All projects which will support the development of physical transport infrastructure and / or extension of transport networks should be accompanied by impact assessments (EIA-SEA), reflecting long-term effects on urban development, land take, biodiversity, air pollution and climate change.</p> <p>The Operational Programme shall not support transnational projects, which may disaccord with existing European legal framework (like Water Frame Directive, Natura 2000 network).</p>	<p>This recommendation will be incorporated into the project selection procedure to be developed by the future Monitoring Committee.</p> <p>Detailed criteria (including eligibility and quality criteria) used in course of project selection will be developed and approved by the future Monitoring Committee (see OP, chap. 7.2.2). These criteria will also guarantee that there shall be no disaccord with existing European legal frameworks (like Water Frame Directive, Natura 2000 network). The Monitoring Committee can restrict the scope of eligible applicants in a given Call for Proposals taking into account the specific arrangements of the given Call.</p>
Sustainable urban networks should optimise material flows, energy efficiency, low emission transport systems (including up-grading of public transport). It is suggested to add these principles to the overall objectives of programme implementation.	These principles are incorporated into the Objectives of Priority Axis 2 "Protection and improvement of the environment" and Priority Axis 4 "Development of transnational synergies for sustainable growth areas".
Strategies for regeneration of high-rising housing estates with low construction standards, decayed urban districts and polluted industrial areas should be addressed by transnational activities, including pilot projects, technical assistance and new governance methods.	Strategies for tackling serious problems of urban areas (including rehabilitation of urban brownfields) are explicitly addressed by Area of Intervention "Tackle crucial problems affecting metropolitan areas and regional systems of settlements" (Priority Axis 4) – see "Examples of (multilevel) activities, Developing transnational synergies in Planning and Governance

<p>Sustainable tourism development should be integrated into the Operational Programme as one additional area of intervention, which supports the objective of priority axis 4 "Development of transnational synergies for sustainable growth areas", particularly in coastal areas and mountainous regions.</p>	<p>Transnational strategies which support sustainable tourism development could be addressed by the Area of Intervention "Tackle crucial problems affecting metropolitan areas and regional systems of settlements" (Priority Axis 4), as highly concentrated tourism activities in sensible areas may create crucial problems of interrelated economic, environmental, social and governance nature.</p>
<p>Assistance to project generation and implementation of project selection criteria should include the recommendations listed in chap. 6.2 of Environmental Report.</p> <p>The programme manual should comprise a set "environmental impact indicators" which make the programme achievements in terms of "sustainability principles" visible to the programme partners and the broader public.</p>	<p>This recommendation shall be incorporated by the JTS / Monitoring Committee when developing Applicants Manuals and detailed project selection criteria (see OP, chap. 7.2.2).</p> <p>Environmental indicators will be an integrated part of the extended set of monitoring indicators, which will be concluded within a separate document by the future Monitoring Committee (see OP, chap. 7.6.1)</p>

### Public Consultations

According to SEA-Directive Art. 5 and 6 environmental authorities and the public had the opportunity to express their opinion on the draft Operational Programme and the Environmental Report.

There were two key stages of consultation within the SEA-process:

- Stage 1: Scoping – Consultation with environmental authorities on scope and level of detail of Environmental Report in all participating member states: 16. Oct. - 30. Oct. 2006
- Stage 2: Environmental Report and Draft Operational Programme – Consultation with the general public and environmental authorities on Environmental Report and Draft Programme:

Information for the general public about the ongoing planning process including the relevant documents and invitation to send comments was provided on the website [www.cadses.net](http://www.cadses.net) (23 March – 18 May 2007).

Environmental authorities in all member states were invited by the Task Force-members to send comments on the Environmental Report and Draft Operational Programme, in accordance with national legislation for implementation of SEA directive (23. March – 18. May 2007). In all member states public consultation was performed according to national SEA legislation. The schedule for national environmental authorities to finish summarizing statements was therefore extended until end of Sept. 2007.

### Results of public consultation and how they were taken into account in the final operational programme

All issues raised during public consultation have been brought in by national environmental authorities or multi-national governmental organisations (UNEP / Interim Secretariat of the Carpathian Convention). Civic society organisations or environmental NGOs have not placed any comment during public consultation. To deliver an overview, they contained recommendations as follows:

- Extended analysis of the current situation of environmental issues ("zero-alternative" of not implementing the programme)

- Detailed normative references on international level, particularly according to the thematic of air quality, human health and flood protection
- Details on project selection criteria should be part of the operational programme which could guarantee that SEA-results and environmental impacts will be taken into account during programme implementation
- “Compliance with international, European and the national legislation on SEA and environmental impact assessment” to be added to the measures for reduction of possible negative impacts on the environment
- More stringent obligation towards a monitoring system on the environmental impacts

All relevant issues concerning environmental issues, which were raised during the public consultation in participating member states of South East Europe programme, are outlined in the Annex of the Operational Programme. The Annex also includes remarks about how the results of public consultation were addressed in the final Operational Programme. This final overview was elaborated at October 31, 2007 after closure of general public consultation, including statements from all national environmental authorities, where consultation procedures were extended according to national SEA legislation.

### **Monitoring the environmental impacts of the programme**

The Operational Programme provides a set of core indicators for monitoring and evaluation. The full set of indicators will be further developed in a separate document by the future Monitoring Committee. It is strongly recommended, that environmental indicators should be an integrated part of the extended set of indicators, as monitoring and on-going evaluation will “form an indispensable basis for the reporting and communication needs to make the programme achievements visible to the programme partners and to a broader public.” (OP, chapter 7.6.1).

Additionally, the monitoring has to fulfil following requirements:

- It has to evaluate the results of the environmental assessment referring to chap. 6 of Environmental Report
- It has to reveal of unforeseen significant environmental effects
- It has to measure the effectiveness of project selection procedures in terms of mitigation and avoidance of significant adverse effects on environmental issues

The monitoring shall enable the programme authorities to take remedial action if the evaluation shows unexpected adverse environmental effects.

When preparing project selection criteria (including eligibility as well as quality criteria; see OP, chap. 7.2.2) it will be essential to include requirements avoiding significant effects on relevant environmental issues. A preliminary impact assessment on environmental issues is recommended, probably on the basis of “guiding questions” (see chap. 3.3.1 of Environmental Report).

Any project likely to have a significant effect on Natura 2000 sites has to be subject to appropriate assessment of its implications according to Art. 6 and 7 of Habitat Directive.



## 4.7 Indicative breakdown by category at programme level

Tab. 13: Indicative breakdown by codes for the priority theme at programme level (in accordance with Annex II of the Commission Implementing Regulation)

Theme	Code	Priority theme dimension (according to Commission Regulation No. 1828/2006)	Allocation ERDF
<i>Research and technological development (R&amp;TD), innovation and entrepreneurship</i>	3	Technology transfer and improvement of co-operation networks between small businesses (SMEs), between these and other businesses and universities, post-secondary education establishments of all kinds, regional authorities, research centres and scientific and technological poles (scientific and technological parks, technopoles etc.)	13.567.756
<i>Research and technological development (R&amp;TD), innovation and entrepreneurship</i>	5	Advanced support services for firms and groups of firms	8.193.515
<i>Research and technological development (R&amp;TD), innovation and entrepreneurship</i>	6	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (introduction of effective environment managing system, adoption and use of pollution prevention technologies, integration of clean technologies into firm	556.207
<i>Research and technological development (R&amp;TD), innovation and entrepreneurship</i>	9	Other measures to stimulate research and innovation and entrepreneurship in SMEs	1.365.586
Information society	11	Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content etc.)	4.851.251
Information society	12	Information and communication technologies (TEN-ICT)	3.199.328
Information society	13	Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion etc.)	6.174.073
Information society	14	Services and applications for SMEs (e-commerce, education and training, networking etc.)	3.199.328
Information society	15	Other measures for improving access to and efficient use of ICT by SMEs	3.199.328
Transport	16	Railways	3.530.293
Transport	17	Railways (TEN-T)	3.530.293
Transport	19	Mobile rail assets (TEN-T)	882.573
Transport	20	Motorways	882.573
Transport	21	Motorways (TEN-T)	882.573
Transport	25	Urban transport	3.530.293
Transport	27	Multimodal transport (TEN-T)	15.058.908
Transport	28	Intelligent transport systems	6.453.818
Transport	29	Airports	882.573
Transport	30	Ports	1.765.147
Transport	32	Inland waterways (TEN-T)	1.765.147
Energy	39	Renewable energy: Wind	865.211
Energy	40	Renewable energy: Solar	865.211
Energy	41	Renewable energy: Biomass	865.211
Energy	42	Renewable energy: Hydroelectric, geothermal and other	865.211
Energy	43	Energy efficiency, co-generation, energy management	865.211
<i>Environmental protection and risk prevention</i>	44	Management of household and industrial waste	865.211
<i>Environmental protection and risk prevention</i>	45	Management and distribution of water (drinking water)	865.211
<i>Environmental protection and risk prevention</i>	46	Water treatment (waste water)	865.211
<i>Environmental protection and risk prevention</i>	47	Air quality	865.211
<i>Environmental protection and risk prevention</i>	48	Integrated prevention and pollution control	865.211
<i>Environmental protection and risk prevention</i>	49	Mitigation and adaptation to climate change	865.211

Theme	Code	Priority theme dimension (according to Commission Regulation No. 1828/2006)	Allocation ERDF
<i>Environmental protection and risk prevention</i>	50	Rehabilitation of industrial sites and contaminated land	865.211
<i>Environmental protection and risk prevention</i>	51	Promotion of biodiversity and nature protection	5.373.983
<i>Environmental protection and risk prevention</i>	52	Promotion of clean urban transport	865.211
<i>Environmental protection and risk prevention</i>	53	Risk prevention (including the drafting and implementation of plans and measures to prevent and manage natural and technological risks)	17.895.363
<i>Environmental protection and risk prevention</i>	54	Other measures to preserve the environment and prevent risks	3.331.869
<i>Tourism</i>	55	Promotion of natural assets	3.358.739
<i>Tourism</i>	56	Protection and development of natural heritage	3.358.739
<i>Culture</i>	58	Protection and preservation of the cultural heritage	4.464.540
<i>Culture</i>	59	Development of cultural infrastructure	4.464.540
<i>Culture</i>	60	Other assistance to improve cultural services	4.464.540
<i>Urban and rural regeneration</i>	61	Integrated projects for urban and rural regeneration	17.196.745
<i>Improving access to employment and sustainability</i>	70	Specific action to increase migrants' participation in employment and thereby strengthen their social integration	661.413
<i>Improving the social inclusion of less-favoured persons</i>	71	Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity at the workplace	1.322.827
<i>Improving human capital</i>	74	Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses	18.347.113
<i>Strengthening institutional capacity at national, regional and local level</i>	81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes	15.331.430
<i>Technical assistance</i>	85	Preparation, implementation, monitoring and inspection	6.200.749
<i>Technical assistance</i>	86	Evaluation and studies; information and communication	6.200.749
<b>Total allocation ERDF</b>			<b>206.691.645</b>

Tab. 14: Indicative breakdown by codes for finance and territory at programme level (in accordance with Annex II of the Commission Implementing Regulation)

Dimension 2: Codes for the form of finance		Dimension 3: Codes for the territorial dimension	
Code	Allocation in Euro	Code	Allocation in Euro
01 Non-repayable aid	206.691.645	09 Transnational co-operation area	206.691.645

## 5. Priority Axes

This chapter provides detailed explanations on the selected priority axes and subsequent areas of intervention. The priority axes should not be considered as “completely separated compartments”, they follow an integrated approach and show many interfaces. In practice applications can tackle one area of intervention only or can be relevant for more than one priority axes. In the latter case applicants and programme management have to consider which priority axes matches the projects focus at the best and apply under that priority axes only.

The operational programme defines a total of four priority axes plus a priority axis for technical assistance. The priority axes cover a certain number of **indicative areas of intervention**. The implementation of the areas of intervention will lead to the achievement of the global and specific programme objectives.

Fig. 4: Priority axes and areas of intervention

Priority axes	Areas of intervention			
<b>P1: Facilitation of innovation and entrepreneurship</b>	1.1 Develop technology & innovation networks in specific fields	1.2 Develop the enabling environment for innovative entrepreneurship	1.3 Enhance the framework conditions and pave the way for innovation	
<b>P2: Protection and improvement of the environment</b>	2.1 Improve integrated water management and flood risk prevention	2.2 Improve prevention of environmental risks	2.3 Promote co-operation in management of natural assets and protected areas	2.4 Promote energy & resource efficiency
<b>P3: Improvement of the accessibility</b>	3.1 Improve co-ordination in promoting, planning and operation for primary & secondary transportation networks	3.2 Develop strategies to tackle the “digital divide”	3.3 Improve framework conditions for multi modal platforms	
<b>P4: Development of transnational synergies for sustainable growth areas</b>	4.1 Tackle crucial problems affecting metropolitan areas and regional systems of settlements	4.2 Promote a balanced pattern of attractive and accessible growth areas	4.3 Promote the use of cultural values for development	
<b>P5: Technical assistance to support implementation and capacity building</b>	5.1 Secure the core management for the implementation of the programme	5.2 Implement accompanying activities to support the generation and implementation of high quality, result oriented transnational projects and partnerships		

## 5.1 Priority Axis 1: Facilitation of innovation and entrepreneurship

### Context

The analysis highlighted that the programme area is characterised by **strong disparities** in economic power and innovation activities between the countries but also within each state. A clear **West-East divide** becomes apparent with the **strongest regions** located in the West (Italian regions, Austria) and the **least developed** in the East (capital city regions and Greece being an exception). In terms of **economic dynamics** the last decade brought high economic growth leading especially in capital regions to a remarkable **catching-up process** with Western Europe. Growth performance of regions especially in new EU member states, is better than in most of the Western European countries.

The area seems to have a low performance with respect to R&D indicators on one hand and on the other hand, a **dual spatial pattern** is shown where **few countries** have innovative activities **comparable to EU standards** but the **majority** of them has **low levels of innovative activity** (also due to yet lacking regulations and institutional capacities mainly in potential candidate and third countries) and as a result, low levels of competitiveness. Generally, the **innovation capacity of SMEs** is much lower than in large industry, therefore it will be very important to establish qualified and fitting frameworks to motivate SMEs for innovation activities or to bring them closer to the results of R&D activities.

An “acceleration strategy” to facilitate innovation activities should build upon **strengths and opportunities to be exploited**. These are: R&D Infrastructure and qualified human resources well developed in the central regions, strong foreign direct investments in the new member states, present university research institutes as starting points. Transnational action could serve to **pool “subcritical mass”** to achieve **better visibility** even internationally.

### Objectives of the priority axes and resulting operational objectives

In the light of this context and conclusions the Priority Axis 1 shall contribute specifically to the future development of South East Europe as a **place of innovation** contributing indirectly to the economic growth and employment in the technology sector.

This priority axis aims at facilitating innovation, entrepreneurship, knowledge economy and enhance integration and economic relations in the co-operation area and seeks in particular to achieve **three operational objectives** and will support transnational partnerships and action that contribute to:

- Develop technology and innovation networks in specific fields
- Develop the enabling environment for innovative entrepreneurship
- Enhance the framework conditions and pave the way for innovation

Based on the significant regional differences in the area, the development of the innovation capacity should take **different directions of support** considering competitiveness and integration as complementary:

- Firstly, addressing the areas strengths and opportunities through networking. Emphasis should be given to actions built on **existing poles of activity** in order to exploit regional potential for

technology and innovation and to foster networking and technological co-operation in **specific technology fields** (e.g. advanced engineering, Information and Communication Technologies, ...)

- Secondly, addressing **structural deficits in the SME sector**, such as missing access to knowledge, “bad roads” to markets, low levels of co-operation, low level of internationalisation and lacking openness for new technologies
- Thirdly, emphasis should be given in the strengthening of the **enabling innovation environment** (the governance level) and the promotion of public awareness (“grass-root approach”).

The major support for research, technology and innovation projects in Europe and South East Europe stems from national and European programmes and schemes (e.g. FP7-RTD, CIP-Competitiveness and Innovation Framework Programme 2007 – 2013, specific innovation priorities of Community Support Frameworks and OPs).

However, a heavy concentration of research, technology and innovation activities and related investment is noticeable at the **North-West edge** of the programme area, at the edge of the “Pentagon”. Those regions make **full use of the opportunities** offered by the EU programmes mentioned above. The **challenge** for the programme area would be the development of **common interests** in the relevant fields, resulting to **successful transfer** of these capacities to potential poles.

The territorial co-operation programme shall tackle still existing fragmentation along national and regional lines, draw on the creative potentials available in the area and teaming up national and regional actors to encourage the innovation spirit and building up innovation capacity. In this respect transnational co-operation should **complement** European and national technology and innovation programmes.

The **orientation on research, technology and innovation** encloses a significant organisational and entrepreneurial development aspect. The emphasis on pure academic research would neglect the importance of structural adjustments and maturity of the business environment for entrepreneurial research and development.

The goal is to establish an **optimal development environment** for innovative enterprises, starting from the identification of scientific research findings, which can be commercially exploited, and their transfer to the business world, to the promotion of co-operative relationships. The programme does not intend to compete with, or substitute mainstream research programmes. Networks should not be dominated by academic institutions but consist of applied innovation actors. Last but not least the programme can make a significant contribution in integrating “risk assessments” identifying possible environmental risks and social impacts of new technologies at a transnational level.

**Target groups and/or indicative potential beneficiaries are primarily:** Collective business support actors; technology and innovation actors; local, regional and national governments and additionally culture and education actors.

## Areas of intervention

### 5.1.1 Develop technology and innovation networks in specific fields

The programme area faces many research, technology and innovation facilities and educational infrastructures and potential poles with initial experience in co-operation, but in general sub-critical mass and lack of (international) visibility.

So there is a need to foster co-operation of networks, clusters, technology platforms to create critical mass and **strengthen specific technology fields**, gain (international) visibility, enable research, technology and innovation actors to participate at European programmes more effectively, set up mechanism to allow sharing and dissemination of key technologies, and help to establish supply chains.

The **purpose** of this area of intervention is primarily the preparation, creation or the restructuring of technology and innovation-oriented networks in specific technology fields in the industrial and service sectors relevant for the programme area.

The co-operation should – in the ideal case – generate concrete projects in building up technology and innovation capacity for improved products, processes and services in specific technology fields (e.g. advanced engineering, automotive, ICT, plastics, Life science, urban technologies) and should achieve at longer term a more intensive use of technology and innovation in South East Europe. Therefore attention should be given also to the application of technology and innovation at local and regional level and at integrating cleaner technologies and promoting innovation in public services (e.g. green procurement).

Activities should go beyond singular interests and show a real **co-operative character** and **mutual benefits**.

Networking should be directly linked to action to develop **skills and competencies**. The **exchange of skill at various levels** should be fostered (innovators, researchers, professors, students) allowing the sharing of experience and knowledge.

In the framework of technology and innovation-oriented networks the implementation of co-operative pilot projects connected with **small-scale investments** is possible.

In the programme area the **public sector** is expected to be the main business contract generator especially through the utilization of Structural Funds. Networks fostering innovation and new technologies (e.g. clean and energy efficient technologies, information and communication technologies to manage mobility) shall promote the inclusion of **innovative aspects in the public procurement**. This approach could be twofold: One the one hand innovative solutions will be introduced in public services, on the other hand innovation could acquire the necessary critical mass for market success. The introduction of an **innovation-oriented public procurement** requires the development of public procurement rules and the assessment of tender rules that allow for the accommodation of technical change and innovation risks (e.g. in the development of modern technologies for water treatment plants, innovative energy concepts for public buildings, software solutions for e-government and e-democracy).

Co-operation should also be sought with the **Innovation Relay centres** (IRC) which are financed under the CIP (Competitiveness and Innovation Framework Programme 2007 – 2013). One of the major tasks of these IRC offices is to find suitable co-operation partners across Europe.

**Specific target groups and/or indicative potential beneficiaries** for this area of intervention are technology and innovation actors/facilities, including tertiary education.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Preparing activities that support the development of technology and innovation-oriented networks in specific technology fields (e.g. feasibility studies, set up of databases)
- Developing transnational partnerships around research, technology and innovation centres and agencies in sectors with high technology contents
- Facilitating the formation or consolidation or restructuring of transnational networks of productive clusters
- Creating or reinforcing co-operation networks between companies and research, technology and innovation facilities of different countries and promoting joint action regarding applied research
- Creating transnational exchange-teams (out of technology and innovation agencies, centres) specialised in measures building up technology and innovation capacity for improved products, processes and services
- Transnational partnerships promoting the inclusion of innovative aspects in the public procurement regarding the application of technologies of common interest
- Strategic co-operation aiming at enhancing the use of innovative and cleaner new technologies and its application at local and regional level
- Establishing transnational networks between appropriate tertiary education and research, technology and innovation facilities
- Establishing joint training courses in connecting with technology and innovation networks
- Establishing science- and technology park networks developing standards and locational requirements for successful technology oriented real estates (“integrated high tech campus”) to be situated in the programme area
- Increasing the internationalisation level of research, technology and innovation facilities, especially in universities and in those areas, where the international rating for high educational level and research offer is still inadequate
- Facilitating the application of technological innovation in the programme area by enhancing the mobility of researchers, supporting the exchange of knowledge
- Fostering policies to support access to and link between research, technology and innovation facilities.

### 5.1.2 Develop the enabling environment for innovative entrepreneurship

The need in the programme area seems to be obvious: A SME-based economy with some leading companies as driving forces in innovation and internationalisation, but inadequate co-operation and internationalisation of SME, clusters remaining at local level, big disparities in economic development throughout the programme area.

The **purpose** of this area of intervention is primarily the preparation and/or creation (or the restructuring) of networks for better utilization of the possibilities of the South East economic area and for a more effective provision of collective business and innovation support services especially for SMEs.

This area of intervention promotes “second level” clustering that means networking of existing **SME-support facilities** in the programme area to set up mechanisms to allow sharing and dissemination of effective approaches in supporting SME.

Therefore networks should exchange, develop, promote and apply (in pilot projects) appropriate “soft measures”, e.g. for better exploitation of the market opportunities in the area, ensuring SMEs’ access to relevant information, support technology transfer, encouraging micro and family firms to develop entrepreneurial spirit, mobilise start ups, manage intellectual and industrial property rights and patent rights, ease the access to appropriate forms of finance and promote skills and knowledge necessary for innovation.

**Specific target groups and/or indicative potential beneficiaries** for this area of intervention are business support actors/facilities with a view of the needs of SMEs.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Networking of SME-support facilities to set up mechanisms for developing, sharing and dissemination of effective approaches in supporting innovative entrepreneurship
- Pooling expertise in networks to help SMEs diagnose and solve legal, organisational and human issues associated with innovation processes
- Co-operation activities for the support and promotion of female entrepreneurship
- Exchanging of practice and experience among innovative SME (managed by SME-support facility)
- Increasing the SMEs’ awareness of innovation and technology approaching better roads to market
- Developing standards and locational requirements for successful innovation oriented real estates (“innovative business parks”) to be situated in the programme area
- Developing regional business support structures within transnational partnerships
- Co-operation in the field of innovation financing, making SMEs more familiar with various financial engineering techniques or setting up of transnational innovation trusts.



### 5.1.3 Enhance the framework conditions and pave the way for innovation

Strengthening the **capacity of institutions and of the society for innovation** is a critical component of overall innovation performance. **Missing or lacking** (national) **innovation strategies** are a main characteristic of the programme area's innovation capacity. Whilst there has been in the best-case attention focused on national and regional level of innovation systems, the programme is seeking also to encourage the "transnational innovation system" for South East Europe. Transnational co-operation is considered to be suitable to develop the institutional framework to facilitate and foster innovation, to create an innovation friendly environment by co-ordinated action in the programme area (Innovative milieu, new forms of institutional governance). This could be developed taking into account the experiences on existing good practice in "Regional Innovation Strategies" from the EU's Innovative Action Programmes.

The **purpose** of this area of intervention is primarily to set up exchange and co-ordination mechanisms for research, technology and innovation approaches and policies (governance aspect) and to increase public awareness on the importance of technological progress by transnational actions in the area (awareness aspect).

A **modern system of promoting innovation** requires the understanding of a majority of citizens. The image and success of technology locations depends also on how the general social climate for new developments is open-minded. In a society, which tendentious positively faces "new", also innovative ideas will more easily become generally accepted and will attract researchers and enterprises. Concerning the long-term impact of the interventions special attention should be paid to the young people, especially parallel to educational schemes.

Activities should e.g. support the image formation of South East Europe as a place of innovation and growth, encourage young people to develop entrepreneurial spirit, mobilise existing institutions in contacting and communicating with the population, wake enthusiasm for scientific education, tackle information lacks in the area of technology and innovation, diminish fears concerning new technologies, paying special attention to gender issues to increase the participation of women in technology and innovation.

This intervention extends partly the classical target groups for technology and innovation and connects with the Information Society for all. For the support of activities specific quality standards may be defined. Activities should target a defined group and not represent singular interests or products.

**Specific target groups and/or indicative potential beneficiaries** for this area of intervention are national and regional governments, culture and education actors, business support actors, technology and innovation actors.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Setting up exchange and co-ordination mechanisms for research, technology and innovation approaches and policies across South East Europe between key players of the innovation system (including exchange schemes)
- Improving the common governance at regional and local level with respect to innovative entrepreneurship. Activities can support the development of "innovation management", "innovation

support” and “innovation governance” through analysis and monitoring of innovation performance and the development and co-ordination of innovation policy

- Networking between regions sharing an interest in a specific economic field /sector, aiming at strengthening the economic profile of respective regions
- Promoting the image formation of South East Europe as a place of innovation and growth by ICT
- Mobilising existing institutions (e.g. research institutes, education centres, media) in contacting and communicating via ICT with citizen to promote innovation
- Using ICT-tools of the evolving Information Society to encouraging young people to develop entrepreneurial spirit and wake enthusiasm for scientific education (e.g. open labs for pupils accessible by ICT)
- Taking the chance to explain and experiment the potential of Environmental Technologies Innovation.

## 5.2 Priority Axis 2: Protection and improvement of the environment

### Context

Environment sets one of the **basic pillars of the EU Cohesion Policy** as defined in the Gothenburg Priorities, underlining the environmental dimension of the EU interventions and the need for protection and enhancement of environmental resources as a pre-condition for sustainable growth. Environmental objectives are epitomised in the **6. Environment Action Programme** of the European Community 2002-2012 (6. EAP), which identifies four environmental areas for priority actions: 'Climate Change', 'Nature and Biodiversity', 'Environment, Health and Quality of Life' and 'Natural Resources and Waste'. For the entire area the 6. Environmental Action Plan and the derived seven thematic strategies (e.g. Thematic Strategy on Air, Waste prevention and recycling, Marine Environment, Soil, Pesticides, Natural resources and Urban Environment) offer a **usable guideline for transnational action**.

South East Europe is characterised by a **large and diverse setting of natural environments** ranging from alpine to continental and Mediterranean regions. A large number of areas are rurally dominated and are characterised by **intact ecosystems** and unspoiled natural elements. Other areas are **heavily affected by industrialisation**, land take and urban sprawl, road traffic and intensive agriculture. Border zones pose challenging zones since they are fragmenting protected areas and ecosystems while simultaneously they have developed to zones of minimal human impact due to the former political dividing lines.

According to the **SWOT** the area is characterised by rich biodiversity, a large number of pristine landscapes, mountain areas and natural protected areas. The area possesses a large number of rivers as an environmental assets but also as a hazard due to frequent flooding. Additionally the industrialisation heritage caused problems in the quality of natural assets and still poses a large threat. The number of polluters, level of emissions, technology risks and resources consumption are expected to rise rapidly due to changes in the economic sectors. Significant potentials can also be exploited mainly in the utilisation of alternative energy sources, the co-ordinated protection of natural areas and in the areas of risk prevention and natural hazards management (particularly flood management) where transnational integration and co-ordination is of crucial importance.

Environmental policy is guided by European strategies and directives but main competence remains at the hands of the single states. In **member states** national funds and especially the Cohesion Fund provides a reference framework for environmental protection actions. In **non-member states** the quality of the environment is only gradually becoming a priority, whereas funding for environmental issues is always a problem, international donors having only a limited impact.

The chosen strategy focuses on opportunities to overcome the problems inherited by the past. Simultaneously it encounters the expected environmental threats. **Transnational action** could primarily serve to overcome the area fragmentation and to provide the framework for the adoption and development of the required methods and structures.

### Objectives of the priority axis and resulting operational objectives

In the light of the aforementioned **specific Objective of Priority Axis 2** is to override the constraints imposed by national barriers, to foresee future environmental threats and opportunities and to develop common transnational action for the protection of nature and humans.

This priority axis seeks in particular to achieve four **operational objectives** and will support transnational partnerships and action that contribute to:

- Improve integrated water management and flood risk prevention
- Improve prevention of environmental and technological risks
- Promote co-operation in management of natural assets and protected areas
- Promote energy and resource efficiency

The operational objectives cover a wide spectrum, but are **closely related**. For example the guarantee of sustainable qualitative water supply is clearly interconnected with the prevention of environmental risks, while the successful management of natural assets should be regarded as highly relevant to the utilisation of resource efficient technologies and legislation. For most of the regions the main environmental interventions will be embedded within national programmes. However, in the heavily fragmented area of the area transnational focused action is necessary due to the discrepancies in funding, the differences in capacity, the inevitable “white spots” in the core of the area and the omnipresent limitations imposed by the national borders.

**Target groups and/or indicative potential beneficiaries are primarily:** Planning institutions and state agencies, NGOs and networks, regional and local authorities and related public utility companies, energy providers, technology centres and scientific institutions, associations and chambers, tourism agencies, management bodies of natural resources.

## Areas of intervention

### 5.2.1 Improve integrated water management and transnational flood risk prevention

The programme area contains the **important rivers** such as the Danube, Tisza, Sava, Axios and Evros among others and a huge **coastal area** along the Adriatic Sea, Black Sea and Aegean Sea. These areas are important factors in the economic and social activities for the citizens of the areas. However, those activities set constraints on the available water reserves on the one hand and they are prone to natural hazards and especially floods. A specific challenge for the South East European Space is the common management of the flood hazards and the management of water resources and river catchments areas. Comprehensive river basin plans of the big rivers in the area and flood challenge in the river basins should be addressed. Water reserves, rivers and their impact are transnational per se. Thus only a transnational approach can have an impact on the long term.

The **purpose** of the area of intervention is the development of transnational structures and systems/tools for an integrated management of water resources and flood risk prevention.

The transnational co-operation should generate concrete projects, which will address the need for common actions in the management of river basins coastal areas, seas, lakes and fresh-water resources. The promotion of networking and skills for successful transnational operations, accompanied with infrastructure investment where appropriate will give the regions the necessary tools.

Integrated water management and transnational flood risk prevention should contribute to addressing **climate change**. Moreover, it is important that flood protection is developed in a way that is

coherent with the **Water Framework Directive** and the **Directive on the assessment and management of floods** (e.g. integrated management plan covering the two Directives).

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Elaborating integrated development and management plans of river basins, catchments areas and coastal areas, seas, lakes and fresh-water resources including sustainable land use policies, agriculture and forest development supporting and intensifying an integrated approach of landscape and land use management
- Integrated flood risk management including management plans, harmonisation of different standards; improved institutional co-operation and better integration of national and regional administrative structures
- Elaborating foresight studies and analyses about impacts of climate change on meteorology, hydrology, erosion etc.
- Coordinating, harmonising and developing joint water management activities
- Coordinating, harmonising and developing of monitoring systems and alert mechanisms
- Coordinating, harmonising and developing integrated reaction systems for flood protection
- Coordinating, harmonising and developing common civil protection systems
- Developing alternative methods and systems of water quality protection and wastewater treatment
- Strengthening the institutional capacity and human resources at national, regional and local level for the development of integrated water management and transnational flood risk prevention especially in the implementation of the Water Framework Directive and other related acts.

### 5.2.2 Improve prevention of environmental risks

South East Europe is an area affected by a large number of environmental risks. Some of them are **endemic** (e.g. earthquakes, droughts, floods and forest fires), others are imposed or **accelerated by human activities** (e.g. contamination, landslides, erosion) and others are inflicted by global factors such as the **climate change**. In the programme area environmental risks take a variety of forms ranging from **droughts, earthquakes and fires** in the Southern part to **chemical spills** and **landslides** in the Northern part. Risks are expected to increase due to intensification of human activities and due to accelerated global climate change.

Transnational action is considered to be necessary since even single environmental hot spots can have a clear impact on a huge area and population.

The **purpose** of the area of intervention is the development of transnational structures and systems/tools for environmental risk protection, and comprehensive policy development to reduce risks and impacts on human health, biodiversity and other environmental issues.

The transnational co-operation should generate concrete projects, which will develop policies, plans and systems for the joint prevention of environmental risks while facilitating the exchange of information and co-ordination of activities in cases of emergency along with rehabilitation of affected areas and risk sources.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Developing integrated policies for co-ordinated risk prevention and reaction to environmental risks
- Developing plans, measures and systems, including spatial and land use planning to prevent and cope with natural risks (especially fires, floods, desertification, droughts, earthquakes) and technological risks
- Developing monitoring systems (e.g. emission control, dataset about potential sources of pollution, emission monitoring systems for air quality, pollutants etc.) and alert mechanisms on potential natural and industrial hazards, forest fires as well as chemical and biological contamination of water, soil and air
- Applying alert mechanisms on potential hazards (floods, coastal hazards, forest fires; chemical and biological contamination of water, soil and air; industrial accidents, safety control of nuclear power plants etc.)
- Developing information systems concerning the transport of dangerous goods and identification of relevant actions to inform the relevant groups
- Developing regional “risks foresights” including future risk potentials, e.g. along transport corridors, economic activity zones etc.
- Identifying and managing risk sources (information policies, exchange of data and reports etc.);
- Promoting transnational actions on environmental objectives like reducing air emissions, protection of soil etc.
- Implementing awareness raising and emergency planning for the population located in very sensitive areas
- Implementing strategies for rehabilitation of brownfields
- Facilitating common procurement and/or operation of risk prevention infrastructure.

### **5.2.3 Promote co-operation in management of natural assets and protected areas**

Protected areas and intact natural assets are indispensable elements for human health, biodiversity and socio-economic activities. Environmental damages have long-term negative effects and consequences on the local social and economic balance. In the programme area protected areas are an important development factor especially in the tourism/leisure industries. Simultaneously they will inevitably come under pressure by the **expected rise in economic activity** and the **correlated land use changes**. The EU offers an extensive framework of directives, guidelines and tools for the management of natural assets and protected areas. In most of the cases this framework under-

lines the importance for transboundary and transnational action. In the “congested” programme area this importance becomes a necessity.

The **purpose** of the area of intervention is the co-operation and know-how transfer in managing natural assets (e.g. vulnerable ecosystems, natural/semi natural areas, protected areas) and support of transnational awareness building on the importance of natural assets as development factor.

The transnational co-operation should generate concrete projects, which will address the need for the implementation of EU legislation and will facilitate the co-ordinated management of the designated areas. The projects should also respect the demand for know-how transfer and the development of skills for the useful management of natural assets and protected areas.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Developing common strategies in managing natural assets and protected areas
- Enhancing know-how transfer about comprehensive implementation of relevant EU Directives (Fauna-Flora-Habitat Directive, Bird Directive, Water Frame Directive etc.)
- Enhancing public information and public participation with respect to the management of natural assets and protected areas
- Developing and co-ordinating management plans and structures for areas of transnational interest designated as protected areas at the national level
- Developing corporate identity for transnational networks of protected areas (e.g. Natura 2000)
- Promoting the development of actions linked to biodiversity and the preservation of natural heritage, especially in Natura 2000 sites
- Developing and exchanging management practices (especially within Natura 2000), to ensuring the overall coherence and complementarity of the protected areas and addressing the problems of fragmentation and connectivity between Natura sites in the area
- Implementing transnational strategies for sustainable rural/maritime tourism in sensitive areas
- Building awareness on the importance of natural assets as a development factor for economic sectors like agriculture, tourism and health services.

#### 5.2.4 Promote energy and resource efficiency

For centuries the natural environment of the area forced the local communities to make the maximum use of the resources and energy sources available at the region. This legacy was neglected in the recent past due to centralisation, industrialisation and new consumption patterns. Energy and resources demand declined in the past years but is expected to **rise rapidly in the near future due to the envisaged convergence to the rest of the EU**. Recent legislation and trends and technologies are offering a major opportunity for promotion and expansion of energy and resource efficiency in the area. The EU Environmental Policies set clear objectives e.g. regarding climate change and reduction of greenhouse gases emissions. Other initiatives and in particular the **CIP**

**2007-2013** and its sub-programme “**Intelligent Energy for Europe**” emphasize on the promotion of energy and resources efficiency. Transnational action in this area contains a significant element of transfer of know-how from the most experienced zones to those with still unutilised resources.

The **purpose** of the area of intervention is to establish co-ordination and transfer of know-how on energy and resource efficiency policies, to co-operate in the adoption and adaptation of EU policies and directives in the relevant fields and the preparation of the area to cover the expected rise in energy demand and resources consumption through environmental friendly approaches. Interventions should be accompanied by impact assessments, taking in account possible negative impacts on agriculture, forestry, biodiversity, soil, water, air and landscape development at transnational level.

The transnational co-operation should generate concrete projects, which will support the adoption of energy and resource efficient policies and technologies. Projects should also facilitate the co-ordination among relevant stakeholders and raise the awareness for resource efficient policies and technologies in the programme area.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Developing policies for sustainable energy supply and resource efficiency at national or regional level, which help to implement the relevant EU guidelines and directives
- Setting up joint strategies for energy saving and energy efficiency
- Developing “resources consumption foresights” including future bottlenecks and problem areas
- Facilitating the co-ordination of energy providers, especially among renewable energy sources associations and regional and local authorities
- Coordinating development of infrastructure for the utilisation of renewable energy sources and especially hydropower at a transnational level
- Supporting the development and use of fuel from renewable sources
- Supporting the awarding and promotion of energy and resource efficient technologies and actions
- Developing transnational policies for emission reduction to reduce greenhouse gas emissions
- Developing transnational strategies which support and co-ordinate sustainable exploitation schemes of renewable energy sources (hydropower, biomass, geothermic energy etc.)
- Enhancing know-how transfer about comprehensive national strategies for sustainable waste management (avoiding – re-using – recycling)
- Enhancing know-how transfer about comprehensive national strategies for sustainable fresh water management (efficient water use strategies and technologies)
- Developing transnational networks on “green industries”, energy agencies, regional and local authorities



- Developing measures reducing the volume of traffic and/or support environmental-friendlier means of transportation and especially public transport
- Promoting the development of sustainable waste management activities and the movement to a recycling society
- Stimulating energy efficiency and the development of renewable energies as well as better coordinated efficient energy management systems and promoting sustainable transport including information to industrial customers, service providers and citizens on issues such as how to reduce energy consumption.

### 5.3 Priority Axis 3: Improvement of the accessibility

#### Context

Accessibility is considered to be one of the **prime requirements** for economic development and growth and finally for territorial cohesion. It facilitates the exchange of goods and ideas and the movement and interaction of people. All those aspects are of immense importance in South Eastern Europe. Transport corridors are showcase examples for the opportunities they offer to the regions they cross, while those areas by-passed tend to lag behind. Hence the development of transnational and intra-regional accessibility networks is therefore a key factor for reducing existing disparities.

Existing networks in South East Europe are in **most cases heavily fragmented** due to the political legacy or are facing inwards mainly serving the single states and regions. In most cases those networks are of **inferior quality** and cannot cope with the constant increase in road transport. A **dual pattern** of accessibility is evident with the **adequate funded TEN projects** on the one side and the ambitious but **cumbersome Pan-European Transport Corridors Network** outside the EU territory comprising **road, rail, inland waterway and sea transport** on the other side. However, the potential offered by the surrounding sea routes and envisaged “Motorways of the Seas” and the significance of big navigable rivers like the Danube remains unexploited. Thus **contradictory trends** in the transport sector are visible with a high congestion of existing infrastructure but without the development of viable alternatives. A similar pattern occurs in the **ICT sector** (Information and Communication Technologies) where the **networks and services gap** between EU member states and third countries exists. This gap remains considerable also between members states themselves.

According to the **SWOT** the programme area is characterised by a basic infrastructure network, which needs urgent investment for restoration, upgrade and completion. There is limited know-how on investment, strategies, financial engineering tools in order to generate the necessary investment and initiatives are hampered by Diverging national and regional interests. Existing infrastructure (physical and ICT) is heavily fragmented due to topography and national barriers and does not correspond to European standards. Transnational and West-East connections are fairly weak. Connections to the ports and maritime zones are underdeveloped.

Nevertheless South East Europe is an area with a large concentration of important TEN projects and Pan-European Corridors. Parallel viable alternatives to road transport (ports, waterways, multi-modal platforms) with a high market potential exist. International Financing Institutions offer a significant array of tools and funding opportunities for the development of the necessary infrastructure for the improvement of accessibility.

In the programme area accessibility infrastructure is financed and implemented through a **large number of instruments**. In member states the options of National Funds, Structural Funds, international Financial Institutes (e.g. EIB), public private partnerships are available. In the non-member states there is a more intensive commitment of international financing institutions and donors, since national funds are limited. In all cases all states follow their **own agenda** in the development of their accessibility infrastructure. Thus the abundance of implementing options and agendas makes the **co-ordination in the South East European area very difficult**. Whereas the TEN Policy of the EU supports the co-ordination on the “continental” level, **intra-regional disparities** at the secondary network and their linkage to the mentioned TEN-T network remain untouched.

Additionally, a spatially based approach is evident in the geographic orientation of the corridors, which leave large **“white spots”** and **neglected maritime zones** in the area. Thus the successful integration of the networks should not only be relayed to the mainly North-South and West-East corridors but should also address the secondary networks. Topography poses some obstacles in the development of the networks. However, the surrounding seas (Adriatic, Ionian, Aegean and Black Sea) and the adjacent coastal zones along with the rivers and rail connections compose an attractive framework for regional development and EU transport policy implementation. Finally the spatial dimension of accessibility is interlinked with the EU environmental policy. The need for transnational co-operation is evident also in the consideration of the natural environment of the involved states and the existing European legislative framework (like Water Frame Directive, Natura 2000 network).

The transnational co-operation programme cannot substitute the existing programmes and plans. However, it can **provide a platform for co-ordination and agreement** among states, as well as a podium for negotiations with international financing institutions, donors etc..

The strategy underlying the Priority Axis 3 attempts to mobilise the strengths of the region and the opportunities emerging from the EU framework in order to overcome the weaknesses of the region. Priority axis 3 shall contribute specifically to the improvement of the accessibility of local and regional actors to the European Networks. This includes two main challenges:

- Physical accessibility (primary and secondary transportation infrastructure)
- Virtual accessibility (access to ICT networks and services)

### **Objectives of the priority axis and resulting operational objectives**

Specific Objective of Priority Axis 3 is to promote co-ordinated preparation for the development of accessibility networks and the support of multi-modality.

This priority axis seeks in particular to achieve three **operational objectives** and will support transnational partnerships and action that contribute to:

- Improve co-ordination in promoting, planning and operation for primary and secondary transportation networks
- Develop strategies to tackle the “digital divide”
- Improve framework conditions for multi-modal platforms

The programme is confronted with a large number of issues and areas and limited funds. The main source of funding is still represented by National Programmes and Structural Funds Operational Programmes. The programme will contribute to the co-ordination of the related actors, which are limited either by operational means, national borders or institutional obstacles. The development of an efficient transportation network, accommodating sustainable and energy efficient transportation systems without significant environmental impacts, is closely dependent to the maximum utilisation of ICT as an assisting tool and as a substitute of physical mobility while the promotion of multi-modality is an obvious escorting action for the sustainability of the network itself. Hence the mix of transportation networks, ICT and multi-modality is offering a balanced approach concerning the accessibility to, within and between the regions.

**Target groups and/or indicative potential beneficiaries are primarily:** National authorities, planning institutions, regional and central state authorities, cities and rural communities, chambers and associations, transport authorities, international organisations and bodies.

## Areas of intervention

### 5.3.1 Improve co-ordination in promoting, planning and operation for primary and secondary transportation networks

South East Europe is an area with a large concentration of programmes, plans and financing tools for the development of the primary and secondary transportation networks. Implementation is however slow either due to lack of know-how, institutional or contracting shortcomings. Also co-ordination with the neighbouring or affected countries is minimal. The disparities of land-locked countries and maritime states and the topography and political fragmentation do not facilitate the formulation of common positions and action plans. Transnational co-operation should be an indigenous element in the development of the networks due to the implementation requirements and the impact stretching over several countries.

The **purpose** of the area of intervention is the provision of tools and space for co-ordinated promoting, planning and operation for primary and secondary transportation networks. Interventions can be either for regional and local bodies pushing their agenda in the central states or for a number of South East European States towards the EU and other international institutions.

The programme cannot finance large infrastructure investments. However, a significant contribution may be expected in mobilising stakeholders, conducting feasibility studies and action plans and co-ordinating operations that are financed on other budgets.

Transnational action can support policy co-ordination among competent partners and transnational networking of regionally anchored pilot projects.

Regional interests and needs should be taken into consideration when planning high-ranked and secondary transportation networks. This is to ensure that the regions are actually profiting from the transportation networks.

The transnational co-operation should generate concrete projects, which will contribute to the creation and strengthening of networks for the co-ordinated development of transport connections and corridors and the elaboration of concrete action and financing plans for network development. The projects should also offer room for environmental friendly transportation and joint management of networks.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Promoting policy co-ordination among competent partners and elaborating co-ordinated strategies for infrastructure investments, promoting complementarities between various types of investments and mobilising various financial instruments
- Developing joint action plans for the realisation of physical infrastructure financed by other programmes

- Promoting transnational environmental assessment (EIA-SEA) and transnational territorial impact Assessments (TIA) in co-ordination with the realisation of physical infrastructure financed by other programmes
- Increasing the transparency of ongoing corridor related programmes and projects
- Elaborating PPP schemes for parts of the transportation infrastructure
- Establishing joint transportation networks management bodies
- Creating transnational facilities for maintenance and road pricing of physical infrastructure
- Fostering transnational public participation in consultations over infrastructure network development
- Strengthening co-ordinated development of regional airports
- Creating intelligent traffic information systems for agglomerations
- Developing solutions for the flexible public transport tackling the mobility needs
- Analysing and maximising the effects of changed/improved accessibility on regional/location development opportunities
- Tackling specific problems of peripheral and sensible regions (e.g. traffic in mountainous regions)
- Improving access to international maritime and river ports to achieve future strategic advantage in global freight competition
- Joint promotional campaigns for maritime and river transport and raising awareness about its environmental and economic advantages.

### 5.3.2 Develop strategies to tackle the “digital divide”

Access to information is a condition sine qua non in the framework of the EU Cohesion Policy. Accessibility to ICT and equally important, uptake and use of ICT is relevant not only for households and enterprises but also for public bodies for the provision of a large number of services which nowadays unnecessarily demand the physical presence of the citizens. The area is lagging behind in that sector. Transnational co-operation in this field is necessary in order to acquire the necessary critical mass for the development of the envisaged plans and tools.

The **purpose** of the area of intervention is the support of joint initiatives to lessen the “digital divide” among states and regions especially where market failure is evident or expected. The “digital divide” is the gap between those with regular, effective access to information and knowledge via ICT (information and communication infrastructure) and those without.

The transnational co-operation should generate concrete projects which will contribute to the development of concepts of public private partnerships for ICT accessibility, the development of concepts and implementation of ICT solutions for local and regional authorities public services, the collaboration of public authorities and scientific institutions in the development of public services, the interoperability of information systems and the harmonisation of ICT training.

Envisaged are also preparing activities for the development of regional ICT infrastructure and service providers for alternatives to costly earthbound broadband connections on a transnational basis. The programme is not designed to finance directly broadband infrastructure.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Raise awareness of ICT opportunities in regions where development of the information society is lagging behind
- Supporting SMEs especially in remote areas to develop their business activities through the application of ICT platforms to foster the economic and social development
- Developing public private partnerships for ICT accessibility
- Enhancing the role of regional and local administration in the implementation of the information society especially in remote areas
- Developing public services using e-government solutions and tools with the collaboration of public authorities and scientific institutions
- Establishing common standards in ICT development in relation to support services and training courses
- Promoting the interoperability of information systems e.g. in business support or education
- Developing databases of transnational interest
- Fostering the use of advanced ICT to reduce the need to travel and to replace physical mobility through virtual exchanges.

### 5.3.3 Improve framework conditions for multi-modal platforms

The completion of the transportation networks, integration in the global market and rising consumption patterns in the area place a **heavy burden on the transportation network**, which is currently **monopolised by road transport**. Matters of operational efficiency, exploitation of the available alternative routes and last but not least environmental concerns underline the need for the promotion of multi-modal platforms. Transnational action is obviously an important issue due to the economic interrelations and transport patterns between the regions and the impact of multi-modality or lack thereof in large areas.

The **purpose** of the area of intervention is the support of multi-modal platforms and the promotion of alternative transport means (e.g. rail and or sea compared to road) from the view of public interest. Multi-modal platforms can make existing transport more efficient and on the other hand stimulate the shift to environmentally friendly systems. Activities should go beyond singular interests and show a real co-operative character and mutual benefits.

The transnational co-operation should generate concrete projects, which will contribute to the development of multi-modal concepts and action plans, foster agreements for the promotion of multi-modality and support the development of tools and systems for the facilitation of multi-modal platforms.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Increasing the potential of inland waterway and maritime transport (short sea shipping and long-distance maritime transport) by concepts and action plans for the development of multi-modal terminals and hubs and improved hinterland connections
- Supporting platforms for communication and co-ordination between regional and city authorities and private service providers and investors and their collective associations
- Developing concepts and agreements on multi-modal connections especially among agglomerations
- Developing multi-modal transport solutions and action plans (mainly over waterways and sea) aimed at relieving or bypassing bottlenecks and missing links along transnational land transport
- Improving interoperability and intermodality of passenger and freight transport on land, inland waterways, sea and air, including harmonisation of all forms of public transport across national borders and on transnational East-West and North-South corridors
- Creating research and innovation networks focusing on multi-modal transport solutions including new equipment, technological developments, management of logistic chains etc.
- Developing transnational supply chain management structures including measures to improve the efficiency of multi-modal logistic chains (introduction of smart technologies, simplification of administration etc.)
- Developing ICT tools and structures for better connection with multi-modal platforms including optimisation of train capacities, road haulage pricing, one-stop shops for transport transactions
- Developing networks of logistic centres and encouraging the exchange of experience in the field of management, provision of services, co-operation within and outside the programme area
- Supporting joint planning efforts to harmonise transport and logistical investments as well as co-ordinated logistical capacities and services
- Developing solutions to improve logistics of renewable energies.

## 5.4 Priority Axis 4: Development of transnational synergies for sustainable growth areas

### Context

The analysis highlighted firstly the growing tendencies of concentrated development in single areas connected with **increasing disparities within the areas** and evolving crucial problems, such as social segregation, growing poverty, lack of investments in certain areas, insufficient provision of public services, overburdening traffic capacities. This point addresses primarily the **internal cohesion** of growth areas.

Secondly, the **pattern** of metropolitan areas, medium-sized or small cities **distributed over the programme area** shows **dramatically increasing disparities** between stronger and weaker cities/regions. Monocentrism at a few metropolitan regions is strengthened by the current development in most of the countries. Today South East countries have much larger disparities than “Western countries” in Europe. The current trend increases this difference, while in the old EU member countries disparities consolidate or decrease.

Thirdly, the structure, function and role of capital, large, medium and small-sized cities is partly new defined though new state structures in the programme area and **offers in general a great potential** to further increase of co-ordinated strategic planning, co-ordinated marketing and lobbying, and functional division. Diverse cities could capitalise on their **potential complementarities** and so achieving competitiveness, (international) visibility and ensure a sufficient level of public services. There is a chance to develop in the long run “**integration zones**” backed by transport corridors as carriers of growth and competitiveness in the context of a balanced regional development to improve the position in Europe and catch up with the metropolitan regions in the old EU member states.

Fourthly, there is a lack of policy to “**centralise the periphery**” that means to foster viable growth areas in endangered rural areas aiming at developing locations with minimum size and thus securing public services.

Fifthly, the **great cultural diversity** (from prehistoric times and beyond to the ancient Greek civilization, Hellenistic times, the Roman and Byzantine Empires, the Ottoman Empire, Habsburg Monarchy, Communist period..) could be further utilised as development factor and as an asset in global competition.

### Objectives of the priority axis and resulting operational objectives

In the light of these conclusions Priority Axis 4 shall contribute specifically to the future development of South East Europe as a **place of sustainable and polycentric development of metropolitan areas and regional settlement systems**.

This priority axis shows a specific **cross-sectoral character** strongly interlinking economic, environmental, social and governance issues. The Commission Communication on „**Cohesion Policy and cities: the urban contribution to growth and jobs in the regions**”<sup>30</sup> fully reflects this approach. According to the Community Strategic Guidelines on Cohesion (chapter 2.1) a high quality

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<sup>30</sup> COM(2006) 385 final, Brussels, 13.7.2006



urban environment **contributes** to the priority of the **renewed Lisbon Strategy** to make Europe a more attractive place to work, live and invest.

The **Priority axis objective** is to develop and implement integrated strategies for metropolitan areas and regional systems of settlements, work towards optimal polycentric structures in the programme area and use cultural values for sustainable development.

Emphasis should be given to actions:

- On one hand tackling the **high concentration of economic, environmental, social and governance**<sup>31</sup> **problems** affecting metropolitan areas and regional systems of settlements and
- On the other hand **taking up the chances** which the optimisation of the given polycentric structure and the utilization of cultural values can offer for the development of growth areas

As the objective indicates, the priority of sustainable urban and regional settlement development takes different forms of preventive measures AND development factors.

This priority axis seeks in particular to achieve **three operational objectives** and will support transnational partnerships and action that contribute to:

- Tackle crucial problems affecting metropolitan areas and regional systems of settlements
- Promote a balanced pattern of attractive and accessible growth areas
- Promote the use of cultural values for development

Firstly, the **internal cohesion** inside the urban areas is a basic condition necessary for sustainable economic development. **Diversity** and **migration** issues are some of the priorities to be treated.

Secondly, the contribution to the optimisation of the existing extensive polycentric structure in the sense of “**functional polycentricity**” offers chances to link smaller centres to attractive growth areas, capitalise their **potential complementarities** and thus achieve competitiveness and ensuring a sufficient level of public services. The area is characterised by a significant pattern of small and medium-sized cities. These cities have a potential to develop functional co-operations. The development of functional complementarities and urban-rural partnerships could be a future success factor to strengthen the **relative competitiveness of the respective regions** and secure key public services. In addition the use of **cultural values** can promote creativity, cultural identity and generate income and employment.

Transnational co-operation projects are **tools** to develop and in that sense apply integrated strategies, sharing knowledge and best practices and implementing pilot projects. **The transnational level is the scale where more creative patterns and co-operation experiences can interact.**

Transnational co-operation projects shall complement the (small) URBACT programme, as an instrument for exchange of experience and networking among cities.

**Target groups and/or indicative potential beneficiaries are primarily:** The civil society, NGOs, local, regional and national government, culture and education actors, business support actors, the private sector.

<sup>31</sup> The planning, influencing and conducting of the policy and affairs of an organisation

## Areas of intervention

### 5.4.1 Tackle crucial problems affecting metropolitan areas and regional systems of settlements

In the programme area hot spots with a high concentration of economic, social, environmental and governance problems exist. Current growth poles are congested and show increasing inner disparities, potential growth areas have to redefine their role and smaller centres are declining. These problems cannot be challenged only on national level. The co-operation programme supports joint action serving as a booster for national or regional strategies.

Joint expertise and pilot co-operation projects could be developed in a **wide spectrum of issues of common interest**. Transnational co-operation should combine the exchange of experience with appropriate pilot projects in urban and settlement areas to apply strategies, skills and knowledge.

The **purpose** of this area of intervention is the development, implementation and dissemination of concrete strategies and action plans and the utilisation of transnational skills and knowledge to tackle crucial problems affecting metropolitan areas and regional systems of settlements.

Crucial problems could be of **interrelated economic, environmental, social and governance** nature. Multilevel activities within transnational partnerships should seek to improve these kind of crucial problems.

Co-operation partners, who work on similar or complementary problems, can use a transnational partnership within the co-operation area as „boosters“ for local action. Co-operation partners can use a transnational partnership also in terms of „**agenda setting**“, in order to receive external support for innovative ideas and approaches. Co-operation partners could **pool their resources** to implement trainings and pilot action. Partnership projects implemented at local and regional level can achieve a **pronounced visibility** for citizens.

In contrary to interregional co-operation – which deals in principle with similar issues – territorial co-operation aims at developing **durable partnerships** in the defined co-operation area. Only a territorial co-operation programme can carry that out. The intensification of interregional exchange may contribute to more cohesive and balanced territorial development of the South East Europe area.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

#### **Developing transnational synergies in the field of Public Infrastructure and Public services, e.g.:**

- Developing common pilot co-operation projects to improve the urban infrastructure (e.g. waste water treatment, drinking water improvement, energy efficiency refurbishment) and to improve useful inter-connections
- Developing new ways for public infrastructure financing
- Improving public procurement for urban infrastructure according to EU standards
- Improving management and monitoring systems for green areas
- Developing effective ways for housing restructuring and improvement of residential areas

- Tackling the needs of settlement areas that are suffering from economic and population decline

#### **Developing transnational synergies in Planning and Governance, e.g.:**

- Developing integrative tools such as city development strategies in order to cover poverty, economic development, the environment (e.g. Environmental Urban Management Plans), city management, sustainable tourism development and finance
- Development and action plans for co-operative solutions for urban renewal and revitalisation
- Developing plans for the restructuring of former military camps
- Developing GIS-networks (geographic information systems) to tackle specific needs (e.g. soil pollution monitoring)
- Tackling land registration as a serious problem especially concerning urban areas
- Enhancing the management, registration and regulation of real estates along with the development and rehabilitation of urban brownfields
- Promoting governance and development of accountability and transparency in local authorities could also be addressed. The key partners – the private sector, the community and NGOs, as well as local, regional and national government – should be mobilised in the planning, implementation and evaluation of urban development (e.g. city-district/quarter-management)

#### **Developing transnational synergies in social issues (in the context of Integrated projects for urban and regional regeneration), e.g.:**

- Developing pathways to integration for disadvantaged people, migrants and groups with specific needs

#### **Developing transnational synergies in economic issues (in the context of integrated projects for urban and regional regeneration), e.g.:**

- Developing measures to stimulate business opportunities, innovation and entrepreneurship in crisis areas
- Developing technological and management standards for economic infrastructures (such as SME business incubators) serving to improve areas with a lack of investments.

### **5.4.2 Promote a balanced pattern of attractive and accessible growth areas**

Urban polycentrism in South East Europe is at **great risk**: Until now only a limited number of large cities, most of them the capital cities, have significantly benefited from the socio-economic development trends now prevailing in the area. What is in progress is a **marked polarisation** of growth, innovation, accessibility and investment and consequently of territorial development in a large part of the programme area (monocentrism). To preserve a viable polycentric territorial organisation is a real and difficult challenge that policy makers at various levels have to face. Transnational action can contribute to overcome the dilemma between a high-ranking goal (promoting viable polycentrism) and the restricted availability of common awareness, joint strategies and pooled resources to achieve that demanding goal. Transnational action can serve **as the framework** and **protecting**

**shell** for the development of the **partnership** for local/regional activities in advanced and experimental development strategies to develop **viable polycentrism** and consequently strengthen territorial cohesion in South East Europe against the emerging divides.

Against the background it is considered to be crucial to promote a balanced distribution of competitive growth areas in the co-operation area in combination with strong internal and external functional relations.

The **purpose** of this area of intervention is to elaborating integrated spatial and development strategies for strengthening functional regions as carriers of growth and competitiveness and providing partners with tools for the formulation of their role and for the formation of new partnerships within those areas.

This intervention is addressing multifaceted issues. They can be clustered as:

#### **Joint action to formulate and manage “functional polycentricity”**

Purpose is the development, implementation and dissemination of concrete strategies and action plans and the utilisation of transnational skills and knowledge in order to contribute to the optimisation of the existing extensive polycentric structure in the sense of “functional polycentricity” linking smaller centres to attractive growth areas, capitalizing on their potential complementarities and so achieving **competitiveness** and ensuring a **sufficient level of public services**.

In the existing polycentric structure all the elements needed for the **development of growth areas** with “critical mass” are present. The challenge of formulating and implementing a strategy for functional co-operation means to capitalise on potential complementarities and overbearing of geographic distances between different-sized cities through enhanced co-operation links. This should be based on the analysis of the different functions and specialisations and the definition of “**Who** will specialise in **what?**” Functional potentials should complement each other. Allocation of public money to the “wrong spots” should be avoided. This will require the making of strategic choices in **identifying and strengthening “growth areas”** and putting in place the networks that link them in both physical (infrastructure) and human terms (building up capacities, skill, knowledge). The map of South East Europe should show several inter-connected zones of major growth, each carving its own niche in the European (and global) space economies. However, functional polycentricity implies the creation of “regional compensation mechanisms” and the renouncement of “militant” competition.

#### **Joint action to support governance as a new partnership of functional areas**

Purpose is the development of structures and capacities for the development of **consistent policies**, plans and pilot projects for all the different factors promoting sustainable growth and jobs in functional areas.

Public bodies are increasingly aware of the question: What is happening outside the traditional administrative borders (jurisdictional boundaries), but within the functional linkages. Governance can be seen as the participatory process to engage relevant stakeholders for the identification and development of functional areas. Co-operation is an option for retaining control of development processes and regaining power in development planning. In fact there is a large number of practical constraints for effective institutionalised or informal co-operation to be tackled such as indistinct

legal framework for co-operation, low degree of co-operation between economic development agencies and regional development agencies; not fully developed mechanism of inter-communal financial compensations and contracting mechanisms and lack of common Land Use management. The governance aspect could be an additional asset for rural and suburban communities, which usually lack the possibility to express and defend their interests towards metropolitan zones.

Urban-rural relations should receive attention, like services of general interest for rapidly shrinking and ageing rural areas.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Developing Joint Action Plans for functional regions, e.g. in combination with extensive and participative planning processes, for better co-ordination between municipal authorities (both central and suburban) and rural and regional authorities, which are encouraged to pool their resources. “Hard core issues” of regional development (like transport and business location development) should be complemented by quality of life interventions such as in the field of culture, tourism and leisure. Attention should be paid to the knowledge based economy and qualification issues.
- Strengthening co-operative marketing activities to support economic and regional development, attracting investments in a transnational network of regions
- Integrated business location concept for functional economic regions: Presenting and co-ordinating disperse business location offers that cover a functional region of small communes, development of business zones located at the best suitable and accessible locations
- Developing better administrative procedures for business location development. Optimise and standardise public decision making procedures within an economic calculable time frame; Transparency of the obligations and conditions for private investors (e.g. binding handbook of the administration addressing investors explaining clearly defined, reliable requirements for development); Define “key area programmes” as a basis for the implementation of project management methods; Introduce “action planning” which means the elaboration of “regional business plans”
- Creating public funds or other relevant tools for interventions in the land market and as an instrument of public land policy, to “protect” areas for the intended use
- Intensifying the involvement of private money in the implementation process of urban and regional development projects by using appropriate forms of PPP, development of bodies for the management of renewal funds and development of resource centres
- Developing networks and other forms of co-operation between public bodies to save investment costs (e.g. inter-communal industrial parks)
- Promoting public participation and empowerment, establishment of ombudsmen and facilitators of polycentricity, development of decentralisation capacities (financial, managerial, political), establishment of “suburbs management” as urban-rural interfaces
- Creating networks of regional development agencies promoting integrated approaches for improving the partners capabilities

- Taking full advantage of modern information and communications technologies to support good urban governance and sustainable urban development
- Developing co-operation focused not only on economic and infrastructure issues but on all urban functions, such as culture, education, knowledge and social infrastructure.

### 5.4.3 Promote the use of cultural values for development

The programme area is rich in cultural values and tourism potentials. Urban development cannot take place in a “cultural vacuum” but should respect the cultural landscapes in which it is embedded. Hence the mobilisation **of cultural values** in the urban development context presents an opportunity for promoting local identities, bridging urban centres and rural periphery and making South East European cities an attractive place to live and work.

The **purpose** of this area of intervention is the inclusion of cultural values as an integral part of the programme area in the planning and development processes of urban centres, systems of settlements and surrounding rural areas.

Transnational action should support joint conservation and the utilisation of cultural values as a development factor and resource of sustainable tourisms.

Projects should make sure that the action undertaken contributes to developing the endogenous potential and generates directly or indirectly income and jobs.

**Examples** of (multilevel) activities within transnational partnerships that can be supported under this area of intervention:

- Improving good policy, programme design and capacity building with respect to joint conservation and the utilisation of cultural values
- Enhancing joint promotion of historic places, joint labelling and communication strategies, development of transnational city marketing concepts for historical centres
- Transnational pooling of specific expertise, e.g. for better management of archaeological sites
- Coordinated approaches in cultural heritage conservation in combination with common professional training (Data base creation, mapping and monitoring the sites of cultural interest, restoring techniques, also utilizing ICT tools)
- Promoting cultural tourism, e.g. through the developing of cultural routes
- Supporting education both in the field of traditional materials and cultural resources management
- Developing public private civil society partnerships for the restoration of prominent sites
- Improving the perception of heritage with the help of new media tools.

## 5.5 Priority Axis 5: Technical assistance to support implementation and capacity building

### Context

In general transnational co-operation programmes pose a specific challenge for the technical assistance. **The Transnational Co-operation Programme South East Europe seems to be the most challenging among them.**

The programme faces an **additional challenge**. It is located at the South Eastern edge of the Union, where several candidate and potential candidate countries as well as partner third countries are concentrated, thus going far beyond the present external borders of the EU. The programme management should support them to fully participate in the project collaboration. In particular, this applies for the Western Balkan countries, Ukraine and the Republic of Moldova. A **high risk – beyond the means of programme management** – lays in the lacking harmonisation of regulations and legal standards.

### Objectives of the priority axis and resulting operational objectives

In the light of these requirements Priority Axis 5 aims to support the implementation of the programme and increase capacity of institutions and beneficiaries in the programme area for transnational action.

Priority Axis 5 seeks in particular to achieve two operational objectives:

- Secure the **core management** for the implementation of the programme (implementation of the programme and contracting, preparation, monitoring, evaluation and inspection)
- Implement **accompanying activities** to support the generation and implementation of high quality, result oriented transnational projects and partnerships and promote the **capitalization** of results.

As outlined in detail in **chapter 7.7 (specific implementation rules of the programmes Technical Assistance budget)** the Technical Assistance will be spent on activities necessary for the effective and smooth management and implementation of the programme in line with Article 46 of the General Regulation<sup>32</sup>.

Technical Assistance shall also cover costs for the “Programme Manual” (separate document) and costs for the preparation of the next programming period.

Technical Assistance shall be amended to provide for **environmental monitoring** of the programme, if necessary, according to the SEA report and particularly if monitoring measures are considered inadequate.

As this is a special need for the programme area, Technical Assistance should support **accompanying activities to foster participation, project generation and project selection** by activities as (**indicative**): Awareness raising campaigns, development of methodologies and tools to identify potentials of the area, finding common interests and helping to develop a common identity, actively

<sup>32</sup> Council Regulation (EC) No. 1083/2006 of 11 July 2006 (OJ L 210 p. 25)

support information dissemination on partner states involved and on the co-operation area, media work.

Specifically targeted calls, seminars, studies, an annual conference, publications and the promotion of the programme shall contribute to a higher relevance and effectiveness of the programme's implementation.

One of the weaknesses of most 2000 – 2006 programmes is their **difficulty to transfer knowledge** beyond the co-funded partnerships. Frequently, valuable knowledge, tools, best practices and techniques are developed by projects but not sufficiently elaborated and disseminated to create added value for a wider group of beneficiaries. Therefore the new programme should foresee particular measures and tools for the **capitalization of results** for the benefit of new and ongoing projects, as well as stakeholders, experts, policy developers and implementers of all regions. A significant ally in this effort is the requirements of the Structural Funds Framework either in the member states or in the candidate and potentially candidate countries, which underline the common needs and concerns in a variety of fields addressed in the operational programme.

These **measures could entail (indicative)**: Peer to peer exchanges, consultations with predecessors, inspiration from the leaders (programme and project level), actively management of thematic issues of exceptional importance, proactively promotion of regions (e.g. by managing partner data), adoption of advanced tools and methodologies to increase innovation potential and programme visibility. An important tool will be the establishment of a projects databases providing information on content and on conduct.

Special attention shall be given to the services provided by the **INTERACT II Programme**. This EU-wide Programme focuses on the good governance of territorial co-operation and provides needs-based support to stakeholders involved in implementing programmes under the European Territorial Co-operation objective. The target groups for INTERACT are primarily the authorities to be established according to Council Regulations 1083/2006 and 1080/2006 as well as other bodies involved in programme implementation. In order to ensure maximum benefit from the INTERACT Programme for the implementing bodies of this Programme, the use of INTERACT services and documentation as well as the participation in INTERACT seminars will be encouraged. Related costs are eligible under Technical Assistance.



## 6. Financing plan

### 6.1 Annual commitment of ERDF in the programme

Tab. 15: Annual commitment of ERDF in the programme (in Euro):

<b>Years</b>	<b>ERDF</b>
2007	31.918.022
2008	29.689.399
2009	29.565.665
2010	28.565.151
2011	30.342.331
2012	29.004.134
2013	27.606.943
<b>Total 2007 – 2013</b>	<b>206.691.645</b>

ERDF budget to be allocated to projects (94%): 194.290.148

## 6.2 Indicative breakdown of ERDF contribution by Priority Axes

Tab. 16: Priority axes by source of funding (in Euro):

Priority axes	Community Funding	National public funding	National private funding	Total funding	Co-financing rate	For information	
	(a)	(b)	(c)	(d) = (a) + (b) + (c)	(e) = (a)/(d)	EIB contributions	Other funding
P1 Innovation	44.051.157	7.773.734	0	51.824.891	0,85	0	0
P2 Environment	56.739.828	10.012.911	0	66.752.739	0,85	0	0
P3 Accessibility	43.160.834	7.616.618	0	50.777.452	0,85	0	0
P4 Sustainable growth areas	50.338.329	8.883.234	0	59.221.563	0,85	0	0
P5 Technical Assistance	12.401.497	4.133.832	0	16.535.329	0,75	0	0
<b>TOTAL</b>	<b>206.691.645</b>	<b>38.420.329</b>	<b>0</b>	<b>245.111.974</b>		<b>0</b>	<b>0</b>

With reference to paragraph 1 (b) of Article 53 of Council Regulation 1083/2006/EC the contribution from the Fund is calculated on the basis of public eligible expenditure.

## 6.3 Financing plan for IPA contribution

### 6.3.1 Financing plan of IPA contribution with breakdown by partner states in the “IPA non-integrated phase”

Tab. 17: Financing plan containing the 2007, 2008 and 2009 yearly contribution of IPA with breakdown by partner states

Partner states	Years		
	2007	2008	2009
Croatia	400.000	400.000	400.000
The former Yugoslav Republic of Macedonia	453.020	506.080	560.202
Albania	200.020	200.000	400.202
Bosnia-Herzegovina	453.020	406.080	460.202
Montenegro	670.000	748.369	812.242
Serbia	1.114.228	988.513	1.264.283
<b>Total</b>	<b>3.290.288</b>	<b>3.249.042</b>	<b>3.897.131</b>

For the 1<sup>st</sup> (non-integrated) phase of the implementation of the Programme, the IPA funding for the participation of candidate and potential candidate countries in EU Regional Policy transnational co-operation programmes is decided by the Commission on a yearly basis.

### 6.3.2 Financial allocations of IPA contribution in the 2<sup>nd</sup> phase of the programme implementation

In the 2<sup>nd</sup> phase of the programme implementation, the yearly IPA contribution is as follow (not broken down by country)

Year	2010	2011	2012	2013	Total
Amount	4.000.000	4.000.000	4.200.000	4.300.000	16.500.000

The IPA budget to be allocated to the projects (90%) is 14.850.000 EUR, while the remaining 1.650.000 EUR (10%) is to be used for Technical Assistance.

### 6.3.3 Indicative breakdown of IPA contribution by Priority Axes in the 2<sup>nd</sup> phase of the program implementation (2010-2013)

The Financing plan contains the 2010-2013 yearly allocations of IPA contribution distributed by priority axes.

Priority axes	Community Funding	National public funding	National private funding	Total funding	Co-financing rate	For information	
	(a)	(b)	(c)	(d) = (a) + (b) + (c)	(e) = (a)/(d)	EIB contributions	Other funding
P1 Innovation	3.366.922	594.163	0	3.961.085	0,85	0	0
P2 Environment	4.336.743	765.307	0	5.102.050	0,85	0	0
P3 Accessibility	3.298.872	582.154	0	3.881.026	0,85	0	0
P4 Sustainable growth areas	3.847.463	678.964	0	4.526.427	0,85	0	0
P5 Technical Assistance	1.650.000	291.176	0	1.941.176	0,85	0	0
<b>TOTAL</b>	<b>16.500.000</b>	<b>2.911.764</b>	<b>0</b>	<b>19.411.764</b>		<b>0</b>	<b>0</b>

With reference to paragraph 1 of Article 90 of Commission Regulation 718/2007/EC the contribution from IPA is calculated on the basis of public eligible expenditure.

## 6.4 Financing plan for ENPI contribution

Priority axes	Community Funding (a)	National co- financing (b)	Total funding (c) = (a) + (b)	Co-financing rate (d) = (a)/(c)	For information	
					EIB contributions	Other funding
P1- P4 Priorities	1.800.000	200.000	2.000.000	0,90	0	0
P5 Technical Assistance	200.000	0	200.000	1,00	0	0
<b>TOTAL</b>	<b>2.000.000</b>	<b>200.000</b>	<b>2.200.000</b>		<b>0</b>	<b>0</b>

The ENPI budget to be allocated to the projects (90%): 1.800.000 EUR

Considering the ratio between the size of the ENPI and ERDF (IPA) allocations no distribution of funds between the priorities P1-P4 are indicated. 10% national co-financing should be provided by the concerned ENPI partner or by the national budget of the ENPI countries.

No national co-financing is required for the Technical Assistance priority, which is 10% of the ENPI allocation.

## 7 Implementing provisions for the operational programme

### 7.1 Programme management structure

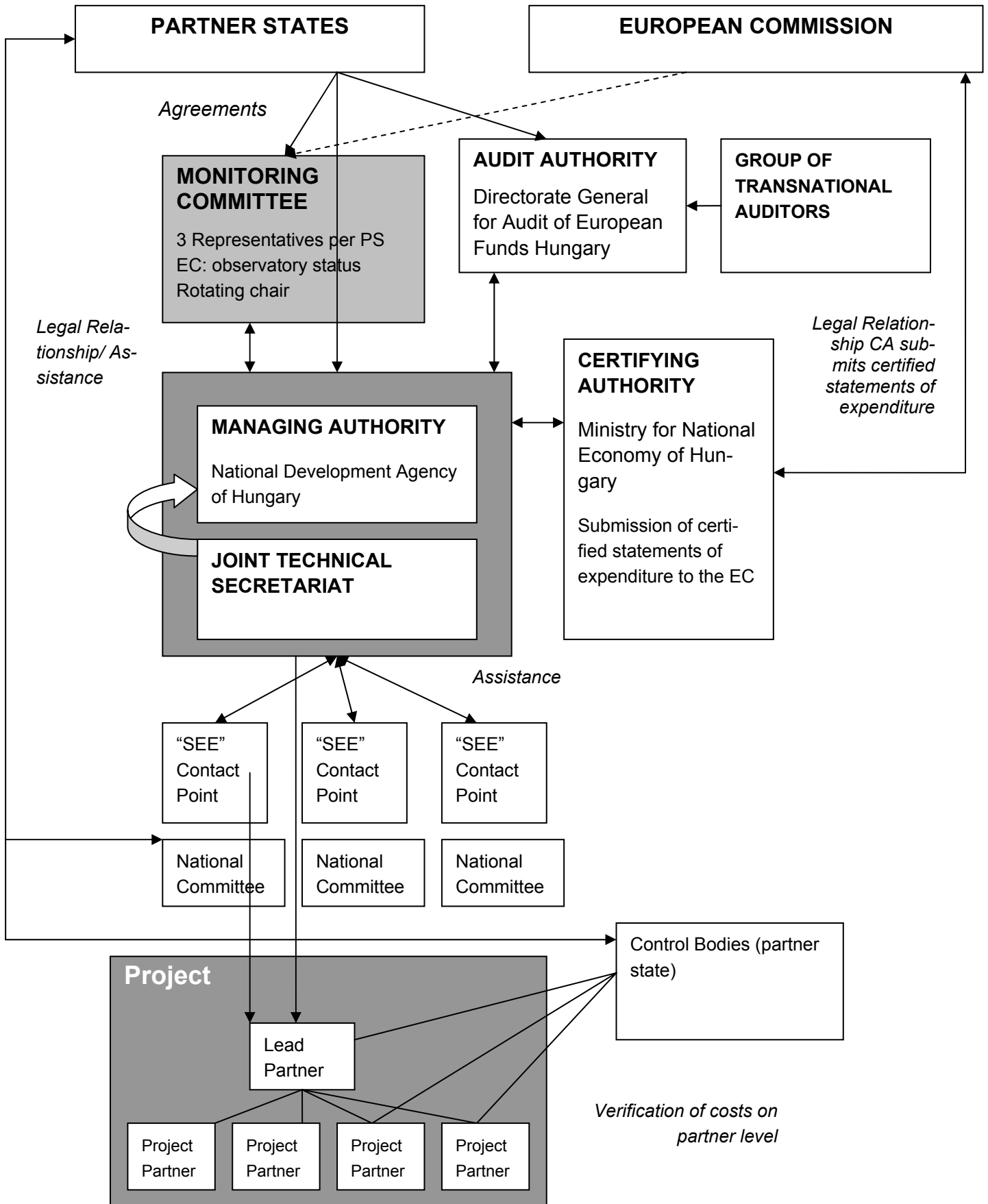
The following structures for the management of the programme will be designated:

- Monitoring Committee (MC)
- Managing Authority (MA)
- Certifying Authority (CA)
- Audit Authority (AA)
- Joint Technical Secretariat (JTS)
- “SEE” Contact Points (SCP)<sup>33</sup>
- National Coordination (NC)

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<sup>33</sup> The acronym “SEE” stands for South East Europe and refers to the aim of strengthening that Contact Points primarily represent the transnational programme in partner states, National Contact Points can initiate and carry out activities of transnational character for the benefit of the programme.

Fig. 5: South East Europe OP management structure





### 7.1.1. Monitoring Committee

The Monitoring Committee of the South East Europe OP will be set up by the concerned partner states within three months after the decision of the European Commission approving the programme.

The overall tasks of the Monitoring Committee are to ensure the quality, effectiveness and accountability of the programme operations, and to select projects for funding.

The Monitoring Committee will work in accordance with the respective articles of the relevant regulations:

<p><i>General Provisions Article 65</i> <i>Tasks of the Monitoring Committee</i></p>
<p>The monitoring committee shall satisfy itself as to the effectiveness and quality of the implementation of the operational programme, in accordance with the following provisions:</p>
<ul style="list-style-type: none"> <li>(a) it shall consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme and approve any revision of those criteria in accordance with programming needs;</li> <li>(b) it shall periodically review progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the managing authority;</li> <li>(c) it shall examine the results of implementation, particularly the achievement of the targets set for each priority axis and the evaluations referred to in Article 48(3);</li> <li>(d) it shall consider and approve the annual and final reports on implementation referred to in Article 67;</li> <li>(e) it shall be informed of the annual control report, or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;</li> <li>(f) it may propose to the managing authority any revision or examination of the operational programme likely to make possible the attainment of the Funds' objectives referred to in Article 3 or to improve its management, including its financial management;</li> <li>(g) it shall consider and approve any proposal to amend the content of the Commission decision on the contribution from the Funds.</li> </ul>

<p><i>ERDF Regulation Article 19. 3.</i> <i>Selection of operation</i></p>
<p>In addition to the tasks referred to in Article 65 of Regulation (EC) No. 1083/2006, the monitoring committee or a steering committee reporting to it shall be responsible for selecting operations.</p>

The Monitoring Committee will draw up its own rules of procedure within the institutional and legal programme framework.

In accordance with the institutional structure of the partner states the Monitoring Committee is composed of up to three representatives of each partner state, preferably from both, national and regional level, to ensure efficiency and broad representation. The respective governments shall appoint the members of the Monitoring Committee within 30 days of the approval of the OP. Broader involvement of the regional and local level will be secured through the National Committees or corresponding national procedures to be established in each partner state. Members of the Monitoring Committee can invite additional advisors with observatory status to the Monitoring Committee meetings (the member has to communicate the participation of advisors to the chair in advance).

Within the Monitoring Committee participating member states and third countries will guarantee that **SEA-results will be taken into account** during programme implementation, utilising the SEA monitoring procedures at national level.

Chairmanship of the Monitoring Committee will be rotated among pairs of partner states involving an EU member and a non-member state on a yearly basis. The rights and duties of the chairman and vice-chairman shall be defined in the rules of procedure of the Monitoring Committee.

Representatives of the European Commission (including DG Regional Policy, DG Enlargement and other DGs as relevant) will participate as observers. The Joint Technical Secretariat will provide secretariat services towards the Monitoring Committee, including preparation of the documents, decisions and minutes.

The Monitoring Committee shall meet at least once a year. Decision making in the Monitoring Committee will be by consensus among the national delegations (one vote per delegation). Decisions may be taken via written procedure regulated by the rules of procedure.

The Monitoring Committee may create subcommittees with specific tasks, e.g. for project generation. Rules regulating the composition and operation of subcommittees will be set up by the MC within its rules of procedure. The Joint Technical Secretariat will assist the work of the subcommittees. Final decision on project approval or rejection always remains with the Monitoring Committee.

### 7.1.2 Managing Authority

The designated Managing Authority is:

**National Development Agency (Hungary)**  
**H-1077 Budapest,**  
**Wesselényi u. 20-22.**

The Managing Authority (MA) will be responsible for managing and implementing the programme in accordance with the respective regulations.

According to Article 15 of the ERDF Regulation the Managing Authority will not be responsible for the regularity of operations and their expenditures. For this purpose each member state and IPA partner state shall set up its own control system and designate the controllers responsible for verifying the legality and regularity of the expenditure declared by each beneficiary participating in the operation.

*General Provisions Article 60  
 Functions of the managing authority*

The managing authority shall be responsible for managing and implementing the operational programme in accordance with the principle of sound financial management and in particular for:

- (a) ensuring that operations are selected for funding in accordance with the criteria applicable to the operational programme and that they comply with applicable Community and national rules for the whole of their implementation period;
- (b) verifying that the co-financed products and services are delivered and that the expenditure declared by the beneficiaries for operations has actually been incurred and complies with Community and national rules; verifications on-the-spot of individual operations may be carried out on a sample basis in accordance with the detailed rules to be adopted by the Commission in accordance with the procedure referred to in Article 103(3);
- (c) ensuring that there is a system for recording and storing in computerised form accounting records for each operation under the operational programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation are collected;
- (d) ensuring that beneficiaries and other bodies involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;
- (e) ensuring that the evaluations of operational programmes referred to in Article 48(3) are carried out in accordance with Article 47;
- (f) setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 90;
- (g) ensuring that the certifying authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
- (h) guiding the work of the monitoring committee and providing it with the documents required to permit the quality of the implementation of the operational programme to be monitored in the light of its specific goals;
- (i) drawing up and, after approval by the monitoring committee, submitting to the Commission the annual and final reports on implementation;
- (j) ensuring compliance with the information and publicity requirements laid down in Article 69;

*ERDF Regulation Article 15  
 Function of the managing authority*

1. The managing authority shall perform the duties provided for in Article 60 of Regulation (EC) No. 1083/2006, with the exception of those concerning the regularity of operations and expenditure in relation to national and Community rules, as set out under point (b) of that Article. In this connection, it shall satisfy itself that the expenditure of each beneficiary participating in an operation has been validated by the controller referred to in Article 16(1) of this Regulation.

According to Article 13 of the Implementation Regulation, the Managing Authority and the designated controllers have to fulfil the following tasks in order to complete the functions set out under paragraphs (a) and (b) of Article 60 of General provisions.

*Implementation Regulation Article 13  
Managing authority*

1. For the purpose of the selection and approval of operations pursuant to Article 60 (a) of Regulation (EC) No. 1083/2006, the managing authority shall ensure that beneficiaries are informed of the specific conditions concerning the products or services to be delivered under the operation, the financing plan, the time-limit for execution, and the financial and other information to be kept and communicated.  
It shall satisfy itself that the beneficiary has the capacity to fulfil these conditions before the approval decision is taken.
2. The verifications to be carried out by the managing authority pursuant to Article 60 (b) of Regulation (EC) No. 1083/2006 or by the controllers designated by Member States in the case of the European territorial cooperation objective programmes pursuant to Article 16 of Regulation (EC) No. 1080/2006, shall cover as appropriate, administrative, financial, technical and physical aspects of operations.  
These verifications shall ensure that the expenditure declared is real, that the products or services have been delivered in accordance with the approval decision, that the applications for reimbursement by the beneficiary are correct and that the operations and expenditure comply with Community and national rules. They shall include procedures to avoid double financing of expenditure with other Community or national schemes and with other programming periods.  
The verifications shall include the following procedures:
  - (a) administrative verifications in respect of each application for reimbursement by beneficiaries;
  - (b) on-the-spot verifications of individual operations.
3. Where on-the-spot verifications under point (b) of paragraph 2 are carried out on a sample basis for an operational programme, the managing authority or the relevant controllers in the case of the European territorial cooperation objective programmes shall keep records describing and justifying the sampling method and identifying the operations or transactions selected for verifications. The managing authority or the relevant controllers in the case of European territorial cooperation objective programmes shall determine the size of the sample in order to achieve reasonable assurance as to the legality and regularity of the underlying transactions having regard to the level of risk identified by the managing authority, or the relevant controllers as appropriate for the type of beneficiaries and operations concerned. The managing authority or the relevant controllers shall review the sampling method each year.
4. The managing authority shall establish written standards and procedures for the verifications carried out under paragraph 2 and shall keep records, for each verification, stating the work performed, the date and the results of the verification, and the measures taken in respect of irregularities detected.
5. Where the body designated as managing authority is also a beneficiary under the operational programme, arrangements for the verifications referred to in paragraphs 2, 3 and 4 of this Article shall ensure adequate separation of functions in accordance with point (b) of Article 58 (1) of Regulation (EC) No. 1083/2006.

The Managing Authority will carry out the above-described functions also with regard to the IPA contribution in the “IPA integrated phase” of the Programme. Controllers designated by the IPA partner states shall also provide for the above-mentioned tasks.

The Managing Authority will be directly supported by the Joint Technical Secretariat as it carries out the operational management work for the whole programme. Although the Managing Authority bears overall responsibility for the programme, specific elements of the programme management (employment of the Joint Technical Secretariat members, contract preparation, setting up and operation of the programme monitoring system, payments to projects<sup>34</sup> etc.) can be delegated to intermediary bodies according to Article 59(2) of General Provisions. Delegation of tasks are described in the description of the management and control system and regulated by a specific framework agreement (contract) stipulated by the Managing Authority. The Managing Authority will use **VÁTI Hungarian Nonprofit Limited Liability Company** as a single intermediary, managing certain pre-defined programme level tasks.

<sup>34</sup> Separate department of VÁTI as a Financial Transfer Unit will be responsible for the technical management of payments of ERDF (and IPA, following IPA integration) funds to Lead Partners (and ENPI).

### 7.1.3 Certifying Authority

The designated Certifying Authority is:

**Ministry for National Economy of Hungary**  
**H – 1051 Budapest**  
**József nádor tér 2-4.**

Main tasks of the Certifying Authority (CA) are to draw up and submit to the Commission certified statements of expenditure and applications for payment and receive payments from the Commission.

The Certifying Authority will act in accordance with respective regulations:

<i>General Provisions Article 61</i> <i>Functions of the certifying authority</i>	
The certifying authority of an operational programme shall be responsible in particular for:	
(a)	drawing up and submitting to the Commission certified statements of expenditure and applications for payment;
(b)	certifying that: <ul style="list-style-type: none"> <li>(i) the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;</li> <li>(ii) the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with Community and national rules;</li> </ul>
(c)	ensuring for the purposes of certification that it has received adequate information from the managing authority on the procedures and verifications carried out in relation to expenditure included in statements of expenditure;
(d)	taking account for certification purposes of the results of all audits carried out by or under the responsibility of the audit authority;
(e)	maintaining accounting records in computerised form of expenditure declared to the Commission;
(f)	keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the general budget of the European Union prior to the closure of the operational programme by deducting them from the next statement of expenditure.

**The Certifying Authority will carry out the above described tasks also with regard to the IPA contribution in the “IPA integrated phase” of the Programme.**

#### 7.1.4 Audit Authority

The designated Audit Authority of the programme is:

**Directorate General for Audit of European Funds (Hungary)**  
**H-1126 Budapest**  
**Tartsay Vilmos u. 14.**

Responsibilities of the Audit Authority (AA) are set out in the following regulations:

<i>General Provisions Article 62</i> <i>Functions of the audit authority</i>
<p>1. The audit authority of an operational programme shall be responsible in particular for:</p> <ul style="list-style-type: none"><li>(a) ensuring that audits are carried out to verify the effective functioning of the management and control system of the operational programme;</li><li>(b) ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;</li><li>(c) presenting to the Commission within nine months of the approval of the operational programme an audit strategy covering the bodies which will perform the audits referred to under points (a) and (b), the method to be used, the sampling method for audits on operations and the indicative planning of audits to ensure that the main bodies are audited and that audits are spread evenly throughout the programming period. (Where a common system applies to several operational programmes, a single audit strategy may be submitted.);</li><li>(d) by 31 December each year from 2008 to 2015:<ul style="list-style-type: none"><li>(i) submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous 12 month-period ending on 30 June of the year concerned in accordance with the audit strategy of the operational programme and reporting any shortcomings found in the systems for the management and control of the programme. The first report to be submitted by 31 December 2008 shall cover the period from 1 January 2007 to 30 June 2008. The information concerning the audits carried out after 1 July 2015 shall be included in the final control report supporting the closure declaration referred to in point (e);</li><li>(ii) issuing an opinion, on the basis of the controls and audits that have been carried out under its responsibility, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular;</li><li>(iii) submitting, where applicable under Article 88, a declaration for partial closure assessing the legality and regularity of the expenditure concerned. (When a common system applies to several operational programmes, the information referred to in point (i) may be grouped in a single report, and the opinion and declaration issued under points (ii) and (iii) may cover all the operational programmes concerned);</li></ul></li><li>(e) submitting to the Commission at the latest by 31 March 2017 a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of expenditure, which shall be supported by a final control report.</li></ul> <p>2. The audit authority shall ensure that the audit work takes account of internationally accepted audit standards.</p> <p>3. Where the audits and controls referred to in paragraph 1(a) and (b) are carried out by a body other than the audit authority, the audit authority shall ensure that such bodies have the necessary functional independence.</p> <p>4. The Commission shall provide its comments on the audit strategy presented under paragraph 1(c) no later than three months from receipt thereof. In the absence of comments within this period it shall be considered to be accepted.</p>

The above described tasks will be fulfilled by the AA related to the IPA contribution as well, in the “IPA integrated phase”.

The Audit Authority will also be in charge of the compliance assessment foreseen by the Article 71.

## Transnational Group of Auditors

According to Article 14 of the ERDF Regulation, the Transnational Group of Auditors will be set up to assist the Audit Authority:

*ERDF Regulation Article 14  
Designation of authorities*

2. The audit authority for the operational programme shall be assisted by a group of auditors comprising a representative of each member state participating in the operational programme and carrying out the duties provided for in Article 62 of Regulation (EC) No. 1083/2006. The group of auditors shall be set up at the latest within three months of the decision approving the operational programme. It shall draw up its own rules of procedures. It shall be chaired by the audit authority for the operational programme.

The representatives of the Transnational Group of Auditors for the South East Europe Programme shall be appointed by each national authority responsible for audit in the concerned Member State. Audit representatives from non-EU Member States taking part in the programme will be invited to participate in the work of the Group of Auditors.

The Audit Authority and the auditors appointed in the Transnational Group of Auditors shall be independent of the management and control system of the programme. The work of the Audit Authority and of the Group of Auditors will be supported by the Joint Technical Secretariat.

### 7.1.5 Joint Technical Secretariat

The programme will have a single Joint Technical Secretariat (JTS) in accordance with Article 14 (1) of the ERDF Regulation. The Joint Technical Secretariat will support the Managing Authority in programme co-ordination and implementation.

*ERDF Regulation Article 14  
Designation of authorities*

1. The managing authority, after consultation with the member states represented in the programme area, shall set up a joint technical secretariat. The latter shall assist the managing authority and the monitoring committee, and, where appropriate, the audit authority, in carrying out their respective duties.

The tasks of the Joint Technical Secretariat are:

#### **Programme level tasks**

- a) Collaborate with the administrative central, local and regional organisations in the eligible area, with the view to collect data and information necessary in the process of the programme implementation (elaboration/revision of the multi-annual programming documents)
- b) Promotion activities related to the programme, by direct contacts with the relevant organisations (conferences, info days, brochures and any other type of information material)
- c) Participate in the working groups set up for elaborating/ revising the programming documents
- d) Prepare proposals for programme amendments

**Secretariat tasks for the Monitoring Committee**

- a) Fulfil the usual work of a secretariat, i.e. organisation of meetings, preparation and the mailing of documentation for minutes, drafting of minutes of meetings in the agreed languages, drawing up and submission of the working documents to the committee members, in compliance with the internal rules of procedures of the committee
- b) Submit the results of the project evaluations sessions to the Monitoring Committee
- c) Implement operational decisions of the Monitoring Committee, including running written procedures
- d) Assistance and technical co-ordination in preparation of the draft annual reports

**Administrative management of external services and other Technical Assistance activities**

- a) Ensure the administrative management of (external) tasks and services i.e. interpreting services and translations if required, external experts, other Technical Assistance projects etc.

**Monitoring**

- a) Contribution to the setting up of the monitoring system
- b) Regular maintenance and updating of the monitoring system

**Project generation and assessment**

- a) Support project generation and development (organisation of information seminars etc.)
- b) Manage the project application process: prepare and make available documents necessary for project application and selection (general information on programme and project, standardised forms for project application and selection); provide information and advice to applicants, receiving, recording and checking (formally, technical, eligibility) the applications
- c) Carry out the assessment of the proposals by internal staff or external experts

**Project implementation**

- a) Conclude the subsidy contracts on behalf of the MA
- b) Manage the programme/project implementation: prepare material necessary for programme/project implementation (subsidy contract with lead partner, reporting forms, implementing guidelines...); provide advice and assistance to transnational project partners regarding implementation of activities and financial administration
- c) Organise workshops addressed to lead partners with the view to provide additional information and clarifications regarding the implementation of the projects
- d) Ensure exchange of information on different project proposals
- e) Check financial and activity reports elaborated by the lead partner; monitor project progress through collecting and checking project monitoring reports, monitoring outputs etc.
- f) Contribute to the communication and capitalisation on project results and support the programme in the dissemination of outputs and results in the partner states.



**Others**

- a) Support the contact points in their activities
- b) Manage the joint projects/partner search database
- c) Prepare any other documents required by the European Commission or the Monitoring Committee
- d) Organizing the working group meetings of the controllers
- e) Support the Audit Authority and the group of auditors in its activity

The annual work plans of the Joint Technical Secretariat have to be approved by the Monitoring Committee. The Joint Technical Secretariat will be funded from the Technical Assistance budget.

The staff of the Joint Technical Secretariat will be employed by VÁTI Hungarian Nonprofit Limited Liability Company on the basis of a framework contract with the Managing Authority. The Joint Technical Secretariat will be located in Budapest.

The Joint Technical Secretariat shall have international staff from the partner states. The number and qualification of staff shall correspond to the tasks defined above.

**7.1.6 “SEE” Contact Points**

The “SEE” Contact Points’ main task is to represent the programme in partner states and serve as national co-ordination points for the programme implementation. The “SEE” Contact Points shall complement the activities of the JTS, and may initiate and carry out other specific transnational activities.

The main tasks of the “SEE” Contact Points are:

- to assist the project generation, application and implementation process
- to contribute to information and publicity actions within the respective country
- to support the National Committees or corresponding national procedures in fulfilling their transnational tasks
- to serve as a contact point for project applicants and partners at the national level

Transnational activities of the “SEE” Contact Points should contribute to achieving programme goals. All “SEE” Contact Points are invited to design transnational activities and submit them to the Monitoring Committee (or its responsible subcommittee) for approval. Approved activities of the “SEE” Contact Points in the member states may be financed from a specific budget line of the programme’s ERDF Technical Assistance budget (in form of specific Technical Assistance projects) according to the provisions laid down in the “Specific implementation rules of the Programme Technical Assistance budget” chapter.

“SEE” Contact Points will be structured and organised in each partner state, in order to be able to adequately represent the programme in the concerned country and to have the powers needed to implement their duties.

## Co-operation with the Joint Technical Secretariat

“SEE” Contact Points are an integrated part of a larger technical implementation team that consist of the Joint Technical Secretariat and all Contact Points. In line with Article 14 of the ERDF regulation, the Joint Technical Secretariat is responsible for the day-to-day implementation of the programme in support of the Managing Authority and the Monitoring Committee. For this reason, core tasks of technical implementation remain with the Joint Technical Secretariat which co-ordinates the co-operation of Contact Points and joint actions.

Within the network of Contact Points, each Contact Point fulfils a range of tasks related to **programme implementation**.

Contact Points specifically:

- Provide easily accessible first advice to project applicants;
- Act as ambassadors for transnational co-operation and involve authorities responsible for national, regional and local development and other stakeholders;
- Provide relevant national and regional documents, regulations and strategic papers to the Programme;
- Identify target groups and provide contact details to the Programme;
- Support applicants in the partner search in their national countries and help identify synergies between applicants and projects,
- Contribute to the assessment of applications in terms of partner eligibility and provide additional information on an as-needed basis (e.g., information on national relevance of project ideas);
- Assist in identifying relevant external thematic experts (e.g., for application assessment) if requested by the Monitoring Committee.
- Participate as observers in the Monitoring and Steering Committees.

Related to the organisation of events, programme promotion and capitalisation, Contact Points:

- Organise national information activities and support the Joint Technical Secretariat in the organisation and implementation of transnational events, transnational training seminars and transnational meetings taking place in the member states;
- Contribute to the implementation of the communication and capitalisation plan, ensure ongoing capitalisation of results on national and regional levels and support the programme in the dissemination of outputs and results in the member states.
- Provide data and information, contribute to newsletters, identify communication target groups and information needs in the member states;
- Establish and maintain together with the Joint Technical Secretariat links to related thematic information networks;
- Establish and maintain together with the Joint Technical Secretariat contacts to regional and national stakeholders;
- Identify information gaps, as well as synergies of project ideas and needs for projects.

### 7.1.7 National Coordination

Each partner state should establish a National Committee or corresponding national procedures in accordance with its institutional structure in order to involve the regional and local authorities as well as the relevant sectoral authorities and institutions and non-governmental organisations and any other socio-economic and institutional partner considered relevant by the concerned partner state.

The National Committee or corresponding national procedures in accordance with its institutional structure have a strong advisory and supporting status. They are not entitled to pre-select project applications, as project selection is reserved for the Monitoring Committee. National Committees or corresponding national procedures will be supported by the respective “SEE” Contact Points and by the Monitoring Committee members of the respective partner states. Close links will be established between the Joint Technical Secretariat and the respective “SEE” Contact Points that will transfer information or documents to the National Committees or corresponding national procedures and vice-versa.

The main **role** of the **National Committees or corresponding national procedures** is to provide information and consultation on the compliance and/or complementarity and/or synergies of project applications and the large number of ERDF, ESF, EARDF and EFF Operational Programmes and other relevant initiatives, implemented within the programme area. The abundance and complexity of programmes, where complementarity is to be ensured makes this a task that can be accomplished only in a **decentralised manner**, offering valuable support to the Monitoring Committee.

In IPA countries, the participation of the country to the programme is ensured by an operating structure set up by the competent national authority of the respective country. The operating structures of IPA countries will work in close cooperation with the Managing Authority. The representatives of the operating structures are members of the Monitoring Committee. The list of the national authorities of IPA countries is annexed to the operational programme (Appendix E).

## 7.2 Project development and selection

The overall aim of the programme is to realise high quality; result orientated transnational projects of strategic character, relevant for the programme area.

Generation of transnational projects will be the responsibility of the Monitoring Committee assisted by the JTS and the network of “SEE” Contact Points. In order to perform this task effectively, as well as for other issues, the Monitoring Committee can create specific subcommittees in order to generate projects and to supervise application and evaluation procedures.

The Monitoring Committee can also introduce top-down elements to project generation in order to achieve high-level transnational projects. These elements may include (among others):

#### I. Regarding the structure of the call for proposals:

- **Open call for proposals** (targeting all potential applicants, to submit project ideas relevant for the programme priorities)
- **Targeted calls** for project proposals:

- focusing programme priorities (developing detailed project descriptions);
- narrowing the scope of indicative potential beneficiaries;
- setting specific eligibility criteria regarding the number and type of partners (or countries), activities etc.
- possible selection criteria to be used later during the evaluation and decision making about the project applications.

Preparation of targeted calls can be supported by thematic seminars at level of stakeholders of the programme (target groups, experts, programme management bodies etc.) to define potential fields of strategic co-operation, which can serve as basis for targeted calls.

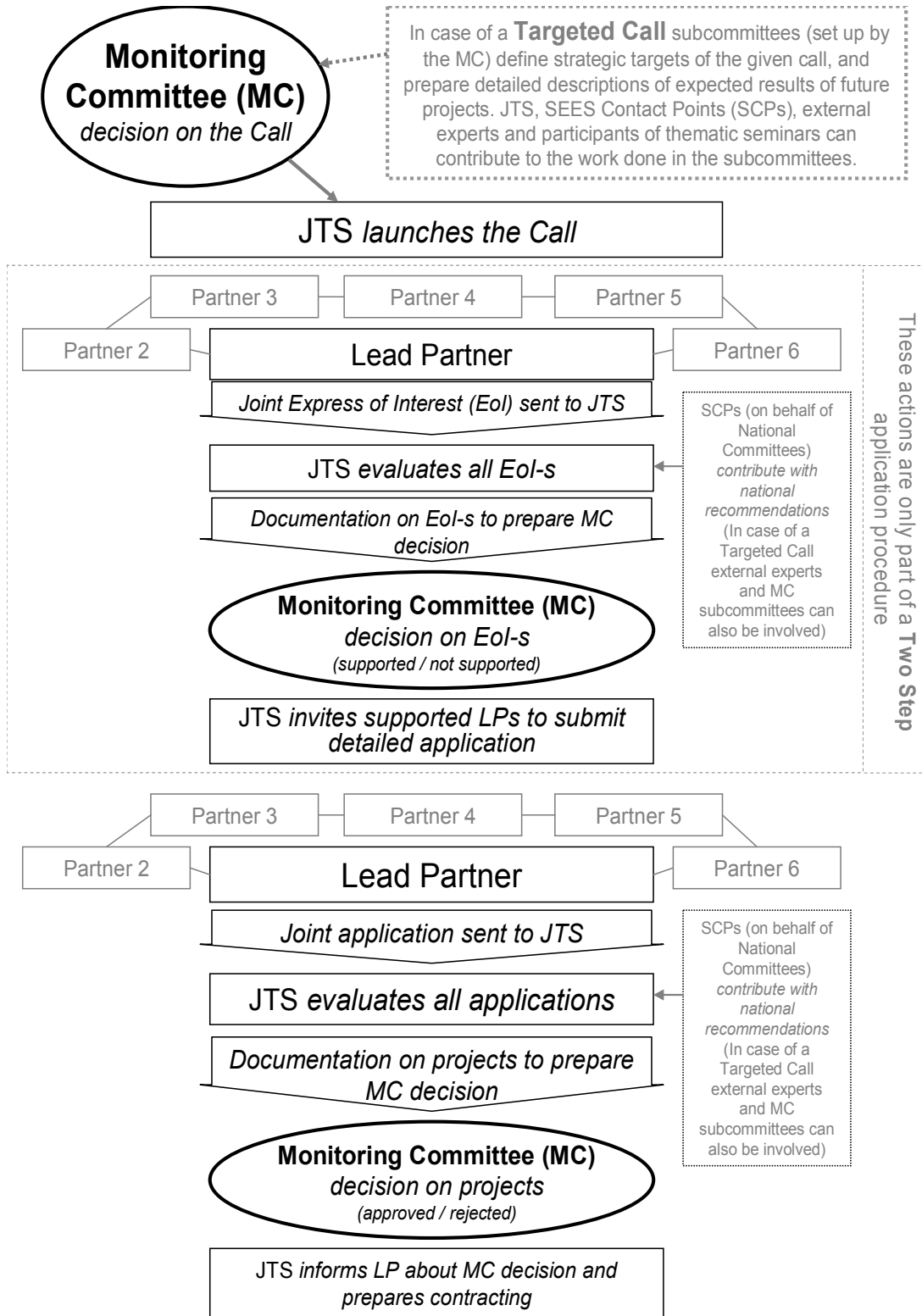
## II. Regarding the selection of projects:

- **One step** application procedure: All applicants have to submit the whole applicants package which serves as a basis for evaluation of the project and the decision of the Monitoring Committee
- **Two step** application procedure:
  - Inviting potential applicants to submit “Expressions of Interest” describing aims, partnership, activities, expected results, deliverables, etc of future transnational co-operations;
  - Pre-select “Expressions of Interest” for further development (in terms of partnership, contents, results etc.) and/or give feedbacks to applicants in form of suggestions and conditions;
  - Initiate discussions with applicants in order orientate and guide them to develop higher quality transnational projects.
  - Submission of full application by lead partner

Final decision on approval/rejection of projects is the responsibility of the Monitoring Committee. The Monitoring Committee might create sub-committees and involve external experts to the generation and evaluation of projects if necessary.

Detailed procedures on project generation, application and selection will be developed by the Joint Technical Secretariat (with the involvement of the “SEE” Contact Points where it is necessary), approved by the Monitoring Committee and will be communicated to potential applicants in form of detailed Program Manuals.

Fig. 6: Calls for Proposals



### 7.2.1 Project generation

Assistance and support will be given to those developing projects. This support comprises the following elements:

- All partner states in the programme are taking care of spreading information on funding to potential applicants – with the support of the Joint Technical Secretariat. All activities of this kind will be integrated in the Information and publicity plan, especially if Technical Assistance funds are to be used
- Information on calls for proposals to potential applicants will be given in principle by the Joint Technical Secretariat
- “SEE” Contact Points as well as the Joint Technical Secretariat will take care of keeping the responsible authorities of partner states informed about opportunities to joint project development

While generating projects the following have to be secured:

- All potential applicants and project partners get the same information wherever they might be located
- Assisting the establishment of partnerships by helping to find interested actors, e.g. by means of a database or events
- Providing technical assistance to projects (e.g.: in form of model-contracts etc.)

### 7.2.2 Project selection

Project selection will be the overall responsibility of the Monitoring Committee. In order to achieve programme goals, the Monitoring Committee will seek for projects with real transnational character, reflected in the:

- The relevance of the topic/theme
- The concreteness of the envisaged results and impacts
- The quality of the partnership of the project
- Cost-benefit efficiency in terms of mobilised resources (financial, human, natural and cultural ones)

In course of the selection process, two different sets of criteria are applied to come to the decision of approving an application. A first set consists of **eligibility criteria** – it gives the minimum requirements that an application has to meet. Projects, which do not fulfil the eligibility criteria, are sorted out. The second set consists of **quality criteria**. These criteria form the basis for an assessment of the application with the aim of bringing the projects in a certain ranking for selection. The compliance with international, European and the national provisions for **environmental protection** (e.g. SEA and environmental impact assessment) will be a selection criterion.

Detailed criteria (including eligibility and quality criteria) used in course of project selection will be developed by the Joint Technical Secretariat in co-operation with the „SEE“ Contact Points and potential sub-committees involved, approved by the Monitoring Committee, and will be communicated to potential applicants in form of detailed Program Manuals.

The Monitoring Committee can restrict the scope of eligible applicants in a given call for proposals taking into account the specific arrangements of the given call.

### Eligibility Criteria

*ERDF Regulation Article 19. 1.  
Selection of operations*

Operations selected for operational programmes aimed at developing cross border activities as referred to in Article 6(1) and at establishing and developing transnational co-operation as referred to in Article 6(2) shall include beneficiaries from at least two countries, of which at least one shall be a member state, which shall co-operate in at least two of the following ways for each operation: joint development, joint implementation, joint staffing and joint financing.

The selected operations fulfilling the abovementioned conditions may be implemented in a single country provided that they have been presented by entities belonging to at least two countries.

- Partners from a minimum of three partner states, of which at least one shall be from a member state
- Project directly addresses a priority of the programme
- Partners of the project are eligible (according to the eligibility rules set out in the operational programme and the respective Call for proposals)
- Foreseen expenditures to be reimbursed from Community funds are eligible (according to the eligibility rules set out in the Call for proposals)
- All relevant EC regulations regarding being eligible final beneficiary are respected with special emphasis on ERDF Regulation Art 19

#### 7.2.3 Eligible applicants

In line with Article 2 of Council Regulation (EC) No. 1083/2006 private, public and public equivalent bodies may be involved in projects as partners, non-financing partners or subcontractors – respecting all relevant EC and national regulations (e.g. public procurement).

*Article 2 of Council Regulation (EC) No. 1083/2006*

(4) 'beneficiary': an operator, body or firm, whether public or private, responsible for initiating or initiating and implementing operations. In the context of aid schemes under Article 87 of the Treaty, beneficiaries are public or private firms carrying out an individual project and receiving public aid;

The eligibility of applicants will be specified in the Program Manual of each call for proposals including an indicative list of the types of institutions eligible.

The Monitoring Committee may set specific eligibility rules on a case by case basis for the different calls for proposals.

## 7.2.4 Involving actors from other transnational programmes

Involving actors from other transnational programmes will be managed in line with related EC regulations:

*ERDF Regulation Article 21*

*Special conditions governing the location of operations*

2. In the context of transnational co-operation and in duly justified cases, the ERDF may finance expenditure incurred by partners located outside the area participating in operations up to a limit of 20% of the amount of its contribution to the operational programme concerned, where such expenditure is for the benefit of the regions in the co-operation objective area.

Flexibility provided by the “20 percent rule” will be primarily used at programme level in order to involve actors from other transnational programmes. The Monitoring Committee has the right to introduce territorial or topic-wise limitations in using the 20 percent flexibility rule in case of different calls or priorities.

In duly justified cases, the programme will make use of the “20% rule”. Financial involvement of other actors outside the programme area is possible if the corresponding control and audit procedures and the related legal system meets the requirements set up by the MA. Related activities and payments will be closely monitored and reported by the JTS during the whole programme period.

Detailed procedures on the use of the “20 percent rule” will be developed by the Monitoring Committee (with the involvement of the Joint Technical Secretariat and other relevant actors), and will be communicated to potential applicants in form of detailed **Program Manuals**.

## 7.3 Involvement of non-EU member “South East Europe” Programme partner states

### Involvement of non-EU member “South East Europe” Programme partner states

The involvement of non-member states in transnational projects is a crucial element of the programme. Without the substantial participation of non-member states at programme and project level, the programme will be faced with difficulties in meeting its objectives. Therefore, each relevant actor (European Commission services, partner states) should make efforts during the whole programme period to improve the respective regulatory, institutional and financial framework.

The SEE Programme is an ERDF financed programme, initiated under the European Union’s territorial co-operation objective, with potential IPA and ENPI components. In the Operational Programme it is foreseen that joint projects will be supported by IPA and ENPI funds as well – additionally to the “mainstream” ERDF.

### 7.3.1 Participation at programme level

The aim of the programme is to encourage non-member states to fully integrate into the programme. For South East Europe Programme partner countries with EU candidate or potential candidate status full membership in the programme can be an important stage in preparing for accession.



Chairing tasks of the programme – rotated among partner states on a yearly basis – can also facilitate institutional involvement of non-member states. By having two countries acting together as chair and co-chair, the awareness and preparedness of the co-chairing non-member state can be raised significantly.

### 7.3.2 Participation at project level – financing

The core issue of project level involvement of non-member states is of course financing of participation of project partners. Throughout the programme implementation period, those solutions allowing the most harmonised management of the different funds at programme level and the most ERDF-like project management approach in non-member state partners will have to be found and applied. In order to achieve this goal, close co-operation is necessary between relevant European Commission General Directorates and relevant Contracting Authorities of the relevant funds, Programme management bodies (MA, JTS), the Monitoring Committee and relevant national authorities. A crucial element of this co-operation is that non-member state Monitoring Committee members have to have direct daily contact to institutions responsible for the funding sources of the given non-member state. Funding of the “SEE” Contact Points in the non-member states should be provided by the concerned external and national financial instruments.

Sources for funding participation of non-member state project partners preferably should come from other EU sources (e.g. IPA) allocated at programme level. Availability of the ENPI funds was not ensured during the **1<sup>st</sup> phase (2007-2010) of the program implementation**. IPA funds have been allocated, but due to the non multi-country and non-integrated character, the Programme faced unbalances in both project selection and project implementations phases. By modifying the Operational Program at the end of 2010 it is foreseen, that if an agreement can be reached with the European Commission and the Partner States, around 16.5 Million EUR additional IPA funds might be used for the IPA countries on a multi-country basis **during the 2<sup>nd</sup> phase of program implementation**. It is also foreseen that an additional 2 million EUR will be available from ENPI funds as well. As the use of IPA and ENPI funds will be integrated into the transnational projects, the integration of external funding cannot endanger the smooth implementation of the on-going and future ERDF projects and regularity of the external funding at the same time, therefore the MA and MC will assess the risks and feasibility of the proper implementation of each call before launching. In case of serious doubts MC may decide not to allocate external funding into certain call for proposals

For fast and simple involvement of the non-member state partners the respective **ERDF flexibility rule** (10% rule) can be applied, although it makes possible only a very limited participation considering both financial and content-related aspects.

#### 7.3.2.1 ERDF – application of 10 percent flexibility rule

*ERDF Regulation Article 21*

3. In the context of cross border, transnational and interregional co-operation, the ERDF may finance expenditure incurred in implementing operations or parts of operations on the territory of countries outside the European Community up to a limit of 10% of the amount of its contribution to the operational programme concerned, where they are for the benefit of the regions of the Community.
4. member states shall ensure the legality and regularity of these expenditures. The managing authority shall confirm the selection of operations outside the eligible areas as referred to under paragraphs 1, 2 and 3.

The “10 percent flexibility rule” should be used to encourage the involvement of non-member state partners in the programme by using the ERDF budget to finance external expenditures in the context of a project. It is the quickest and most simple financial instrument to involve non-member state partners. A limited set of eligible costs should be developed and decided at programme level introducing limitations with respect to general programme level rules. The benefit brought to the EU territory by the ERDF resources spent externally has to be monitored during both project selection and validation of project costs. The overall responsibility for the management of external expenditures of the project via the 10 percent rule lies with the member state lead partner of the project.

As a general rule, the 10 percent flexibility rule will be available for all projects, i.e. all projects will have the possibility to plan 10% of their ERDF budget to spend outside the EU territory. The Monitoring Committee however, has the right to revise this general approach during programme implementation, and to decrease or raise the percentage from call to call. In any case, the MC has to respect the limit of 10% flexibility at the programme budget level.

Detailed procedures on the use of the “10 percent rule” will be developed by the Managing Authority and the Joint Technical Secretariat, with the involvement of the other relevant actors, and will be communicated to potential applicants in form of detailed Program Manuals.

### **7.3.2.2 IPA funding (1<sup>st</sup> phase of the program implementation)**

The EC provides IPA funds at programme level to finance the participation of candidate and potential candidate countries in the programme. The following elements of implementation should be noted. Further information will be available in the call for projects documentation.

- (a) Responsible authorities of candidate/potential candidate countries shall establish an Operating Structure to deal with the management and implementation of the SEE programme in the relevant country. The Operating Structure will co-operate with the Managing Authorities of the SEE programme and will be represented in the Joint Monitoring Committees as a full member.
- (b) The Joint Monitoring Committees of the SEE programme will prepare the Call for proposals–Application pack (Guidelines for applicants) for the implementation of the programme.
- (c) Before being published, the Call for proposals notice and its Application pack shall be submitted to the EC Delegations of the candidate/potential candidate countries participating in the SEE programme, for ex–ante approval.
- (d) To be eligible for financing by IPA, joint operations shall include beneficiaries from both Member States and IPA countries. Applications for joint operations shall identify a financial lead partner located in a Member State for the part of the joint operation taking place on the EU side with ERDF funds, and a financial lead partner in each of the

participating candidate/potential candidate country for the part of the joint operation taking place on the candidate/potential candidate side with IPA funds. Applications must clearly distinguish between activities – and their costs – taking place on the EU side with ERDF funds and those taking place on the candidate/potential candidate side with IPA funds.

- (e) The Joint Monitoring Committees of the SEE programme is responsible for selecting joint operations.
- (f) The evaluation report and the list of joint operations selected for financing shall be submitted to the EC Delegations for approval. This approval will concern only the participation of partners from candidate/potential candidate countries in the relevant joint operations.
- (g) In countries where IPA assistance is managed in a decentralised manner, the Implementing Agency will issue the IPA grants to its national lead partners participating in the selected joint operations (while the Managing Authority of the SEE programme will issue the ERDF grants to the lead partners responsible for the part of the joint operations taking place on the EU territory). In countries where IPA assistance is managed in a centralised manner, the EC Delegation will issue the IPA grants to the national lead partners participating in the selected joint operations.

### 7.3.2.3 Integration of IPA funding (2<sup>nd</sup> phase of the program implementation)

The main principle of the integration of IPA funds into the SEE program system is to provide the same possibilities and responsibilities to the Partners from the Member States and Partner States. The foreseen new system gives a possibility to fully integrate the external partners into the transnational partnerships, thus the whole project can be managed by one single contract under the responsibility of the Lead Partner. During the 2nd phase of the program implementation (“IPA integrated” phase), the lead partner of the project bears responsibility for the total Community contribution awarded to the project (i.e. ERDF and IPA contribution); these responsibilities are laid down in the single subsidy contract to be concluded between the MA/JTS and the lead partner.

The Monitoring Committee together with the programme authorities, based on the results of the discussion with the Partner States and European Commission, agrees that the following principles are necessary to ensure the smooth implementation of the integration of IPA funds into the programme management system:

- 1. Proper and fully established legal framework and financial system.** Agreements on the sound amendment of the legal system and financial/audit procedures should be made. Program financial, management and audit system are to be regulated by the Financing Agreements to be signed by the European Commission and the IPA partner state and co-signed by the Managing Authority; and program level documents approved by the Monitoring Committee and program authorities (MA, CA, AA).

- 2. Integration is based on the established program rules and procedures.** In the middle of a program period, after committing at least two third of the ERDF funds, no major deviations are possible from the recent ERDF procedures, therefore the IPA procedures will follow the already established modalities. Partners from external Partner States should be given the same opportunity to play a strategic role within a transnational partnership, but at the same time they also have to take similar responsibilities as the partners from the Member States. It means that no major deviations are expected between the roles, responsibilities of IPA and ERDF partners respectively.
  
- 3. Compliant and operational control systems.** Fully **operational and compliant control systems/ procedures** (to be approved by the Audit Authority) will be available in each Partner States in due time in order to be able to verify the expenditure of the IPA project partners and the TA expenditure as well

Detailed rules regarding the management of the integration of IPA funds will be covered by the Financing Agreements and program level documents (Program Manual, Implementation Manual, Control Guidelines). The text of the Financing Agreements will be developed by the European Commission, involving the MA/JTS/CA/AA and signed by the EC, the Managing Authority of the program and the IPA Partner States.

Detailed modalities governing call for proposals, contracting and project implementation will be regulated by program level documents approved by the Monitoring Committee.

#### **7.3.2.4 ENPI funding**

The ENPI Regional East Strategy Paper and Indicative Programme 2010-2013 include a sub-priority on territorial cooperation, according to which (inter alia) selected border regions of partner countries will have the possibility to co-operate with EU MS regions in the context of existing Territorial Cooperation Programmes established under the Territorial co-operation objective of the EU Cohesion Policy.

This provides funding possibilities for partners from the Republic of Moldova and Ukraine in the context of the South-East Europe programme.

The ENPI funds, e.g. the yearly allocations for the participation in the SEE programme for Moldova and Ukraine were not available in the 1<sup>st</sup> phase of the Programme. The participation of the MD and UA partners was provided through the 10% ERDF flexibility rule. For the second phase of the implementation of the program 2 MEUR of ENPI funds will be used for the involvement of partners from Ukraine and Moldova into the transnational partnerships.

As the ENPI regulation is substantially different from the ERDF and IPA rules, direct integration of all the funds into one single system cannot be managed effectively within this program period. While the full program level co-ordination should be kept according to the program rules, a specific ENPI scheme will be developed in line with the general rules related to external funding.

In this respect 4 main elements of the ENPI implementation concept within the SEE program should be defined:

1. **SEE program level rules** governing the co-ordination of the SEE transnational program (program level decision making, project selection, communication, TA management, overall reporting framework, etc) **will also be applicable for the ENPI funds**.
2. **Implementation rules of the ENPI project parts (ENPI contracts) are in principle following the rules of external funding.** ENPI Grant Contracts will be concluded between the ENPI partners and the JTS/MA; therefore ENPI partners are responsible for the ENPI contribution awarded.
3. The ERDF Lead Partner will submit the application form, sign the subsidy contract with the JTS (acting on behalf of the MA) and will act as a direct contact between the project and the joint management bodies of the programme (with regard to the ERDF and IPA funds). **Relation between the ERDF LP and the ENPI partners should be established by a partnership agreement** where the responsibilities regarding to the transnational project co-ordination system and reporting will be defined. However, the ENPI partners will have an additional obligation, i.e. to report to the LP about project activities.
4. Considering the expected difficulties on program management capacities and resources and the need on concentrating efforts on strategic projects, the Monitoring Committee will decide on the **minimum project size** (e.g. 200.000 EUR) in order to limit the number of ENPI contracts managed within the program framework. For the same reasons, preferably, ENPI related projects will be defined more clearly during strategic project development procedures. The programme would, thus, ensure the involvement of national stakeholders in the strategic projects which would in turn improve the quality of operations.

## 2. Legal Background

The ENPI funds will be implemented as a specific scheme within the SEE program, therefore both the program governing rules and the ENPI regulation should be considered. Governing regulation for the ENPI funds is **REGULATION (EC) No 1638/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (hereinafter: ENPI Regulation)** laying down general provisions establishing a European Neighbourhood and Partnership Instrument. The ENPI regulation allows for multi-country actions. Art. 15 (2) h) of the ENPI Regulation states that: "Community assistance may also be used to contribute to a fund established by the Community, its Member States, international and regional organizations, other donors or partner countries".

Apart from the governing regulation for the implementation of ENPI funds, the rules at programme level will be also detailed in the Financing Agreements and program-level documents (program manuals).

## 3. ENPI Implementing provisions for the operational program

### Monitoring Committee

The overall tasks of the Monitoring Committee of the South East Europe programme are to ensure the quality, effectiveness and accountability of the programme operations, and to select projects for funding. The national representatives of Moldova and Ukraine are members of the Monitoring Committee thus fully satisfying the article 9 (9) of the ENPI regulation, "Participating countries shall, taking into account the principle of partnership, jointly select those actions consistent with the priorities and measures of the joint operational programme that will receive Community assistance."

### **Managing Authority**

The Managing Authority of the South East Europe Programme (National Development Agency, Hungary) bears the responsibilities of the joint managing authority in accordance with the article 10. of the ENPI Regulation

### **Joint Technical Secretariat**

According to the article 10.(1). „1. Joint operational programmes shall, in principle, be implemented through shared management by a joint managing authority located in a Member State. The joint managing authority may be assisted by a joint technical secretariat.”

The programme has a single Joint Technical Secretariat which will provide its assistance according to the stipulations in chapter 7.1.5 to the ENPI partners as well. Joint Technical Secretariat acts on behalf of the Managing Authority.

### **SEE Contact Points**

The "SEE" Contact Points' main task is to represent the programme in partner states and serve as national co-ordination points for the programme implementation. The "SEE" Contact Points shall complement the activities of the JTS, and may initiate and carry out other specific transnational activities. The programme has in all 16 partner states established contact points.

In Moldova the SEE contact point is within the State Chancellery, Chisinau and in Ukraine within Ministry of Economy, Kyiv.

### **Project selection and contracting**

Project selection will be the overall responsibility of the Monitoring Committee. To be eligible for financing from ENPI funds, joint operations shall include beneficiaries from both Member States and ENPI countries. Applications for joint operations shall identify a Lead Partner located in a Member State who will sign the subsidy contract with the MA/JTS on behalf of the ERDF and IPA partners, while the ENPI partners will sign separate grant contracts with the MA/JTS.

### **Eligible applicants**

As a general rule the applicants from ENPI countries will be eligible in accordance with the article 14 of ENPI Regulation. Eligibility of applicants will be further specified in the Program Manual of each call for proposals including an indicative list of the types of institutions eligible. The Monitoring Committee may set specific eligibility rules on a case by case basis for the different calls for proposals.

### **Implementation of ENPI contracts**

At the project level, specific provisions will be set up.

The ENPI partners will sign a separate contract and the procurement will be done according to external action rules. Project expenditure will be checked by independent external auditors. Charges will be borne by the projects (external first level control) and can be reported as eligible costs.

Apart from the reporting requirements to be defined in the General Conditions and Special Conditions of the Grant Contract, the ENPI partners will have reporting obligations towards the ERDF LP in order to enable the LP to fulfil its reporting obligations on the project progress in accordance with the deadlines set in the subsidy contract.

### **Specific implementation rules of the program Technical Assistance budget**

Out of 2 MEUR ENPI allocation to the program 10% will be used for technical assistance. No national co-financing is foreseen. The operational TA system of the SEE program will be used including eligibility of expenditures and procurement.

The following activities will be carried out within the frame of Technical Assistance financed from ENPI funds:

- Staff costs for financial management and administration
- Further development of the IMIS 2007-2013 Monitoring and Information System (if applicable)
- Contribution to the joint program TA budget of communication, external expertise, evaluation (as applicable), etc.

### **Recovery of ENPI funds**

The recovery procedure for ENPI contribution will be regulated in the Financing Agreements.

If the Managing Authority is unable to recover the ENPI funds unduly used within one year of the issuing of the recovery order to the ENPI partner, the MA shall refer the case to the European Commission. On the basis of a complete file transferred by the MA, the European Commission will then take over the task of recovering the amounts owed by the beneficiary established in Moldova or Ukraine or directly from the national authorities of those countries.

No offset made by the Commission will affect the payments made to the Member State hosting the programme management bodies.

## 7.4 Information and publicity

Information and publicity strategy of the programme shall be carried out in accordance with the relevant regulatory requirements:

*General Provisions Article 69  
Information and publicity*

1. The member state and the managing authority for the operational programme shall provide information on and publicise operations and co-financed programmes. The information shall be addressed to European Union citizens and beneficiaries with the aim of highlighting the role of the Community and ensure that assistance from the Funds is transparent.  
The Commission shall adopt implementing rules for this Article in accordance with the procedure referred to in Article 103(3).
2. The managing authority for the operational programme shall be responsible for publicity in accordance with the implementing rules of this Regulation adopted by the Commission in accordance with the procedure referred to in Article 103(3).

Detailed regulation requirements related to information and publicity are set out in Articles 2-9 of the Implementation Regulation.

An overall information and publicity strategy for the whole programming period will be developed and submitted to the Monitoring Committee for approval after the European Commission endorsement of the programme. Detailed yearly information and publicity plan will be developed by the Joint Technical Secretariat (with the involvement of "SEE" Contact Points) and will be basis for Monitoring Committee approval.

### Objectives

The general aim of the information and publicity strategy is to highlight the role of the Community and to ensure that assistance from the funds is transparent by proactively disseminating information and providing platforms that stimulate exchanges of experience in order to raise the awareness with the general public.

The general objectives of the information and publicity strategy are:

- Spreading information on the opportunities of this programme and ensuring transparency for the target groups of the programme including relevant actors from the point of view of specific programme priorities
- Making the general public more aware of the results and benefits achieved by transnational projects
- Informing correctly, in due time, the potential beneficiaries upon the rules and procedures in order to ensure sound project implementation



## Target groups

Communication primarily should be directed to potential applicants and beneficiaries to ensure that they are properly and in time informed about the opportunities of funding, about calls for proposals and simultaneously to make sure that they understand the administrative process.

The second target group is the general public as indirect beneficiaries who should be aware of the results and benefits achieved by the projects. Information on the results of the projects should also be provided to institutions involved in policy-making in fields related to the programme priorities.

## 7.5 Project level implementation and programme level financial management

This chapter describes the rules of implementation for ERDF and IPA project parts only.

### 7.5.1 Project level implementation

The programme follows two different models of project implementation depending on the structure of IPA financial allocation to the Programme:

In the **1st phase of the programme implementation**, so called “IPA non-integrated phase”, the project implementation from contracting to project closure included reporting obligations and payment of Funds will be executed according to the regulations and rules relevant for the financial instruments of the programme (ERDF, IPA). This model is followed for the projects selected within the call for proposals launched before 31 December 2010 (i.e. IPA funds 2007–2009).

In the **2nd phase of the programme implementation**, so called “IPA integrated phase” (projects selected in the call for proposals launched after 31 December 2010, i.e. with IPA funds 2010 onwards), the project implementation will be based on the ERDF procedures and principles, including the use of ERDF reporting tools and templates and the ERDF project and budget structure.

The rules for eligibility of expenditure at programme level will be integrated considering the rules set by Article 34 and Article 89 of 718/2007 EC Regulation as well. In case of specific types of expenditure (e.g. overheads, common costs, in kind contributions, etc.) the programme rules apply accordingly.

ENPI funds may be used to support the integration of Ukrainian and Moldovan partners into transnational partnerships. As ENPI funding will not be integrated into the mainstream program financial and management procedures the specific rules regulating the implementation of the ENPI project fund are described separately in chapter 7.3.2.4 in details.

#### 7.5.1.1 The lead partner principle

The lead partner principle according to Article 20 of the ERDF Regulation is a basic requirement for all operations financed from the programme.

The project will be represented by the lead partner who will act as the only direct contact between the project and the joint management bodies of the programme. It is the responsibility of the lead partner to create a well working consortium based on a partnership agreement ensuring the proper and sound implementation of the project.

For the projects approved under the call for proposals in the “IPA non-integrated” phase (i.e. with IPA funds 2007–2009), the lead partner is not responsible for the financial aspects of IPA funds. For joint projects which include the participation of partners from IPA countries, a “financial lead partner” is appointed in each of the participating candidate/potential candidate countries for the part of the joint operation taking place on the candidate/potential candidate side with IPA funds. Applications must clearly distinguish between activities – and their costs – taking place on the EU side with ERDF funds and those taking place on the candidate/potential candidate side with IPA funds.

For projects approved under calls for proposals launched following the integration of IPA funds into the programme (i.e. IPA funds 2010–2013) and project level financial implementation, the lead partner shall be responsible for the financial aspects of IPA funds as well.

### **7.5.1.2 Contracting procedures**

Based on the formal project approval by the Monitoring Committee, the Joint Technical Secretariat prepares the **subsidy contract** with the lead partner. The Managing Authority bears legal responsibility for the subsidy contract from the side of the Programme, and decides on the programme body responsible for signing the contract on behalf of the Managing Authority. The MA/JTS will use a subsidy contract form approved by the Monitoring Committee.

Based on the formal project approval by the Monitoring Committee the Joint Technical Secretariat (hosted by VÁTI) concludes the subsidy contract with the lead partner. The Managing Authority bears legal responsibility for contracting. The legally binding subsidy contract of a project shall be reported by the Joint Technical Secretariat to the IMIS 2007-2013 Monitoring and Information System of the Programme.

In case of projects in the IPA non-integrated phase (i.e. IPA funds 2007–2009), the subsidy contract is concluded by the MA/JTS only for the ERDF contribution, while for the projects implemented in the “IPA integrated phase” (i.e. IPA funds 2010–2013) one single subsidy contract is concluded per project, meaning that the Lead Partner signs the subsidy contract on behalf of the IPA Partners as well

### **7.5.1.3 Project reporting**

#### **Reporting Obligations**

Progress reports and applications for reimbursement will be linked during the project implementation period. Therefore, the lead partner of the project may request Community Contribution (ERDF contribution, and IPA contribution for the projects in the “IPA integrated phase”, i.e. IPA funds 2010–2013) by providing proof of progress as described in the work plan of the project.

Progress reports and applications for reimbursement should be submitted on a regular basis (generally by 6 months) during the project implementation. The final progress report should be submitted with the last application for reimbursement within three months after completion of the project. Reporting deadlines will be given in the subsidy contracts. Detailed rules of reporting will be set out in the Implementation Manual of the programme.

#### **Reporting for projects approved under the IPA non-integrated phase (i.e. IPA funds 2007–2009) involving both ERDF and IPA funding**

In the case of projects financed from ERDF and IPA jointly, the progress report prepared by the lead partner should contain **additionally** information on the IPA Grant Contracts, providing therefore an overview on the whole project activity, financial progress and the realisation of partnership, in every six months.

Reporting requirements relating to the IPA 2007–2009 funding itself will be set out in the relevant IPA Grant contract.

### 7.5.2 Control systems to validate expenditure

According to Article 16 of the ERDF Regulation, each member state shall set up a control system to validate the expenditures at national level:

In accordance with Article 13 of the Implementation Regulation, verifications to be carried out at national level shall cover administrative, financial, technical and physical aspects of operations. Verifications shall ensure that the expenditure declared is real, that the products and services have been delivered, and that the operations and expenditures comply with relevant Community and national rules. The process of verification carried out by the controllers at national level includes 100% administrative verification and on the spot verifications, as appropriate.

Following the integration of IPA funds into the programme and project level financial implementation, IPA partner states shall operate a control system making it possible to verify the delivery of products and services co-financed, the soundness of the expenditure declared for operations or part of operations implemented on their territory, and the compliance of such expenditure and of related operations, or parts of those operations with Community, when relevant, and its national rules.

The Managing Authority, the Joint Technical Secretariat and the Certifying Authority should be regularly informed on the control system set up by each member states, and following the integration of IPA funds into the programme and project level financial implementation also by each IPA partner state.

In order to ensure the common understanding of the rules applied for control at national level **Control Guidelines** including detailed checklists will be developed at programme level. The common **Control Guidelines** will be the basis for the guidelines prepared at national level. The national level guidelines have to be developed in line with the relevant EC and national regulations. These guidelines should be available in due time on the programme homepage as well.

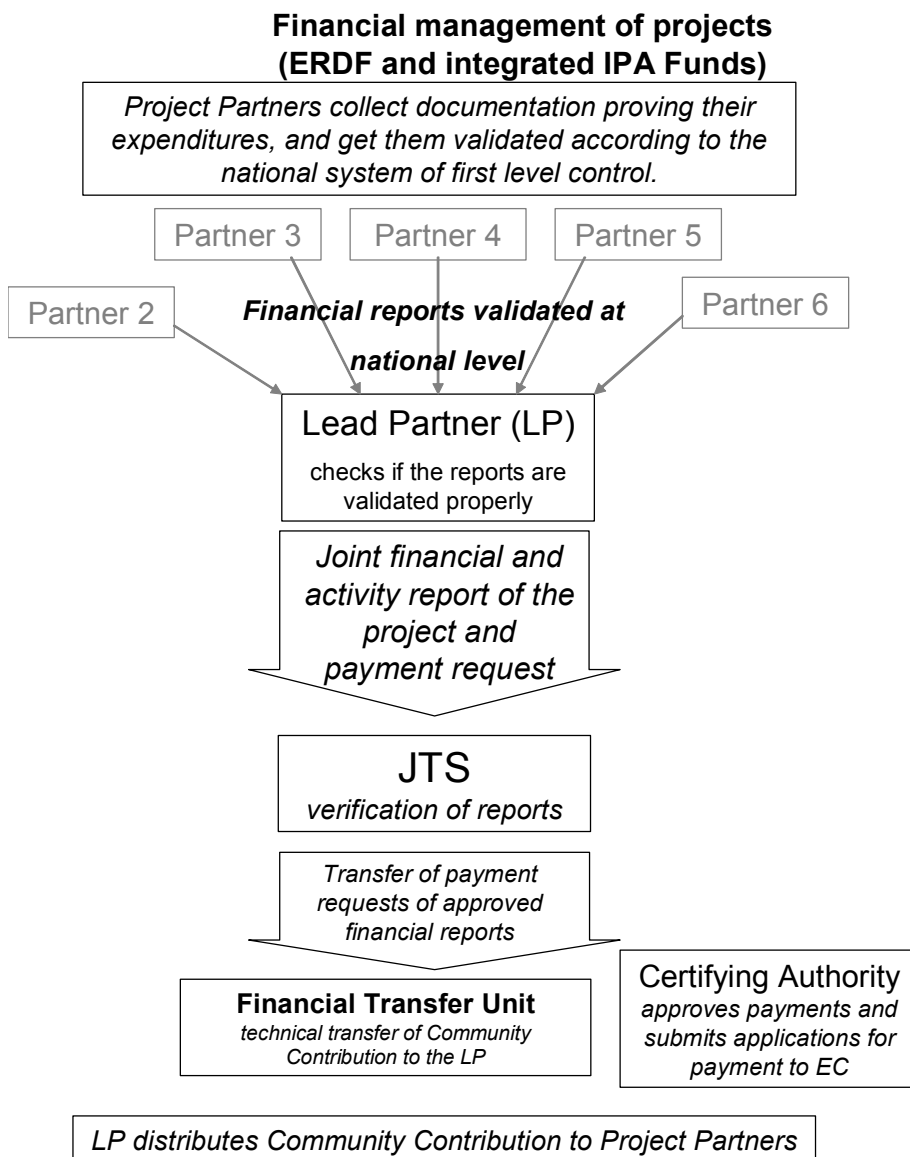
The representatives of controllers of each member states participating in the Programme will set up a **working group**. Following the integration of IPA funds, the representatives of controllers of IPA partner states will also be invited to the working group of controllers. The work of this group will be coordinated and supported by the Joint Technical Secretariat. Regular consultation for the members of the working group shall be organised during the programme implementation period.

### 7.5.3 Description of financial flows and procedures from project level to programme level

For the projects approved in the 1<sup>st</sup> phase of the programme implementation, i.e. with non-integrated IPA 2007–2009 funds, the financial management of projects, including payment of ERDF funds and IPA will be executed separately according to the relevant regulations.

The steps of financial flow for ERDF and for IPA in the “IPA integrated phase” are presented by the following flowchart:

Fig. 7: Financial management of projects (ERDF and IPA in the “IPA integrated phase”)



### 7.5.3.1 Flow of payments to lead partners

- a) The controller responsible checks the invoices or accounting documents of equivalent probative value submitted by the project partner and verifies the delivery of the products and services co-financed, the soundness of the expenditure declared, and the compliance of such expenditure and related (parts) of operations with Community rules and relevant national rules. After verification, the Controller issues the Declaration on validation of expenditure.
- b) After reception of the declarations on validation of expenditure submitted by the project partners the lead partner draws up and submits the project-level application for reimbursement to the JTS

- c) Following the checks on the application for reimbursement and the relating progress report the JTS forwards the application for reimbursement to the Financial Transfer Unit. In the course of the requests of funds, the Financial Transfer Unit draws up requests for the transfer of ERDF contribution and following integration of IPA, of IPA contribution from the Certifying Authority through the programme's monitoring system, which results in the approval of payments by the Certifying Authority and the transfer of ERDF contribution and following integration of IPA, of IPA contribution drawn from the programme account(s) handled by the Certifying Authority to the technical disposal bank account kept by the Financial Transfer Unit

Following the approval of the Certifying Authority, the Financial Transfer Unit transfers the payment of the ERDF contribution, and following integration of IPA, the IPA contribution to the lead partners. The implementation of the payment process is supported by the IMIS 2007-2013 Monitoring and Information System of the programme. The project applications for reimbursement and the specific stages of the process are entered into the monitoring system so that they can be traced back afterwards

- d) The lead beneficiary transfers the ERDF contribution, and following integration of IPA, the IPA contribution to beneficiaries participating in the operation

### **7.5.3.2 Programme level financial procedures (ERDF and IPA in the "IPA integrated phase"), certification process**

The ERDF contribution and following the integration of IPA funds, the IPA contribution are paid into the single accounts opened per Funds and managed by the Certifying Authority. Payments made by the European Commission take the form of pre-financing, interim payments and payment of the final balance.

Based on validated eligible expenditure verified by the Joint Technical Secretariat which can be supported by receipted invoices or accounting documents of equivalent probative value the Certifying Authority draws up the statement of expenditure. The statement of expenditure shall include for each priority axis the total amount of eligible expenditure paid by the lead beneficiaries or beneficiaries in implementing the operations and the corresponding public contribution. The Certifying Authority draws up the application for payment and the certification of expenditure and submits them together with the statement of expenditure in SFC2007 to the European Commission.

In support of the certification activity of the Certifying Authority the Managing Authority operates a verification reporting system. Before compiling the statement of expenditure to the European Commission the Managing Authority submits a verification report on the procedures and verifications carried out in relation to expenditure included in the statements of expenditure. In order to have adequate information on the validation and verification of expenditure the Managing Authority will request information in the form of a verification report from the partner states.

In order to support its certification activity, the Certifying Authority may carry out so-called fact-finding visits at the joint management structures participating in financial management of the programme.

## 7.6 Monitoring and Evaluation

### 7.6.1 Monitoring

According to the Article 66(2) of the General Regulation No.1083/2006, the Managing Authority and the Monitoring Committee shall carry out monitoring by reference to financial indicators and the indicators specified in the Strategy Chapter of the Programme.

#### Indicator system

For the Programme a subset of quantified indicators will be applied taking into account the common minimum core indicators required by the Commission (The New Programming Period, 2007 – 2013: Methodological Working Papers, Working Document No. 2, 1. June 2006). The ex-ante quantification of the targets is based on two parameters: the financial weight of the priority axes and an average project size drawn from previous experiences.

A full set of indicators will be further developed in a separate manual. The full set of indicators serves for the internal programme management and forms an indispensable basis for the reporting and communication needs to make the programme achievements visible to the programme partners and to a broader public. Targets of the full set indicators may be ex-ante quantified for internal use if appropriate. The full set of indicators is not part of the OP.

The indicators shall make it possible to measure the progress in relation to the baseline situation and the effectiveness of the targets implementing the priorities. The Joint Technical Secretariat will monitor these indicators.

#### Annual report on implementation

In accordance with Article 67 of General Regulation annual report and final report on implementation have to be prepared. The annual reports will be drafted by the Joint Technical Secretariat and will be verified and submitted by the Managing Authority and approved by the Monitoring Committee before they are sent to the Commission.

#### Project level monitoring

The purpose of the project monitoring is to keep track of how the project is progressing in terms of expenditure, resource use, implementation of activities, delivery of results and management of risks. The monitoring activity of the project presumes the systematic and continuous collection of the information, input the data into the monitoring system, analysis of the value of the indicators defined in the project and use the system to support effective decision-making.

The Joint Technical Secretariat may review project progress and performance on a periodic basis by monitoring the indicators of the project and take the necessary decisions to keep the project on track.

#### 7.6.1.2 Programme Monitoring and Information System

The Managing Authority is responsible for the setting up of a system to gather reliable financial and statistical information on implementation for the monitoring indicators and for evaluation and forwarding these data in accordance with arrangements agreed between the member states and the Commission using computer systems permitting the exchange of data with the Commission.

The common monitoring and information system of the programme will be based on a management information system, which allows for data collection and monitoring at a transnational level. The system is to provide the competent bodies (Monitoring Committee, Managing Authority, Certifying Authority, Audit Authority, Joint Technical Secretariat, Financial Transfer Unit, Contact Points) with a practical tool to perform their tasks and should also foster communication and the flow of information among the partner states. The system will support both the project cycle and the programme implementation.

The development and implementation of the Programme Monitoring and Information System shall be financed from the Technical Assistance budget.

### **7.6.1.3 Computerised Exchange of Data**

Electronic data exchange between the **SFC** (Structural Funds Common database) and the programme management structures is a requirement according to Article 39 of the Rules of Implementation. After having set up the Monitoring and Information system for the programme, in co-ordination with the European Commission, an efficient way of data exchange will be decided.

The computer system for data exchange shall be developed as a tool of exchange of all data relating to the operational programme. The computer system used must meet accepted security standards to ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

### **7.6.2 Evaluation**

The aim of the evaluation is to improve the quality, effectiveness and consistency of the use of assistance, the strategy and the implementation of the programme. Evaluation shall be carried out before (ex-ante evaluation), ongoing evaluation and after (ex-post evaluation) the programming period according to Article 48 of the General Regulation. The partner states shall provide the resources necessary for carrying out evaluations, organise the production and gathering of the necessary data and use the various types of information provided by the monitoring system.

The results of the evaluation shall be presented to the Monitoring Committee and to the Commission and shall also be published on the website of the programme.

Evaluations shall be financed from the Technical Assistance budget.

## **7.7 Specific implementation rules of the programme Technical Assistance budget**

Technical Assistance is necessary to assist the joint structures (Managing Authority, the Joint Technical Secretariat and partly the "SEE" Contact Points) in implementing the programme. Taking into consideration the size and diversity of the programming area 6% of the ERDF funds allocated to this programme will be used for the priority "Technical Assistance". Technical Assistance from IPA funds is to be integrated into the TA framework of the program. It is necessary to support the increased tasks of the core management structure in the IPA integrated phase by contributing to the communication, audit and management tasks of the joint program. 10% of the IPA contribution of this phase will be allocated to Technical Assistance.

Technical Assistance budget will be used for assistance required to prepare, manage, implement, monitor, control and evaluate the programme. The Joint Technical Secretariat should provide support



for efficient programme implementation by helping to co-ordinate the transnational co-operation at programme level.

Furthermore, Technical Assistance budget should be used for tasks aimed to improve and assure proper programme implementation at project generation level (e.g. thematic seminars, information and publicity measures, evaluation) and to increase the overall quality of funded projects.

The following activities are to be carried out within the scope of Technical Assistance in order to ensure the efficient administration of the programme:

- Activities in connection with the generation, preparation, selection, evaluation and support of projects
- Activities to promote the capitalization of results
- Activities in connection with the support to joint structures
- Management and work of the Joint Technical Secretariat including staff supporting horizontal tasks
- Activities involving meetings of the Monitoring Committee and sub-committees in connection with interventions
- Examination of control and on-the-spot checks of operations
- audit and evaluation of the operations and the programme (e.g. environmental monitoring, if necessary)
- The setting up, operation and maintenance of a common Monitoring and Information System for the administration, support and evaluation of the programme
- Preparation of reports and studies (e.g. annual reports, mid-term evaluation etc.) and other external expertise supporting programme implementation and the preparation of successor transnational programmes after 2013
- Information and publicity activities
- Promotion and assistance to potential final beneficiaries.

The following activities will be carried out within the frame of Technical Assistance financed from IPA funds:

- Additional JTS staff costs for financial management and administration
- Further development of the IMIS 2007-2013 Monitoring and Information System
- Contribution to the TA budget of communication, audit, external expertise, evaluation, etc.
- Contribution to the activities of the contact points of the IPA countries (eligible co-financing)

### **7.7.1 Technical Assistance Budget**

6% of the programme's ERDF budget will be used to finance Technical Assistance, with a **25%** national co-financing rate. EU member states will transfer their national co-financing share to a separate bank account on a yearly basis.

In the “IPA integrated phase”, **10%** of the IPA budget of the programme will be used to finance Technical Assistance, with a **15%** national co-financing rate. The Partner States involved in the IPA integrated phase will provide the national co-financing which in principle will be calculated in proportion of the population of the country. Further rules on the national contribution will be regulated by the Financing Agreements and the program TA Manual.

### **7.7.2 Management of the Technical Assistance**

Activities covered by Technical Assistance (from ERDF Funds, and from IPA Funds in the IPA integrated phase) will be financed using the project management approach. All programme management activities (i.e. work of the Joint Technical Secretariat, including development and management of the monitoring system etc.; or transnational project generation activities of “SEE” Contact Points etc.) to be reimbursed by Technical Assistance shall be prepared in form of “Technical Assistance projects”. Technical Assistance project plans shall include:

- Objectives
- Activities
- Target groups
- Expected expenditures etc.

Technical Assistance projects are implemented by programme management structures. Technical Assistance project proposals have to be previously approved by the Monitoring Committee. Costs occurred while implementing the project will be partly or fully reimbursed by the programme. Reimbursement will take place on the basis of occurred expenditures to be a subject of regular control. Programme management bodies implementing Technical Assistance projects have to respect and follow the programme level eligibility rules and procedures.

For the procurements from IPA Technical Assistance managed by the core management (JTS, MA) will follow the same procedures (including procurement) as in case of the ERDF TA budget as being implemented within the framework of the program joint TA activities, such as contribution to programme level information and communication activities, evaluation, audit and management of the monitoring and information system, etc. TA activities carried out by the contact points in the IPA countries are subject of IPA implementation rules (including procurement) as it is further defined within the Financial Agreements and additional program documents.

## **7.8 Audits**

### **7.8.1 The Audits of the Operations**

*Article 16 Implementation Regulation  
The Audits of the Operations*

1. The audits referred to in point (b) of *Article 62 (1) (b) of the Regulation (EC) No. 1083/2006* shall be carried out each twelve month period from 1 July 2008 on a sample of operations selected by a method established, or approved by the Audit Authority in accordance with Article 17.

The audits shall be carried out on the spot, on the basis of documentation and records held by the beneficiary.

The audits shall verify that the following conditions are fulfilled:

- The operation meets the selection criteria for the operational programme and has been implemented in accordance with the approval decision and fulfils any applicable conditions concerning its functionality and use or the objective to be attained
- The expenditure declared corresponds to the accounting records and supporting documents held by the beneficiary
- The expenditure declared by the beneficiary is in compliance with the Community and national rules
- Public contribution has been paid to the beneficiary

Where problems detected appear to be systemic in nature and therefore entail a risk of other operations under the programme, the Audit Authority shall ensure that further examination is carried out, including additional audits where necessary, to establish the scale of such problems. The relevant authorities shall take the necessary preventive and corrective actions.

The method of sampling for the operations to be audited should be in line with the Article 17 of the Implementation Regulation.

The Group of Auditors comprising a representative of each member states will assist the Audit Authority as described in point 7.1.4.

## 7.9 Irregularities and recovery of funds unduly paid

Detailed regulation of responsibilities related to irregularities will be part of the Memorandum of Understanding of the programme and the Financing Agreements concluded in the IPA integrated phase.

### 7.9.1 Definition

*Article 2 (7) general provisions*

'irregularity': any infringement of a provision of Community law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

The responsibilities related to handling irregularities contain two main duties, one is the reporting to the Commission and the other is the recovery of the amounts unduly paid.

### 7.9.2 Reporting

*Article 28 rules for implementation*

1. Without prejudice to the other obligations under Article 70 of Regulation (EC) No. 1083/2006, within two months following the end of each quarter, member states shall report to the Commission any irregularities which have been the subject of a primary administrative or judicial finding.

4. Irregularities relating to operational programmes under the European territorial co-operation objective shall be reported by the member state in which the expenditure is paid by the beneficiary in implementing the operation. The member state shall at the same time inform the managing authority, the certifying authority for the programme and the audit authority.

Following IPA integration into programme and project level financial implementation each IPA partner state hosting a project partner is responsible for reporting irregularities detected directly to the European Commission via the IMIS system, as well as for reporting on procedures instituted with respect to all irregularities previously notified and of important changes resulting from them.

The member states and, following IPA integration, the partner states shall send a copy of their quarterly reports to the Managing Authority.

The Managing Authority shall make a register for these reports so that it can inform the European Commission about the irregularities at programme level.

### **7.9.3 Recovery**

The Managing Authority can recover money only from the natural or legal persons which are in contractual legal relation with the Managing Authority.

Each Member State, and following IPA integration, Partner State hosting a project partner is responsible for preventing, detecting, making decisions on and correcting irregularities and recovering amounts unduly paid together with any interest chargeable from the project partners. Each Member State and following IPA integration, Partner State hosting a project partner shall be responsible for repayment of the amounts unduly paid in case of an unsuccessful recovery procedure between the Managing Authority and the Lead Partner. Further details of the recovery procedure are regulated in the Memorandum of Understanding and following IPA integration in the Financing Agreements.

#### **7.9.3.1 Responsibility scheme**

The responsibility of the member states is limited to the errors and expenditure irregularities committed by partners located on their national territory.

In the implementation phase of the Programme two types of responsibilities can occur:

1. Contractual liability between the Managing Authority and the lead partner (parallel with this there is also contractual liability between the lead partner and the Project Partner)
2. Legal liability between the European Commission and the concerned partner state

#### **7.9.4 Irregularities related to Technical Assistance projects**

Irregularity can be committed by those who are benefited by the Technical Assistance budget.

If any control or audit activity detects an irregularity related to a Technical Assistance project the affected part of the management has to pay back the unduly paid amount to the Certifying Authority.

### **7.9.5 Errors of systemic nature**

During the running of the system, errors can be detected which make impossible to detect irregularities or cause irregularities themselves. (For example there is a mistake in the call for proposals, which indicates irregularities).

In case anybody detects an error like this, the Managing Authority/Certifying Authority submits the whole documentation to the Monitoring Committee with a recommendation how to solve the problem. The Monitoring Committee decides how to solve the problem.

## **APPENDIX A – Literature for the analysis**

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## APPENDIX B – Tables

The following tables were provided by the Task Force and were used as a basis for the analysis. In some cases the most current available Eurostat data were used for the last version of the Programming Document.

Tab. 18: Basic indicators of size and economic activity in the SEE region, 2005

Countries	Area th.km <sup>2</sup>	Population		GDP			GDP/cap
		million	density	million EUR	89=100	EUR	PPS
Austria	84	8.2	98	246,466	134	30,057	28,600
<i>East Italy</i>	<i>149</i>	<i>28.6</i>	<i>193</i>	<i>709,444</i>	<i>154<sup>a</sup></i>	<i>24,806</i>	<i>25,091</i>
Italy	301	57.6	191	1,417,241	122	24,605	24,200
Greece	132	10.7	81	181,088	141	16,924	19,600
Hungary	93	10.1	109	87,826	120	8,696	14,500
Slovakia	49	5.4	110	37,301	121	6,935	12,700
Slovenia	20	2.0	100	27,373	125	13,870	18,900
Bulgaria	111	7.8	70	21,448	92	2,760	7,500
Romania	238	22.2	93	79,314	101	3,500	7,700
Albania	29	3.2	110	6,739	130	2,140	4,710
Bosnia	51	4.1	80	7,995	64	1,950	6,140
Croatia	57	4.5	79	30,465	95	6,770	11,000
The former Yugo- slav Republic of Macedonia	26	2.0	78	4,631	84	2,280	5,980
Serbia- Montenegro	102	8.1	79	21,060	54	2,600	6,179
the Republic of Moldova	34	4	124	3,691	44	460	
Ukraine	604	46.9	78	65,510	59	1,396	6,240
EU 15	3,247	380	117	10,245,077	133	26,929	25,300
EU 25	3,985	455	114	10,798,352	132	23,749	23,400
SEE	1,931	196,8	102	2,234,457	120	8,892	12,425

Sources: Eurostat (2006), WIIW (2006)

a: 1995-2003

Tab. 19: Demographic statistics

Countries	Population growth	population age composition (15-64)	Life expectancy at birth	Crude death rate	Crude birth rate
		2002	2002	2002	2002
Austria	6.9	68	79	10	9
<i>East Italy</i>	5.1				
Italy	1.1	67	78	11	9
Greece	5.2	67	78	11	9
Hungary	-2.9	69	72	13	10
Slovakia	2.8	70	73	10	11
Slovenia	4.1	70	76	10	9
Bulgaria	-13.2	69	72	14	9
Romania	-1.7	69	70	13	10
Albania	-0.6	65	74	6	17
Bosnia	-5.2	72	74	8	12
Croatia	-0.2	68	74	12	10
The former Yugoslav Republic of Macedonia	2.4	68	73	9	14
Serbia-Montenegro	-19.8	66	73	12	12
the Republic of Moldova	-3.1	68	67	13	11
Ukraine	-9.3	69	68	15	9
EU 15	4.6	67	78	10	10
EU 25	1.4	67	77	10	10

Sources: Eurostat (2006), WIIW (2006), World Bank (2004)

Tab. 20: Labour statistics

Countries	Ratio of labour force to population	Unemployment ratio
	2002	2005
Austria	46	5
Italy	45	8
Greece	43	10
Hungary	49	7
Slovakia	56	16
Slovenia	50	6
Bulgaria	53	10
Romania	48	8
Albania	50	14
Bosnia	46	46
Croatia	47	18
The former Yugoslav Re- public of Macedonia	49	38
Serbia-Montenegro	48	32
the Republic of Moldova	52	
Ukraine	53	8
EU 15	47	8
EU 25	49	9

Source: WIIW (2006), World Bank (2004)

Tab. 21: Social indicators

Countries	Health expenditure %GDP	Physicians/1000 people	Hospital beds/1000 people	Gini index of social inequality <sup>1</sup>
	2001	2002	2002	2002
Austria	8.0	3.2	8.6	30
Italy	8.4	4.3	4.9	36
Greece	9.4	4.4	4.9	35
Hungary	6.8	2.9	8.2	24
Slovakia	5.7	3.6	7.8	26
Slovenia	8.4	2.2	5.2	28
Bulgaria	4.8	3.4	7.2	32
Romania	6.5	1.9	7.5	30
Albania	3.7	1.4	3.3	28
Bosnia	7.5	1.4	3.2	26
Croatia	9.0	2.4	6.0	29
The former Yugoslav Republic of Macedonia	6.8	2.2	4.8	28
Serbia-Montenegro	8.2	2.1	5.3	
the Republic of Moldova	5.1	2.7	5.9	36
Ukraine	4.3	3.0	8.7	29
EU 15	8.9	3.3	6.5	32
EU 25	8.5	3.2	6.5	32

Source: World Bank (2004)

1: Gini index measures the extent to which the distribution of income among individuals or households within an economy deviates from a perfectly equal distribution. The gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.

Tab. 22: Urban structure

Countries	Urban population (%)	Number of cities with population over 100,000 inhabitants	Metropolitan population as a share of total		Metropolitan GDP as a share of total GDP	
			1991 <sup>a</sup>	2003 <sup>b</sup>	1991 <sup>a</sup>	2003 <sup>b</sup>
Austria	66	5	0,20	0,20	0,20	0,20
Italy	67*	26*	0,07	0,06	0,07	0,06
Greece	60	6	0,34	0,36	0,34	0,36
Hungary	65	9	0,19	0,17	0,19	0,17
Slovakia	58	2	0,12	0,11	0,12	0,11
Slovenia	50	1	0,24	0,25	0,24	0,25
Bulgaria	69	7	0,14	0,15	0,14	0,15
Romania	56	25	0,09	0,09	0,09	0,09
Croatia	58	3		0,13		0,13
Albania	44	1	0,12	0,27	0,12	0,27
Bosnia	44	2		0,17		0,17
The former Yugoslav Republic of Macedonia	59	2	0,28	0,29	0,28	0,29
Serbia-Montenegro	52	5	0,15	0,15	0,15	0,15
the Republic of Moldova	43	4				
Ukraine	71	41				
EU 15	79					
EU 25	76					

Source: World Bank (2004) and Estimation from Eurostat and SEED Centre Regional Databases

a: For Hungary, Italy, Slovakia, Slovenia, Bulgaria, Romania the base year is 1995

b: For Albania, Bosnia, Serbia the latest information is for 1998, and for the former Yugoslav Republic of Macedonia is 2002.

\* The figures refer to Eastern Italian regions

Tab. 23: Regional inequalities in NUTSIII level

countries/regions	Coefficient of variation (CV) based on regional GDP per capita		max/min ratio based on regional GDP per capita	
	1991 <sup>a</sup>	2003 <sup>b</sup>	1991 <sup>a</sup>	2003 <sup>b</sup>
Austria	0,40	0,35	3,14	2,66
Italy	0,31	0,28	3,29	2,70
Greece	0,19	<b>0,25</b>	2,70	<b>4,22</b>
Hungary	0,48	<b>0,61</b>	3,05	<b>3,79</b>
Slovakia	0,37	<b>0,44</b>	3,08	<b>3,67</b>
Slovenia	0,21	<b>0,32</b>	1,68	<b>2,10</b>
Bulgaria	0,39	<b>0,49</b>	2,87	2,81
Romania	0,23	<b>0,43</b>	2,14	<b>3,81</b>
Croatia		0,42		3,12
Albania	0,32	0,27	2,87	<b>2,95</b>
Bosnia-Herzegovina		0,43		3,12
The former Yugoslav Republic of Macedonia	0,37	<b>0,46</b>	3,41	2,90
Serbia-Montenegro	0,51	<b>0,57</b>	7,97	<b>23,13</b>

Source: Estimation from Eurostat and SEED Centre Regional Databases

a: For Hungary, Italy, Slovakia, Slovenia, Bulgaria, Romania the base year is 1995

b: For Albania, Bosnia, Serbia the latest information is for 1998, and for the former Yugoslav Republic of Macedonia is 2002.

Tab. 24: Environmental indicators

Countries	Emissions of organic water pollutants <sup>1</sup> (kilograms per day)	
	per sq <sup>2</sup>	per inh.
Austria	962	9,852
Italy	1,646	8,601
Greece	433	5,344
Hungary	1,640	15,102
Slovakia	1,183	10,777
Slovenia	1,930	19,397
Bulgaria	972	13,839
Romania	1,400	15,008
Albania	225	2,035
Bosnia	175	2,171
Croatia	850	10,766
The former Yugoslav Republic of Macedonia	903	11,566
Serbia-Montenegro	995	12,535
the Republic of Moldova	1,007	8,118
Ukraine	828	10,652
EU 15	1,580	8,673
EU 25	1,565	9,361

Source: World Bank (2004)

1: Emissions of organic water pollutants are measured in terms of biochemical oxygen that bacteria in water will consume in breaking down waste. This is a standard water treatment test for the presence of organic pollutants. Emissions per worker are total emissions divided by the number of industrial workers.

Tab. 25: Competitiveness indicators

Countries	GDP per capita in euros	Total in-tramural R&D expenditure (GERD) as a share of GDP <sup>a</sup>	R&D expenditure as a share of GDP in business sector (BERD) <sup>a</sup>	Total exports as a share of GDP	Total R&D personnel and researchers % total employment	Researchers in R&D per million people	Economic freedom <sup>1</sup>	Corruption perception index <sup>1</sup> (CPI)
	2005	2003	2003	2003	2003	2001	2006	2005
Austria	30,057	2,2		47	1,8		8.1	8.7
Italy	24,605	1,1	0,5	25	1,1	1128	7.5	5.0
Greece	16,924	0,6	0,2	10	1,3	1400	7.2	
Hungary	8,696	0,9	0,4	65	1,2	1440	7.6	5.0
Slovakia	6,935	0,6	0,3	85	1,0	1774	7.7	4.3
Slovenia	13,870	1,5	0,9	58	1,1	2258	7.6	6.1
Bulgaria	2,760	0,5	0,1	48	0,6	1167	7.1	4.0
Romania	3,500	0,4	0,2	39	0,4	879	6.8	3.0
Albania	2,140			9			7.3	2.4
Bosnia	1,950			20			7.0	2.9
Croatia	6,770	1,1	0,4	27	1,1	1187	7.2	3.4
The former Yugoslav Republic of Macedonia	2,280			25		387	7.2	2.7
Serbia-Montenegro	2,600			11		2389		2.8
the Republic of Moldova	460			41		329	6.9	2.9
Ukraine	1,396			56		2118	6.8	2.6
EU 15	26,929	2,0	1,3	33	1,6	2531	7.8	7.4
EU 25	23,749	1,9	1,2	34	1,5	2366	7.8	6.9

Source: Gwartney J. and Lawson, R. (2006), Internet Centre for Corruption Research (2005)

1: The annual TI *Corruption Perceptions Index (CPI)*, first released in 1995, is the best known of TI's tools. It has been widely credited for putting TI and the issue of corruption on the international policy agenda. The CPI ranks more than 150 countries in terms of perceived levels of corruption, as determined by expert assessments and opinion surveys. **CPI Score** relates to perceptions of the degree of corruption as seen by business people and country analysts and ranges between 10 (highly clean) and 0 (highly corrupt).

1: The index measures the degree to which the policies and institutions of countries are supportive of economic freedom. The cornerstones of economic freedom are personal choice, voluntary exchange, freedom to compete, and security of privately owned property. Each component and subcomponent is placed on a scale from 0 to 10 with 10 to reflect the ideal situation.



Tab. 26: Structural indicators

Countries	Share of Agriculture in GDP (%)		Share of Industry in GDP (%)		Share of Services in GDP (%)	
	1990	2002	1990	2002	1990	2002
Austria	3	2	37	32	60	66
Italy	3	3	33	28	64	69
Greece	11	7	27	23	62	70
Hungary	15	4	32	31	53	65
Slovakia	7	4	56	29	37	67
Slovenia	6	3	48	36	46	61
Bulgaria	18	12	49	30	33	58
Romania	20	13	48	38	32	49
Albania	36	25	48	19	16	56
Bosnia	9	18	48	37	43	45
Croatia	10	9	34	30	56	61
The former Yugoslav Republic of Macedonia	9	12	48	30	43	57
Serbia-Montenegro	25	15	48	32	27	53
the Republic of Moldova	51	24	31	23	18	53
Ukraine	26	15	45	38	29	47
EU 15	3	2	34	28	63	70
EU 25	4	2	35	29	60	69

Source: World Bank (2003, 2004)

Tab. 27: Infrastructure indicators

Countries	Paved road %	length of road/sq. km	length of railway/sq km	Electric power consumption per capita kwh	Telephone mainlines per 1000 people	Users of internet per 1000 people
	2001	2000	2000	2001	2002	2002
Austria	100	2381	69	7,031	489	409
Italy	100	1594	55	4,813	481	352
Greece	92	886	17	4,205	491	155
Hungary	44	2024	83	2,998	361	158
Slovakia	87	872	75	4,360	268	160
Slovenia	100	1009		5,535	506	376
Bulgaria	94	336	39	3,066	368	81
Romania	50	834	48	1,620	194	83
Albania	39	621	15	1,123	71	4
Bosnia	52	428		1,444	237	26
Croatia	85	493	48	2,683	417	180
The former Yugoslav Republic of Macedonia	62	334	27		271	48
Serbia-Montenegro	62	488	40		233	60
the Republic of Moldova	86	372		785	161	34
Ukraine	97	281	37	2,217	216	18
EU 15	97	1154	47	6,072	454	355
EU 25	93	1.095	48	5,579	430	332

Source: World Bank (2004)

Tab. 28: FDI inward stock in millions of dollars, 2004

Countries	million \$	%	per head
Austria	62,657	13.9	7,641
Italy	220,720	49.0	3,832
Greece	27,213	6.0	2,543
Hungary	60,328	13.4	5,973
Slovakia	14,501	3.2	2,696
Slovenia	4,962	1.1	2,493
Bulgaria	7,569	1.7	970
Romania	18,009	4.0	811
Albania	1,514	0.3	473
Bosnia	1,660	0.4	405
Croatia	12,989	2.9	2,886
The former Yugoslav Republic of Macedonia	1,175	0.3	579
Serbia-Montenegro	3,947	0.9	487
the Republic of Moldova	940	0.2	223
Ukraine	9,217	2.0	196
EU 15	3,794,199		9,973
EU 25	4,016,947		8,834

Source: UN (2005)

Tab. 29: Main characteristics of the INTERREG III B co-operation areas

	Number of approved projects	Number of project Partners	Total budget thsd. €	ERDF contribution thsd. €	Partners per project	Budget per project thsd. €	Budget per partner thsd. €	Share of ERDF contribution
Alpine Space	49	502	94600	42700	10	1931	188	45,1%
Archimed	0	0	0	0	0	0	0	0,0%
Atlantic Rim	64	515	123783	72576	8	1934	240	58,6%
Baltic Space	100	2325	196813	101159	23	1968	85	51,4%
CADSES	93	1124	197578	105335	12	2124	176	53,3%
Northern Periphery	89	574	49625	14220	6	558	86	28,7%
North Sea	54	383	253961	126614	7	4703	663	49,9%
Northwest Europe	85	522	618524	295661	6	7277	1185	47,8%
Southwest Europe	76	376	100349	62303	5	1320	267	62,1%
Western Mediterranean	77	608	139266	70283	8	1809	229	50,5%
Total	687	6929	1774499	890851	10	2583	256	50,2%

Source: EC (2005) Study on "Territorial co-operation and transnational co-operation programmes within Structural Funds", Second interim report, No. 2004 CE 16 0 AT 040, Centre for Regional Studies, Hungarian Academy of Sciences.

Tab. 30: Water supply and sanitation coverage

Coverage in %, 2004	Water supply coverage			Sanitation coverage		
	total	houses connected	Note: Data of year	total	houses connected	Note: Data of year
Austria	100	100		100	94	
Bosnia and Herzegovina	97	85		95	57	
Bulgaria	99	90		99	72	
Croatia	100	83		100	74	
Czech Republic	100	95		98	88	
Germany	100	100		100	93	
Greece	.	84	1995	.	68	
Hungary	99	94		95	52	
Italy	.	99		.	75	2000
Poland	.	98		.	57	
the Republic of Moldova	92	41		68		
Romania	57	49		.	49	
Serbia and Montenegro	93	82		87	49	
Slovakia	100	96		99	71	
Slovenia	.	.		.	.	
The former Yugoslav Republic of Macedonia	.	.		.	.	
Ukraine	96	76		96	57	
Albania	96	69		91	62	

Source: WHO-UNICEF, Joint Monitoring Programme, [www.wssinfo.org](http://www.wssinfo.org)

## APPENDIX C – Tables Strategic Environmental Assessment (SEA) - Results of Public Consultation

All issues concerning environmental issues and SEA-results, which were raised during the public consultation in participating member states of South East Europe programme (23 March – 18 May 2007), are summarized.

This overview was elaborated at October 31, 2007 after closure of general public consultation, including statements from national environmental authorities, where consultation procedures were extended according to national SEA legislation.

The Annex also includes remarks about how the results of public consultation were addressed in the final version Operational Programme (V 3-0, October 2007).

<b>AUSTRIA: Ministry for Agriculture, Forestry, Environment and Water Management, Department V</b>	
<b>SEA-issues raised</b>	<b>How it has been addressed in the final Operational Programme / further remarks</b>
The SEA Directive stipulates that the SEA has to be carried out during the preparation of the programming document and must be completed before its adoption. SEA can therefore be seen as an integral part of the programming process. It should be positively valued that the present SEA is carried out in close collaboration with the planning team as an interactive process.	No further remarks
<p>The Environmental Report lacks following information:</p> <ul style="list-style-type: none"> <li>Sound description of the likely evolution of the current state of the environment if the programming document is not implemented (so-called "zero-alternative") as a reference framework to assess positive and negative impacts of the draft Operational Programme;</li> <li>Process history of developing the present programme draft, including a detailed description of the methodology used;</li> <li>An outline of the reasons for the most favourable alternative in terms of environmental concerns;</li> <li>Monitoring provisions for the programme implementation;</li> <li>Evaluation criteria for proposed activities or projects, including formulation of mitigation measures</li> </ul>	<p>An appropriate description of the likely evolution of the current state of the environment was elaborated in chap. 5 of Environmental Report.</p> <p>Process history of developing the different versions of the Programme including public consultation on SEA and the OP is delivered in chap. 4.6.2. of final Operational Programme.;</p> <p>The reasons for selecting the alternatives dealt with are outlined in Chap. 3.4 of Environmental Report.</p> <p>Measures envisaged concerning monitoring in accordance with Article 10 are described in Chap. 7 of Environmental Report. Further details on monitoring system will be elaborated by the Monitoring Committee.</p> <p>Evaluation criteria for selection of activities and projects will be elaborated by the Joint Technical Secretariat in co-operation with the "SEE" Contact Points and potential sub-committees involved, approved by the Monitoring Committee in an additional document ("application manual" – see chap. 7.2.2 of Operational Programme). The Environmental Report contains measures to prevent, reduce and offset possible adverse effects (Chap. 6.3 of Environmental Report), which have been implemented into the final version of Operational Programme.</p>

<p>Only appropriate selection criteria and environmental safeguards for the implementation phase can enable adequate evaluation of significant effects and assure an environmentally suitable implementation of the programming document. Without defining project selection criteria for the selection and funding of activities and projects, which potentially impact the environment, and taking them into account during the SEA procedure, such statement cannot be regarded as plausible.</p>	<p>Project selection criteria will be elaborated according to the global and specific programme objectives, implementation principles and general EU principles, including “promotion of sustainable development / ecological sustainability”. Appropriate environmental safeguards will therefore be implemented into selection procedures and approved by the Monitoring Committee, according to chap. 7.2.2 of Operational Programme.</p>
<p>An SEA assigned task is to define priorities on which monitoring will concentrate. The focus could be on critical issues identified within the framework of SEA with regard to environmental effects.</p> <p>Acknowledging that the South East Europe draft OP does not enter into details as regards the project selection criteria or eligible measures, it is even of higher importance that the SEA suggests specific project evaluation criteria to ensure that the selection of activities and projects will contribute, to the greatest extent possible, to the relevant objectives.</p>	<p>Measures envisaged concerning monitoring in accordance with Article 10 of SEA Directive are described in Chap. 7 of Environmental Report. They focus on issues identified within the framework of SEA with regard to environmental effects. On project level a preliminary impact assessment on environmental issues is recommended on the basis of “guiding questions” (see chap. 3.3.1). All recommendations listed in chap. 6 of Environmental Report have the objective to extent the possible positive impacts and to reveal adverse effects on environmental issues.</p> <p>Any project likely to have a significant impact on Natura 2000 sites has to be subject to appropriate assessments of its implications for the site in view of the site's conservation objectives (art. 6 and 7 Habitat Directive) – see chap. 7 of Environmental Report.</p>
<p>Chap. 3.1: General approach: With regard to the mentioned factors that are important in deciding the scope and level of detail of the Environmental Report, the further descriptions in the Environmental Report are missing any reference to “the nature of possible projects to be funded and its likely effects on the environment”.</p>	<p>The characteristics of possible projects, which can be assumed to be supported under the different areas of intervention and their possible effects on environmental issues, have been the most important reference for impact assessment.</p>
<p>Chap. 3.3.1: Determination of SEA-objectives: Regarding the guiding question to item (1) – Water: “Will the OP create impact on the sustainable use of water resources?” it should be stated whether a quantitative assessment could be performed where this is likely due to existing information on detailed level.</p>	<p>A quantitative assessment of possible impacts on water resources on programme level could not be performed due to lack of information about location and details of possible transnational activities.</p>
<p>Chap. 3.4: Discussion of alternatives, measures to minimize negative impacts: The described approach to elaborate on an optimized version of the Operational Programme in an interactive process is a very advisable procedural attempt to meet both the ERDF Regulation and SEA requirements. For a transparent assessment the Environmental Report needs to contain information on the elaboration of different draft versions (including different approaches to reach the aims of the priorities). In particular a description and evaluation of the so-called “zero-alternative” as a reference framework to assess potential impacts of the programme's implementation are required.</p>	<p>A description and summarizing evaluation of the most important environmental trends in the programming area has been elaborated in chap. 5, by this way delivering the so-called “zero-alternative” as a reference framework to assess potential impacts of programme's implementation.</p>
<p>Chap. 4: Environmental Protection Objectives; 4.1 Water: Further Directives, which are likely to be relevant to the programme, should also be mentioned, such as the Directive on Bathing waters, the new Directive on the assessment and management of flood risks (expected to enter into force during the programming period), Fishing waters, etc.</p>	<p>The Directive on Bathing waters will be mentioned in the final version of Environmental Report. The new Directive on the assessment and management of flood risks has been mentioned under environmental issue “Landscape / Cultural Heritage”</p>

<p>Chap 4.3: Air, Climate: The Air Quality Framework Directive and its four Daughter Directives should be mentioned as well. It is recommended to add the following as a main SEA Objective (likewise in Chapter 3.3): "WILL THE OP IMPROVE THE AIR QUALITY?"</p>	<p>The Air Quality Framework Directive and its four Daughter Directives will be mentioned in the final version of Environmental Report as well as an additional SEA objective "Will the OP improve the ambient air quality"? as guiding question for environmental assessment and programme evaluation.</p>
<p>Chap. 4.4 Population, Human Health: As one of the reference documents to set up environmental protection objectives the European Environment and Health Action plan 2004-2010 is mentioned, which proposes an Integrated Information System on Environment and Health as well as a coordinated approach to Human Bio-monitoring activities. This focus is not reflected in the main SEA objectives or in the corresponding guiding questions.</p>	<p>Human health issues will be integrated into the main SEA objectives and into the corresponding guiding questions of final Environmental Report.</p>
<p>With regard to the reference to the "proposed" Directive on assessment and management of floods across Europe the text should be updated according to the actual status: On 25/04/2007 the European Parliament adopted a compromise package agreed with the Council which in essence means the Directive is agreed. The formal adoption is expected later in 2007 by the Council.</p> <p>The flood Directive shall be included and referred to in both landscape and cultural heritage as well as in the water chapters (4.1, 5.1), as both fields can directly be affected during the course of implementation of the present Operational Programme. This is of particular importance as the flood Directive is meant to create an EU framework for flood risk management that builds on and is closely coordinated and synchronised with the 2000 Water Framework Directive, the cornerstone of EU water protection policy.</p>	<p>The text regarding the reference to the "Directive on assessment and management of floods across Europe" will be up-dated, the flood Directive will be included in water chapters as well.</p>
<p>The present Environmental Report does not satisfactorily cover this SEA requirement as indices for describing the "zero alternative" can only be found in the summary boxes by mentioning some future trends. As the likely evolution of the environment in the chosen period of time serves as a basic prerequisite for the assessment of the likely environmental effects of the draft programme, the "zero alternative" needs to be described in a comparable level of detail to provide for clearly traceable assumptions.</p>	<p>Chap. 5 of Environmental Report describes the current state of the environment and the likely evolution thereof without implementation of the programming document in adequate way to provide a baseline for assessments of programme impacts on environmental issues according to SEA directive.</p>
<p>Chap. 5.3 Air, Climate: The current situation concerning air quality should be described as well. Chap. 5.4 Population, Human Health: Ambient air pollution appears to be the largest environmental related health problem</p>	<p>Chap. 5.3 describes the most important trends and burdens as result of air emissions in the programming area.</p>
<p>Chap. 5.5 Fauna, Flora, Biodiversity: Besides the mentioned threats on biodiversity, impacts of climate change also need to be addressed.</p>	<p>No further remarks</p>



<p>Chap. 6. Generally the information concerning the methodology used for the assessment is not sufficient for the necessary traceability of the information provided. It remains unclear how the baseline data has been taken into account for the assessment, which criteria have been applied to assign the scores for the objectives, etc. Due to a lack of a verbal-argumentative description of the undertaken analysis for each area of intervention and potential effects on the relevant environmental issues, the classification results of the assessment in the chosen method of evaluation are not quite comprehensible.</p>	<p>In Chap. 6, the methodical approach of impact assessment follows the general question:          “Is there any significant positive and/or negative effect on environmental issues in the programme area due to possible actions related to programme priorities and areas of intervention pointed out in the OP?”          For each area of intervention possible effects on the relevant environmental issues were analysed, following the “guiding questions” (see chapter 4.2.3).          If the area of intervention will probably contribute in a positive way to improve environmental trends in the programme area as identified in chapter 5, the result of the assessment is positive (+).          If a negative environmental trend, as identified in chapter 5 could be enhanced by possible outcomes of the area of intervention or existing environmental assets of the programme area are effected in a negative way, the result of the assessment is negative (-).          If an area of intervention effects an environmental issue in a positive as well as in a negative way, the overall assessment will be neutral (+/-).</p>
<p>Furthermore, it should be made explicit that suggestions for reformulations of priorities / areas of interventions and possible measures to be implemented into the OP have to be bindingly considered on completion of the Operational Programme.</p>	<p>Most of the recommendations listed in chap. 6 of Environmental Report have been incorporated into the final version of Operational Programme.</p>
<p>6.2.2 Priority axis (2): Protection and improvement of the environment</p> <p>With regard to the suggestions made for reformulations and possible measures to be implemented, under the listing of examples for interdisciplinary strategies FLOOD RISK MANAGEMENT PLANS shall be added, according to the new Directive on the assessment and management of flood risks.</p>	<p>Flood Risk Management Plans will be added to the possible interdisciplinary strategies and activities.</p>
<p>The assessment that the area of intervention 4.2 has no relevant impact on the environmental issue “water” cannot be followed, as most of the economic development occurs in flood prone areas (risk of economic loss as well as negative environmental impacts by flooding areas with hazardous materials that are set free). Extensive growth of land take for economic purpose also leads to surface sealing, which has a negative impact on ground water regeneration and again supports the generation of floods. The assessment shall be revised in this regard and correspondingly also corrected in the assessment matrix on page 41.</p>	<p>The assessment will be revised in this regard, correspondingly the assessment matrix on page 41.</p>

<p>Chap 6.3 Conclusion out of the assessment: It is assumed that the listed issues to be integrated into the programme to extend positive impacts and minimize negative ones can be equated with mitigation measures. They seem to represent the response to significant environmental effects identified with the purpose to influence either the volume or the probability or the frequency of environmental effects. However, attention should be paid to their (ecological) effectiveness and appropriateness as well as the cost-benefit ratio. Another crucial aspect should be the fact whether the measures are adequately capable of contributing to the avoidance and reduction or, if appropriate, enhancement of effects with a view to cause-effect relationships.</p>	<p>No further remarks</p>
<p>Chap 6.3 With regard to human health issues the following should be added (in capitals): Priority axis (1), second bullet point:  “...risk assessments” to identify possible environmental AND HUMAN HEALTH risks ...” Priority axis (2), third bullet point:  “...analysing possible negative impacts on agriculture, forestry, biodiversity, soil, water, air and landscape development, ALSO WITH RESPECT ON POSSIBLE NEGATIVE IMPACTS ON HUMAN HEALTH.”</p>	<p>“Human Health” will be added to the main recommendations in the chap. 6.3 according to the comment of the environmental authority.</p>
<p>Chap 6.3 Assessment matrix (figure 6-7): The SEA Directive requires not only the assessment of the individual impacts of specific proposals in the programming document, but also the resulting cumulative effects. This analysis should use information generated by the preceding assessments of individual measures in the programming document. The presented assessment matrix as such without any verbal description does not provide for an adequate summary of the assessment, also taking cumulative effects into account.</p>	<p>Taking into account the size of the programming area and the type of possible activities to be supported by the programme, no significant cumulative impacts on environmental issues as direct or indirect result of programme implementation can be assessed.</p>
<p>Chap. 7 Monitoring: As already mentioned above, it is not sufficient for an SEA to only give general recommendations for the future monitoring system to be set up by the Monitoring Committee. According to the SEA Directive monitoring measures have to be presented in the Environmental Report. In the present case the Environmental Report shall propose the mentioned “environmental impact indicators” for the programme manual such as relevant “guiding questions” for project selection in combination with a preliminary impact assessment on environmental issues.</p>	<p>Measures envisaged concerning monitoring in accordance with Article 10 are described in Chap. 7 of Environmental Report. They focus on issues identified within the framework of SEA with regard to environmental effects. On project level a preliminary impact assessment on environmental issues is recommended on the basis of “guiding questions” for project selection (see chap. 3.3.1) in combination with a preliminary impact assessment.</p> <p>Any project likely to have a significant impact on Natura 2000 sites has to be subject to appropriate assessments of its implications for the site in view of the site's conservation objectives (art. 6 and 7 Habitat Directive).</p>

<b>BULGARIA: Ministry of Environment and Water of the Republic of Bulgaria</b>	
<b>SEA-issues raised</b>	<b>How it has been addressed in the final Operational Programme / further remarks</b>
The SEA presented is in compliance with requirements of Directive 2001/42/EA and Chapter 6 to the Act of the preservation of environment.	No further remarks
To each subsection of the section 4 of the SEA report a conclusion of the compliance between the objectives and priorities of the programme and the objectives of the environment protection at international and European level to be made.	The assessment of impacts on environmental issues (chap. 6 of Environmental Report) was based on the SEA objectives, which were derived from the objectives of the environment protection at international and European level as listed in chap. 4. By this way a conclusion of the compliance between the objectives and priorities of the programme and the objectives of the environment protection has been delivered.
We recommend the following measure "Projects, including investment proposals/plans or programmes to be adopted only after fulfilment of the requirements of the international, European and the national legislations on SEA and environmental impact assessment" to be added to the measures for reduction or total elimination of presumable negative effects of the programme implementation on the environment.	We recommend that "Compliance with international, European and the national legislations on SEA and environmental impact assessment" to be added to the listed criteria for project selection, which have to be finally approved by the future Monitoring Committee (see chap. 7.2.2 of Operational Programme).
We propose the tasks concerning monitoring to be clarified. If possible indicators for monitoring and control on the impact on the environment to be suggested.	Possible "qualitative" indicators for monitoring and control on the impact on the environment of programme implementation are listed in chap. 3-3-1 of Environmental Report ("guiding questions").
Concerning methodology for the elaboration of SEA and reflecting of the public consultations results we recommend the documentation of the public consultations on SEA and the OP to be enclosed.	Process history of developing the different versions of the Programme including public consultation on SEA and the OP is delivered in chap. 4.6.2. of final Operational Programme.
We recommend introducing information of the way the ecological statements and comments has been taken in to consideration.	Information of the way the ecological statements and comments has been taken in to consideration is delivered by chap. 4.6.2 of Operational Programme (including this table attached in Annex).

<b>BULGARIA: District governor of the District of Yambol</b>	
<b>SEA-issues raised</b>	<b>How it has been addressed in the final Operational Programme / further remarks</b>
It is stated that based on the lack of quantitative prognoses, the indicators of the environmental components in the programme give only qualitative assessments. That makes impossible the estimation of the quantitative impact of the programme objectives and activities on the environment.	No further remarks
No data of the territories included in NATURE 2000 had been presented.	Fig. 5-5 of Environmental Report illustrates the number, area and percentage of land cover to be effected by protected areas under FFH and / or Birds Directive in all participating member states.

<b>BULGARIA: National Assembly of the Municipalities of the Republic of Bulgaria (NAMRB)</b>	
<b>SEA-issues raised</b>	<b>How it has been addressed in the final Operational Programme / further remarks</b>
We recommend to be cited that the activities concerning cultural heritage and air pollution control should be in compliance with the national legislations.	No further remarks

<b>ITALY: Ministry of Environment and Territorial and Sea Protection</b>	
<b>SEA-issues raised</b>	<b>How it has been addressed in the final Operational Programme / further remarks</b>
<p>The OP takes a very strategic framework approach and it involves a wide area and so many different countries: this is its main challenge.</p> <p>The OP objects and priorities match well with the needs arising from its socio-economical analysis, and there is a good internal coherence.</p>	No further remarks
<p>As detailed procedures on project generation application and selection will be developed in form of detailed Applicants Manuals we suggest an environmental expertise to assure these aspects will be taken into account during the implementation phases.</p> <p>There is also a procedural aspect that gives us some doubts: the possibility that the Monitoring Committee can restrict the scope of eligible applicants in a given Call for Proposal because this may be a prerogative of the MA.</p>	<p>Project selection criteria will be elaborated according to the global and specific programme objectives, implementation principles and general EU principles, including "promotion of sustainable development / ecological sustainability". Appropriate environmental safeguards will therefore be implemented into selection procedures and approved by the Monitoring Committee, according to chap. 7.2.2 of Operational Programme.</p> <p>Within the Monitoring Committee environmental expertise of participating member states and third countries on administrative level will be represented which should guarantee that SEA-results will be taken into account during programme implementation.</p>
The Non Technical synthesis is missing, even if it is envisaged at par. 4.6.2 (pg. 69) of the OP; we suggest publishing this Annex for the official transmission to EC	The Non-Technical Summary of the Environmental Report has been incorporated into chap. 4.6.2 of final Operational Programme.
<p>There is some lack of information about the Sea Environment in the ER, which focuses only on the freshwaters; on the contrary, the OP envisages many actions on Sea and Harbours Environment.</p> <p>Moreover it is necessary to pay more attention to the impacts deriving from sea traffic in the Adriatic.</p> <p>We would like to notice also specifically that the OP doesn't take in account the Taranto Harbour which is, in our opinion, of strategic relevance in the geographical area of SEES.</p>	In Chap. 5 of Environmental Report the current environmental situation in coastal areas was illustrated in a short paragraph. Impacts on environmental issues like Biodiversity and Landscape of Sea Environment (coastal areas) were assessed in Chap. 6 of Environmental Report, particularly possible impacts of the "transport-related" priority axis of the programme. Due to lack of information about details of possible projects to be supported by the programme no impact assessment on project level could be performed as part of the "Strategic Environmental Assessment".

<p>There's no sufficient level of coherence between the analysis of the state of the environment in the area and the suggestions for reformulation, possible measures to be implemented into the OP</p>	<p>The assessment of impacts on environmental issues (chap. 6 of Environmental Report) was based on the SEA objectives (chap. 4) and current state of the environment as listed in chap. 5. Consequently, suggestions for reformulations and possible measures to be implemented into the OP were elaborated out of the results of impacts assessment, to improve the quality of environmental issues (starting from the current quality level, as described in chap. 5) and to avoid any significant negative impact. The coherence between the analysis of the state of the environment in the area and the suggestions for reformulation, possible measures to be implemented into the OP is therefore guaranteed.</p>
<p>Regarding Waste Management we underline that they are not considered as a specific area of intervention, despite of the assumption of the ER about the importance of this theme in the wide European context; also in the analysis of the current situation the Waste theme is not so well examined and doesn't appear at all any evaluation about potential impact of the OP on this component. It seems inappropriate to put suggested activities to promote "recycling society" in the Aol 2.4 "Promote energy and resource efficiency" (Pg 88 of the OP Draft 2.2)</p> <p>Chap. 5-2, Pg. 21: "Municipal waste, to be handled as an indicator for describing the material intensity of economies in Europe, continues to increase." This kind of analysis is absolutely correct but it needs to be effectively translated in the OP's Aol.</p>	<p>Transnational activities to support sustainable waste management strategies can be supported under Area of Intervention 4.1 "Tackling crucial problems affecting metropolitan areas and regional systems of settlements" (transnational synergies in the field of Public Infrastructure or Public services...), as this agenda could be regarded as one of the examples for crucial problems of interrelated economic, environmental, social and governance nature.</p>
<p>The ER develops a traditional approach based upon environmental component but the OP chooses its areas of interventions in relation with the pressure factors. That's why we strongly recommend inserting two paragraphs on "Transport" and "Urban Environment". The SEES OP is an occasion to share a common approach among different Member States for different themes concerning Sustainable Growth Areas; obviously this approach must be organized according to the different types of urban areas, not only the metropolitan ones, but also small cities and villages.</p>	<p>The content structure of Environmental Report was elaborated according to Annex I of SEA Directive, including indirect effects of "Transport" and "Urban Environment".</p>
<p>The Zero Alternative is not clearly defined and evaluated, so that it's difficult to recognized the add value product by the OP.</p>	<p>Chap. 5 of Environmental Report describes the current state of the environment and the likely evolution thereof without implementation of the programming document in adequate way to provide a baseline for the assessment of programme impacts on environmental issues according to SEA directive.</p>
<p>The important theme of the Monitoring System takes only one page of the ER. It should be fully integrated in the evaluation of OP, but it must not to be "one of the goals". To evaluate correctly the environmental aspect of the OP is required a third, independent subject with a specific know how.</p>	<p>No further remarks</p>
<p>The Indicators System is not defined at all and it is absolutely inconvenient to postpone their selection to the Programme Manuals.</p>	<p>Project selection criteria and indicator systems for programme evaluation will be elaborated according to the global and specific programme objectives, implementation principles and general EU principles, including "promotion of sustainable development / ecological sustainability".</p>

<p>Chap. 4.5 Pg.17</p> <p>We would like to add, after the reference to the COM 2006 216, the following sentence:</p> <p>“This communication, in particular, provides an EU Action Plan proposing concrete measures to meet the commitments to halt biodiversity loss.”</p>	<p>The text will be added in the final version of Environmental Report.</p>
<p>Chap. 4.5 Pg 18</p> <p>In general, it might be useful to refer the guiding questions to the “key policy questions” individuated by EEA in “the European Environment, State and Outlook 2005”.</p> <p>In particular, we would like to reformulate the guiding questions for Biodiversity as follows:</p> <p>“Does the OP support the EU objective to stop the loss of biodiversity? If yes how? If not why?”</p> <p><del>Will the OP improve the quality and/or quantity of protected areas, especially the natura 2000 network?</del></p> <p>“Will the OP affect the state of conservation of habitat and species in protected areas, especially in the Natura 2000 network? If yes, How?”</p>	<p>The guiding questions on “Biodiversity” will be adjusted in the final version of Environmental Report as suggested in the comment.</p>
<p>Chap. 5.1 Pg.20</p> <p>“In the CEE countries only 25% of the population (on average) is connected to wastewater treatment plants”. The OP must envisage a specific measures aiming to improve the wastewater treatment system</p>	<p>Transnational activities to support sustainable wastewater treatment strategies can be supported under Area of Intervention 4.1 “Tackling crucial problems affecting metropolitan areas and regional systems of settlements” (transnational synergies in the field of Public Infrastructure or Public services...).</p>
<p>Chap. 5.3 Pg.25 «Transport volumes in Eastern European Countries shifted dramatically from rail (common transport) to road and air during the 1990ies. »</p> <p>This is not only a problem of CO2 emissions, but also of noise, and of many other pollutants. It's matter of change of life style and landscape planning.</p> <p>We have the opportunity to intercept an important phenomenon of mutation which is involving a wide part of Europe, which is in transition between different models of development. We can save their territory, preserving those countries from the environmental dumping effects of translation through out a phase of spoiling of its landscape, an impoverishment of its natural and cultural heritage.</p>	<p>No further remarks.</p>
<p>Chap. 5.5 Pg.26: If in the South East European countries they have «enormous problems in monitoring and controlling the exploitation of their wild fauna and flora.» they have to pay special attention in avoiding any actions that could compromise they natural heritage, even if, but more because it's their big asset.</p> <p>Also they have to set and improve their environmental information and monitoring systems, which can constitute the first requirement of any action of implementation.</p>	<p>The Area of Intervention 2-3 (OP, chap. 5-2-3) supports activities within transnational partnerships, which develop common strategies in managing natural assets and protected areas including management plans, monitoring systems as well as awareness building activities.</p>

<p>Chap. 5.5 Pg 27 Since in the old Member States (such as Italy) the selection-process of Sites of Community Interest is already ended, the word “proposed” before SCIs is not always appropriate. It might be useful to specify that MS are in different situations concerning the implementation of Natura 2000.</p> <p>Figure 5-5:</p> <ul style="list-style-type: none"> <li>- We propose to change the title of the figure as following: “Natura 2000 protected Areas sites in the EU-member states of South East Europe”</li> <li>- since the data reported are not updated, we kindly ask you to specify the date of reference together with the source, to avoid misinterpretations.</li> </ul> <p>In Italy, for example, the situation has changed as following:</p>	<p>The text as well as title and dataset of the figure will be up-dated in the final version of Environmental Report as suggested in the comment.</p>																											
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">SPA</th> <th colspan="3">SCI</th> <th colspan="3">Natura 2000 ( * )</th> </tr> <tr> <th>n°</th> <th>sup. (ha)</th> <th>%</th> <th>n°</th> <th>sup. (ha)</th> <th>%</th> <th>n°</th> <th>sup. (ha)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>590</td> <td>3.707.328</td> <td>12,3%</td> <td>2280</td> <td>4.504.960</td> <td>15,0%</td> <td>2543</td> <td>5.812.828</td> <td>19,3%</td> </tr> </tbody> </table> <p>( * ) The number and extension of the total Natura 2000 network has been calculated excluding overlapping between SCIs and SPAs.</p>		SPA			SCI			Natura 2000 ( * )			n°	sup. (ha)	%	n°	sup. (ha)	%	n°	sup. (ha)	%	590	3.707.328	12,3%	2280	4.504.960	15,0%	2543	5.812.828	19,3%
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<p>Chap. 5.6 Pg.27 «South-East Europe has to face consequences that follow dispersal and sprawl of urban settlements. Future accessibility patterns will influence changes to urban development and landscape. »</p> <p>This theme also could be deepened in a paragraph on the Urban Environment.</p> <p>pg 28 «But there is a clear trend of suburbanisation in all urban regions from the beginning of the 1990ies. The adverse effects of suburbanisation are increasingly apparent, segregation is growing.</p> <p>The concept of accessibility is based on the assumption that the attraction of a destination increases with size (expressed via population or GDP) and declines with distance, travel time or cost. »</p> <p>The countries of the SEES could learn the lesson which is already experimented by the Central Europe Member States: no super size the small cities or magnify the villages. The spatial structure typical of a rural economy society could be useful in the next stage of digital society; by-passing a phase of stormy urbanisation could preserve the network of social relationships, which are the add value of a smaller urban dimension.</p> <p>The policies to be implemented in the transport sector must aim to reduce costs of public transport, simultaneously to increase costs of private mobility using tools like road price policy. A successful strategy could focus in making more attractive the public transport.</p>	<p>No further remarks</p>																											

<p>Chap 6</p> <p>We propose some integration to the schedules referring to each Aols.</p> <p>Area of intervention (1.2):</p> <p>The OP should promote incubators of Environmental Innovation Enterprises which can work as assistants and supporters in optimization of environmental performances of old and new factories.</p> <p>Area of intervention (1.3):</p> <p>Moreover there a chance to explain and experiment the potential of Environmental Technologies Innovation.</p>	<p>The paragraphs will be added in the final version of Environmental Report and the final version of Operational Programme.</p>
<p>Area of intervention (3.1):</p> <p>Within the comments, we would like to add the following words: “and the appropriate assessment under art.6 of Habitat Directive” after the reference to the transnational territorial impact assessments (TIA).</p> <p>Within the “Suggestions for reformulations, possible measures to be implemented into the OP”, we would like to add the words “and biodiversity” at the end of the period as following:</p> <p>“ [...] air pollution and climate change and biodiversity”.</p> <p>Moreover in this Aol should be included the chance of experiment the sustainable Urban Mobility Plan envisaged in the Thematic Strategy on Urban Environment.</p> <p>Area of intervention (3.3):</p> <p>Within the “Suggestions for reformulations, possible measures to be implemented into the OP”, we would like to add the words: “and the appropriate assessment under art.6 of Habitat Directive” after the reference to the transnational territorial impact assessments (TIA).</p> <p>Area of intervention (4.1):</p> <p>Moreover in this Aol should be included the chance of experiment the Environmental Urban Management Plan envisaged in the Thematic Strategy on Urban Environment.</p>	<p>The paragraphs will be added in the final version of Environmental Report and the final version of Operational Programme.</p>
<p>Par 6.3 Conclusions out of the assessment</p> <p>Priority axis (3):</p> <p>We would like to add in the second point of the list, within the parenthesis, the following words “appropriate assessment under art. 6 of Habitat Directives” after the reference to EIA-SEA.</p>	<p>The text will be added in the final version of Environmental Report</p>
<p>Chap, 7, Monitoring System</p> <p>Pg. 42 The monitoring system is still to be defined by the future Monitoring Committee. We would like to underline that :</p> <ul style="list-style-type: none"> <li>- at project level, environmental impact assessments are not only recommended, but compulsory for certain categories of projects (EIA) and for any project likely to affect Natura 2000 sites as specified in the same paragraph.</li> <li>- the guiding questions are not sufficient to assess fully the environmental impacts at project level.</li> </ul>	<p>We recommend that “Compliance with international, European and the national legislations on SEA and environmental impact assessment” to be added to the listed criteria for project selection, which have to be finally approved by the future Monitoring Committee (see chap. 7.2.2 of Operational Programme).</p>



<b>SLOVAK Republic: Ministry of Environment</b>	
<b>SEA-issues raised</b>	<b>How it has been addressed in the final Operational Programme / further remarks</b>
<p>Taking into account the current level of knowledge we recommend to approve the strategic document „Operational Programme South East Europe“ under the conditions specified in the part VI „CONCLUSIONS“, point 3 „Recommendations to re-elaborate, complete and modify the draft strategic document“, of this position. If particular projects supported by the OP SEE are subject to environmental impact assessment according to the Act and the SEA Directive or EIA Directives [...] it will be necessary to carry out environmental impact assessment in accordance with this legislation before issuing a permission pursuant to specific legal acts or before approving a strategic document.</p>	No further remarks
<p>The results of environmental impact assessment of the OP SEE, notification, comments on the environmental impact statement and on the draft OP SEE, defined scope and schedule of assessment, the quality of the environmental impact statement and of the draft OP SEE, results of the public hearing on the environmental impact statement and on the draft OP SEE, result of expert judgement and other consultations on the environment show that it is not necessary to substantially re-elaborate, complete and modify the draft strategic document. We agree with the conclusions and recommendations specified in the environmental impact statement and with their incorporation into the draft strategic document.</p> <p>However, it is necessary that the draft OP SEE include the following measures to ensure environmental optimisation of implementation of the strategic document:</p>	No further remarks
<p>1. When selecting projects, to take into consideration the criteria excluding or modifying particular projects so that they are compatible with the environmental, landscape and human health protection.</p>	<p>As project selection criteria will be elaborated in line with the overall objectives of the programme (including “Sustainable Development” – see chap. 4.3.1 of OP), significant negative impacts on the environment will be excluded.</p> <p>On project level a preliminary impact assessment on environmental issues is recommended on the basis of “guiding questions” (see chap. 3.3.1 of environmental report).</p>
<p>2. To ensure full implementation of environmental impact assessment at project, programme and plan level in accordance with the Act, SEA and EIA Directives before permission issued pursuant to specific legal acts or before approving a strategic document so as to achieve optimisation of selected solutions and their localisation, selection of environmental technologies, sequencibility of individual implementation steps as well as balance of environmental, social and economic aspects of implemented projects, plans and programmes.</p>	<p>All projects which will be supported by the Transnational Programme South East Europe 2007-2013 will have to take into account all legal requirements according to community frameworks / guidelines as well as national law, particularly SEA and EIA directives – see chap. 7.2.2 “Project selection” of OP.</p>
<p>3. When selecting projects and deciding on funding, to monitor the sustainability aspect of an activity to be supported after completion of a co-financed project and the balance of short-term and long-term impacts.</p>	<p>As project selection criteria will be elaborated in line with the overall objectives of the programme during programme implementation, aspects of short-term and long-term impacts on sustainability will be enclosed according to chap. 4.3.1 of OP (“Sustainable Development”).</p>

4. When selecting projects it is necessary to consider the balance of local, regional, national and transnational impacts of the operations.	No further remarks
5. To ensure transparent approach also with regard to access to information throughout the process of launch of the call for project applications, selection, monitoring and evaluation of the projects, priority axes and Programme, respecting competition rules.	Within the Monitoring Committee environmental expertise of participating member states and third countries on administrative level will be represented which should guarantee that SEA-results will be taken into account during programme implementation (see chap. 7.1.1 of OP)
6. To monitor and evaluate environmental and human impacts of the OP SEE and specify proposed monitoring.	Monitoring procedures are described in Chap. 7.6.1 of Operational Programme. To monitor and evaluate the results and effects of the programme activities, a number of indicators will be applied, also including impacts on sustainability, environment and human health. Details on output and result indicators will be developed separately for the Programme Manual by the Monitoring Committee.
7. To add environmental and health criteria for selection and evaluation of particular projects.	As project selection criteria will be elaborated in line with the overall objectives of the programme during programme implementation, environmental and health-related criteria will be enclosed according to chap. 4.3.1 of OP ("Sustainable Development").
8. To consider the support of projects aimed at reducing emissions and minimising climate change and global warming in the framework of international cooperation, including support of projects concerning energy saving, to be more important.	Priority 2, Area of Intervention "Promote energy & resource efficiency" addresses activities to reduce emissions and to support transnational action plans to minimize impacts on global climate.
9. To carry out modification of the draft OP SEE according to relevant comments specified in the part II „BASIC DATA ON STRATEGIC DOCUMENT“, chapter 6 "Positions to the environmental impact statement and to the draft OP SEE".	Most of the outcomes of consultation to the environmental report have been implemented into final version of Operational Programme.  All projects which will be supported by the Transnational Programme South East Europe 2007-2013 will have to take into account all legal requirements according to community frameworks / guidelines as well as national law, particularly SEA and EIA directives – see chap. 7.2.2 "Project selection" of OP.
10. To ensure provision of sufficient information for applicants concerning environmental issues and potential links of submitted projects to the environment.	Quality aspects on project generation and implementation (as outlined in chap. 7.2 of Operational Programme) as well as overall strategies and principles of the programme, which include environmental and sustainability issues, will be communicated to all project applicants and to a broader public by the future Joint Technical Secretariat.

<p>Priority 1: Facilitation of innovation and entrepreneurship</p> <p>11. Diffusion and application of innovation should lead to increased resource and energy efficiency, especially by establishing regional knowledge capabilities and technology transfer institutions which work on these issues.</p> <p>12. To ensure that transnational technology &amp; innovation networks integrate "risk assessments" to identify possible environmental risks and social impacts of new technologies, while taking into account synergic and cumulative impacts.</p> <p>13. Not to support innovations based on high-risk technologies but to support innovations based on best available technologies.</p> <p>14. To ensure meeting special sectoral requirements for transnational diffusion of innovations.</p> <p>15. To support and initiate an open discussion on potential environmental and social impacts of new technologies.</p>	<p>Comments are included in the recommendations of Environmental Report and final version of Operational Programme (Examples of multilevel activities within Priority 1).</p>
<p>Priority 2: Protection and improvement of the environment</p> <p>16. To explicitly address transnational activities, which support long-term reduction of air emissions, including greenhouse gas emissions beyond the target time frame of Kyoto-protocol (2012+) and projects supporting the restructuring of economic and social background.</p> <p>17. To support exchange of know-how in the area of interdisciplinary strategies to protect environmental components and human health.</p> <p>18. To protect networking activities and transnational information platform focused on the area of nature and landscape protection and sustainable development of particular areas.</p> <p>19. To support effective activities focused to increase the share of renewable energy sources which will be based on using a local potential and limits of affected territory.</p>	<p>Comments are included in the recommendations of Environmental Report and final version of Operational Programme (Examples of multilevel activities within Priority 2).</p>

<p>Priority 3: Improvement of the accessibility</p> <p>20. To focus on developing sustainable and energy efficient transportation systems including multi-modal logistics and alternative modes to improve accessibility to meet objectives of improvement of the accessibility without significant adverse environmental and human health impacts.</p> <p>21. To support processes of transnational environmental impact assessment for particular activities and strategic documents (EIA and SEA) and e.g. TIA.</p> <p>22. To support systems of time-spatial optimisation of transport infrastructure which will be based on proper selection of a certain mode of transport or a correct combination of particular transport modes;</p> <p>23. To prefer generally environmentally friendly transport (railway, water transport).</p> <p>24. To support also activities focused to allow access to public services and to services of general economic interest by means other than physical transport (e-learning, digitalisation of libraries and other sources of information, videoconferences);</p> <p>25. Not to support transnational projects which could conflict with existing European legal framework (like Water Frame Directive, Natura 2000 network).</p>	<p>Comments are included in the recommendations of Environmental Report and final version of Operational Programme (Examples of multilevel activities within Priority 3).</p>
<p>Priority 4: Development of transnational synergies for sustainable growth areas</p> <p>26. To ensure that sustainable urban networks optimise material flows, energy effectiveness, low emission transport systems (including improvement of public transport) and solve in particular environmental challenges in cities.</p> <p>27. Strategies for regeneration of high-rising housing estates with low construction standards, decayed urban districts and polluted industrial areas should be addressed by transnational activities, including pilot projects, technical assistance and new governance methods.</p> <p>28. To support only sustainable tourism projects which will accept principles of nature and landscape protection.</p> <p>29. To support only activities without negative human health impacts or activities supporting human health.</p> <p>30. To support activities related to optimising distribution of particular development activities which will be in accordance with defined area standards, ensuring a spatial and material diffusion of development activities leading to minimisation of adverse environmental and human health impacts.</p> <p>31. To take into consideration natural and social capacities and potential indirect impacts which can result from a comprehensive economic exploitation of cultural heritage.</p>	<p>Comments are included in the recommendations of Environmental Report and final version of Operational Programme (Examples of multilevel activities within Priority 4).</p>

<p>Priority 5: Technical assistance to support implementation and capacity building</p> <p>32. Assistance to project generation and implementation of project selection criteria should include the recommendations of this position and conclusions and recommendations from the environmental impact statement.</p> <p>33. The programme manual should comprise a set “environmental impact indicators” which make the programme achievements in terms of “sustainability principles” visible to the programme partners and the broader public.</p>	<p>Comments are included in the recommendations of Environmental Report and final version of Operational Programme (Examples of activities within Priority 5; quality aspects on project generation and implementation as outlined in chap. 7.2).</p>
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<b>GREECE: Ministry of Environment, Regional Planning and Public Works</b>	
<b>SEA-issues raised</b>	<b>How it has been addressed in the final Operational Programme / further remarks</b>
<p>1. The OP is compatible with the international and EU priorities and internally with Priority Axis on the Environment and promotes the environment, hence no additional comments or reformulations beyond those of the SEA are proposed.</p>	<p>No further remarks</p>
<p>2. For improved environmental protection the following conditions, restrictions and directions for the protection and management of the environment should be considered:</p> <p>a. Suitable proposal assessment and selection criteria based on the programme objectives and the sustainability premises,</p> <p>b. Better dissemination on environmental issues during calls and invitations for expression of interest but also during implementation in order to improve the inclusion of environmental elements</p>	<p>As project selection criteria will be elaborated in line with the overall objectives of the programme during programme implementation, aspects of short-term and long-term impacts on sustainability will be enclosed according to chap. 4.3.1 of OP (“Sustainable Development”).</p> <p>Project selection will be the overall responsibility of the Monitoring Committee. The Monitoring Committee will seek for projects with real transnational character, among others taking into account “compliance with international, European and the national provisions for environmental protection (e.g. SEA and environmental impact assessment)” – see chap. 7.2.2 of OP.</p> <p>Ad Project generation (see chap. 7.2.1 of OP):</p> <p>Assistance and support will be given to developing of suitable projects during following “Open calls” for project proposals (targeting all potential applicants, to submit project ideas relevant for the programme priorities) or “Targeted calls” for project proposals, e.g. focusing programme priorities:</p> <p>All partner states in the programme are taking care of spreading information on funding to potential applicants – with the support of the Joint Technical Secretariat. All activities of this kind will be integrated in the Information and publicity plan, also including possible examples of (multilevel) activities within transnational partnerships with relevance on environmental issues.</p>

<p>3. Networks of technology and innovation should be promoted in fields which contribute or assist the environmental protection (e.g. clean and energy efficient technologies)</p>	<p>Under Priority Axis 1 (Facilitation of innovation and entrepreneurship), the preparation, creation or the restructuring of technology and innovation-oriented networks in specific technology fields in the industrial and service sectors relevant for the programme area will be supported. Special attention will be given at integrating cleaner technologies and supporting innovation in public services.</p>
<p>4. Considering the prevention and removal of environmental risks, the development of integrated plans and the uptake of sustainable precaution measures should be promoted.</p>	<p>As part of Area of Intervention 2-2 "Improve prevention of environmental risks" (multilevel) activities within transnational partnerships are addressed, which include monitoring systems (e.g. emission control, dataset about potential sources of pollution, emission monitoring systems for air quality, pollutants etc.) and alert mechanisms on potential natural and industrial hazards, forest fires as well as chemical and biological contamination of water, soil and air.</p> <p>Integrated flood risk management including management plans, harmonisation of different standards; improved institutional co-operation and better integration of national and regional administrative structures will be supported under Priority Axis 2.</p>
<p>5. Actions concerning national areas of NATURA 2000 should be in compliance with the approved management plans and EIAs of those areas.</p>	<p>Detailed criteria (including eligibility and quality criteria) used in course of project selection will be developed and approved by the future Monitoring Committee (see OP, chap. 7.2.2). These criteria will also guarantee that there shall be no disaccord with existing European legal frameworks (like Water Frame Directive, Natura 2000 network). The Monitoring Committee can restrict the scope of eligible applicants in a given Call for Proposals taking into account the specific arrangements of the given Call.</p>
<p>6. On accessibility energy efficient transport means should be promoted aiming at the improvement of accessibility and the reduction of the environmental impact. Special attention should be given to projects requiring EIA.</p>	<p>Multilevel activities which will be supported under Priority Axis 3 include the promotion of transnational environmental assessment (EIA-SEA) and transnational territorial impact Assessments (TIA) in co-ordination with the realisation of physical infrastructure financed by other programmes.</p> <p>Areas of intervention 3-1 "Improve co-ordination in promoting, planning and operation for primary and secondary transportation networks" will support transnational co-operation that should generate concrete projects which will contribute to the creation and strengthening of networks for the co-ordinated development of transport connections and corridors. These projects should also offer room for environmental friendly transportation and joint management of networks.</p>

<p>7. Promote transnational cooperation addressing RES, energy efficiency, urban infrastructures and mass transport improvement, the reduction of GHG, ambient noise, the proper management of public urban space etc. Special attention should be given to sustainable tourism development in rural, mountain and coastal zones.</p>	<p>The purpose of Area of Intervention 2-4 is to establish co-ordination and transfer of know-how on energy and resource efficiency policies, to co-operate in the adoption and adaptation of EU policies and directives in the relevant fields and the preparation of the area to cover the expected rise in energy demand and resources consumption through environmental friendly approaches.</p> <p>The development of transnational policies for emission reduction to reduce greenhouse gas emissions and know-how transfer about comprehensive national strategies for sustainable waste management (avoiding – re-using – recycling) will be supported.</p> <p>Under Priority Axis 4 (Development of transnational synergies for sustainable growth areas), crucial problems affecting metropolitan areas and regional systems of settlements (also including tourism areas in rural, mountain and coastal zones) will be addressed. Developing integrative tools such as city development strategies in order to cover poverty, economic development, the environment (e.g. Environmental Urban Management Plans) as well as sustainable tourism development will be supported, including action plans for co-operative solutions for urban renewal and revitalisation.</p>
<p>8. Plans, programmes, projects and actions implemented in the framework of the OP are still subject, if required to national legislation.</p>	<p>No further remarks</p>
<p>Monitoring system</p> <p>1. The monitoring of the environmental impact of actions implemented in Greece is conducted by the Planning Authority (i.e. representatives in the TF of the Ministry of Finance) and is supported by the Ministry of Environment,</p> <p>2. The monitoring is conducted through annual reports following the directions below:</p> <p>I. The annual monitoring report has the aim to record the indicators related to the activities of the programme which represent environmental changes. Additional indicators can be added by the responsible ministries,</p> <p>II. The Ministry of Finance is responsible for the collection of the data</p> <p>III. Each report is published 6 months after the end of the year. For 2008 the report will include also actions on 2007.</p> <p>IV. If non expected negative environmental impacts are recorded then additional protective and corrective measures are proposed.</p>	<p>The operational programme provides a set of core indicators for monitoring and evaluation. The full set of indicators will be further developed in a separate document by the future Monitoring Committee.</p> <p>Environmental indicators will be an integrated part of the extended set of indicators, as monitoring and ongoing evaluation will “form an indispensable basis for the reporting and communication needs to make the programme achievements visible to the programme partners and to a broader public” (OP, chapter 7.6.1).</p> <p>Programme monitoring shall enable the programme authorities (Monitoring Committee, Managing Authority) to take remedial action if the evaluation shows unexpected adverse environmental effects.</p> <p>Results of monitoring activities on national level, especially collection of data and assessment of impacts on regional environmental issues, will be integrated into monitoring reports on programme level.</p>

<b>UNEP – Vienna, Interim Secretariat of the Carpathian Convention</b>	
<b>SEA-issues raised</b>	<b>How it has been addressed in the final operational programme / further remarks</b>
<p>We would like to particularly appreciate the comprehensive and detailed references made to the Carpathian Convention per se in the Strategic Environ-</p>	<p>No further remarks</p>

mental Assessment / Environmental Report of the Central Europe Programme 2007-2013.

Consequently, we would like to express our sincere hope and expectation that the concise findings of the Environmental Report will also lead to more specific references to the Carpathian Convention (Framework Convention for the Protection and Sustainable Development of the Carpathians) in the Operational Programme itself, anticipating that the Carpathian Convention can contribute to the success of the programme, by providing a transnational and integrative platform of cooperation.

A reference to the Carpathian Convention in the Central Europe Programme will also help to ensure that the provisions of the Carpathian Convention regarding environmental protection and sustainable development would be fully taken into account in the course of programme implementation.

Please be informed that the "Framework Convention for the Protection and Sustainable Development of mountain areas in SEE" is currently under development. It is expected to cover those mountain areas of the region not yet covered by the Carpathian Convention, in particular in the Western Balkans, Bulgaria and Greece. We are confident that this new international instrument will also support the SEE Programme 2007-13 by ensuring the due attention to the importance of mountain matters in regional development and territorial cooperation.



## APPENDIX D – Map programme area South East Europe



### Structural Funds 2007 - 2013: Transnational Cooperation South East Europe

- EU27 Cooperation areas
- Other cooperation areas



**APPENDIX E – List of National Authorities in IPA countries**

Albania	Ministry of European Integration, Rr. Papa Gjon Pali II, No.3 Tirana
Bosnia and Herzegovina	Directorate for European Integration, Trg BiH 1 71 000 Sarajevo
Croatia	Ministry of Regional Development, Forestry and Water Management, Trg kralja Petra Krešimira IV br 1. , 10 000 Zagreb
Former Yugoslav Republic of Macedonia	Ministry of Local Self-Government, Dame Gruev 14 1000 Skopje
Montenegro	Ministry of Foreign Affairs and European Integration , Slanka Dragojovica 2, 81000 Podgorica
Serbia	European Integration Office, Nemanjina 34, 11000 Belgrade