

**INTERREG III B CADSES
Neighbourhood Programme**



Community Initiative Programme (CIP)

Version including the Commission's decision of November 2005

Community Initiative INTERREG III B (2000 – 2006)

CADSES Monitoring Committee:

Austria, Germany, Greece, Italy
Czech Republic, Hungary, Poland, Republic of Slovenia, Slovak Republic
Albania, Bosnia-Herzegovina, Bulgaria, Croatia, fYRo Macedonia, Moldova, Romania, Serbia and
Montenegro, Ukraine

Eligibility date: 12th March 2001

Approbation: Commission Decision C(2001)4013 of 27th December 2001,
modified by the Commission Decision C(2004)5411 of 17 December 2004 and
by the Commission Decision C(2005) 4643 of 24 November 2005

Latest date of application for modification: 30th July 2004

Preliminary remarks

Legal basis

- Communication from the Commission to the Member States of 28 April 2000 laying down guidelines for a Community initiative concerning trans-European co-operation intended to encourage harmonious and balanced development of the European territory - INTERREG III (OJ C 143, 23.5.2000, p.6; amended OJ C 293, 25.8.2001, p. 4) (in the following referred to as “INTERREG-guidelines”),
- The Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds -(OJ L 161, 26.6.1999, p. 1), amended by Council Regulation (EC) No 1447/2001 of 28 June 2001 (OJ L 198, 21.7.2001, p. 1) (in the following “Structural Funds Regulation”). Regulation (EC) No 1783/1999 of the European Parliament and of the Council of 12 July 1999 on the European Regional Development Fund (OJ L 213, 13.8.1999, p. 1),
- Commission Regulation (EC) No 438/2001 of 2 March 2001 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds. (OJ L 63, 3.3.2001, p. 21; amended by Commission Regulation (EC) No 2355/2002 of 27 December 2002 (OJ L 351, 28.12.2002, p. 42); (in the following “Control Regulation”),
- Commission Regulation (EC) No 1159/2000 of 30 May 2000 on information and publicity measures to be carried out by the Member States concerning assistance from the Structural Funds. (OJ L 130, 31.5.2000, p. 30); (in the following “Publicity Regulation”),
- Commission Regulation COM (2004) 448 final, 10 March 2004, amending regulation 1685/2000 laying down detailed rules for the implementation of Council regulation 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds (in the following “Eligibility Regulation”),
- Commission Regulation (EC) No 448/2001 of 2 March 2001 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the procedure for making financial corrections to assistance granted under the Structural Funds (OJ L 64, 6.3.2001, p. 13),
- Commission Regulation (EC) No 643/2000 of 28 March 2000 on arrangements for using the Euro for the purposes of the budgetary management of the Structural Funds (OJ L 78, 29.3.2000, p. 4),
- Commission Communication COM (2001) 437 final, 25 July 2001, on the external border regions and the probable effects of enlargement,
- Commission Communication COM (2003) 104 final, 11 March 2003 “Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours”,
- Commission Communication COM (2003) 393 final, 11 July 2003 “Paving the way for a New Neighbourhood Instrument”,
- EC Practical Guide on how to prepare new and amend existing INTERREG Community Initiative Programs as a result of the enlargement, of 14 March 2003.
- EC Guidance Note concerning the preparation of Neighbourhood Programs of 23 October 2003.

Abbreviations and initials

Structures and actors of the programme:

MA = Managing Authority

PA = Paying Authority

SC = Steering Committee

MC = Monitoring Committee

JTS = Joint Technical Secretariat

TWG = Transnational Working Group

CCP = Cadses Contact Point

NC = National Committee

LP = Lead Partner

PP = Project Partner

MS = Member State

NM = Non-Member State

AC = Accession Country

Further actors:

EU = European Union

EC = European Commission

SMEs = Small and Medium sized Enterprises

NGO = Non-Governmental Organisation

Policies, strategies, financial instruments and guidelines for spatial development:

ESDP = European Spatial Development Perspective

ERDF = European Regional Development Fund

ESF = European Social Fund

PHARE = Poland and Hungary: Action for the Restructuring of the Economy

TACIS = Technical Assistance to Commonwealth of Independent States

CARDS = Community Assistance for Reconstruction Development Stabilisation

ISPA = Instrument for Structural Policies for pre-Accession

SAPARD = Special Accession Programme for Agriculture and Rural Development

TEN = Trans-European Networks

TINA = Transport Infrastructure Needs Assessment

RDP = Rural Development Plan

NPAA = National Programme for the Adoption of the Acquis

EIB = European Investment Bank

Others:

CIP = Community Initiative Programme

TA = Technical Assistance

IPP = Information and Publicity Plan

SWOT = Strength, Weaknesses, Opportunities and Threats

BSR = Baltic Sea Region

CEEC = Central and Eastern Europe Country

CBC = Cross-Border Cooperation

SMCs = Small and Medium sized Cities

IS = Information Society

ICT = Information and Communication-related Technologies

ITS = Intelligent Transport Systems

GIS = Geographic Information System

CEMAT = Conférence Européenne des Ministres responsable de l'Aménagement du Territoire (European Conference of Ministers responsible for Spatial Planning)

NIS = Newly Independent States

NNI = New Neighbourhood Instrument

NP = Neighbourhood Programme

EIA = Environmental Impact Assessment

TIA = Territorial Impact Assessment

SEA = Strategic Environmental Impact Assessment

Definitions:

- *Assistance*: means the forms of assistance provided by the Funds, i.e.:
 - (I) Operational programmes or Single programming documents;
 - (ii) Community initiative programmes;
 - (iii) Support for Technical assistance and Innovative measures;
- *Priority*: means one of the priorities of the strategy adopted in a Community support framework or assistance; to it is assigned a contribution from the Funds and other financial instruments and the relevant financial resources of the Member States and a set of specified targets;
- *Measure*: means the means by which a priority is implemented over several years, which enable operations to be financed. Any aid scheme pursuant to Article 87 of the Treaty or any aid granted by bodies designated by the Member States, or any group of aid schemes or aid grants of this type or any combination thereof which have the same purpose and are defined as a measure;
- *Operation*: means any project or action carried out by the final beneficiaries of assistance;
- *Final beneficiaries*: means the bodies and public or private firms responsible for commissioning operations. In the case of aid schemes pursuant to Article 87 of the Treaty and in the case of aid granted by bodies designated by the Member States, the final beneficiaries are the bodies, which grant the aid;
- *Programme complement*: means the document implementing the assistance strategy and priorities and containing detailed elements at measure level, drawn up by the Member States or managing authority and revised as necessary. It is sent to the Commission for information;
- *Member State*: member of the European Union inside the CADSES cooperation area Austria, Czech Republic, Germany, Greece, Hungary, Italy, Poland, Slovakia, Slovenia.
- *Non-Member State*: all the other States inside the CADSES cooperation area such as:
- *Accession Countries*: Non-Member States inside the cooperation area candidates to access at the European Union like Member States (Bulgaria, Romania);
- *Third Countries*: Non-Member States inside the cooperation area but without Accession Status (Albania, Bosnia-Herzegovina, Croatia, Serbia and Montenegro, the former Yugoslav Republic of Macedonia, Republic of Moldova, Ukraine).

Contents

INTRODUCTION	1
1. DESCRIPTION OF THE PROGRAMME AREA AND SWOT ANALYSIS	2
1.1 The administrative boundaries	2
1.2 The view from the Member States	6
1.3 SWOT analysis: Member States	7
1.4. SWOT analysis: Countries in transition	13
1.4.1 Weaknesses and threats for future development	15
1.4.2 Potentials and Opportunities for future development	18
1.4.3 Spatial development policies	21
2. THE PAST EXPERIENCES IN THE CADSES AREA	23
2.1 The ESDP process	23
2.2 INTERREG IIC and CADSES I	23
2.3. Strategic documents of CADSES I as basis for CADSES II	23
3. STRATEGIC CONCEPT FOR INTERREG III	25
3.1 Agenda 2000 and INTERREG III Guidelines	25
3.2 Agenda 2000 and Pre-Accession strategy	25
3.3 From CADSES I to CADSES II	29
3.4. From INTERREG III-B CADSES to INTERREG III B CADSES Neighbourhood Program	30
3.5 Common problems	32
3.6 General objectives and strategies	33
3.7 Compliance with EU-policies and programmes	35
4. PRIORITIES AND MEASURES	42
Priority 1: Promoting spatial development approaches and actions for social and economic cohesion ..	44
Measure 1.1: Supporting joint strategies for spatial development and actions for implementation	46
Measure 1.2: Shaping urban development, promoting urban networks and co-operation	46
Measure 1.3: Shaping rural development	47
Measure 1.4: Spatial impact of immigration	48
Priority 2: Efficient and sustainable transport systems and access to the information society	49
Measure 2.1: Developing efficient transport systems with regard to sustainable development	50
Measure 2.2: Improving access to knowledge and the information society	52
Priority 3: Promotion and management of landscape, natural and cultural heritage	52
Measure 3.1: Protecting and developing cultural heritage	53
Measure 3.2: Protecting and developing natural heritage	54
Measure 3.3: Protecting and developing landscape	55
Priority 4: Environment protection, resource management and risk prevention	55
Measure 4.1: Promoting environmental protection and resource management	56
Measure 4.2: Promoting risk management and prevention of disasters	57
Measure 4.3: Promoting integrated water management and prevention of floods	58
Technical assistance	58
5. INDICATIVE FINANCING PLAN	60
6. PROGRAMME MANAGEMENT INSTITUTIONS: common structures for co-operation	63
6.1 Monitoring Committee (MC)	63
6.2 Steering Committee (SC)	65
6.3 Managing Authority (MA)	66
6.4 Paying Authority (PA)	67

6.5	Joint Technical Secretariat (JTS)	69
6.6	Cadses Contact Points (CCP).....	70
6.7	National Committees (NC)	71
6.8	Transnational Working Groups (TWG).....	72
6.9	Co-operation of Member and Non-Member States in the programme	72
7.	PROGRAMME MANAGEMENT PROCEDURES	73
7.1.	Programme co-ordination.....	73
7.1.1	Co-ordination at the programme level	73
7.1.2	Co-ordination of INTERREG and other EU financial instruments.....	74
7.1.3	Financial auditing	74
7.1.4	Programme Database	74
7.1.5	Evaluation.....	75
7.1.6	Information and publicity	76
7.2.	Project selection and implementation.....	76
7.2.1	Administration of the programme at the project level	76
7.2.2	The Lead Partner principle	77
7.2.3	Information and consulting	77
7.2.4	New types of projects	77
7.2.5	Project selection criteria	78
7.2.6	Assessment of the co-financing application	79
7.2.7	Single co-financing decision regarding ERDF-funds	80
7.2.8	Project reporting and monitoring procedures	80
7.2.9	Assessment of (interim and final) financial statements.....	82
7.2.10	Financial auditing	82
	ANNEX 1: EX-ANTE EVALUATION.....	83
	ANNEX 2: MONITORING INDICATORS	86
	ANNEX 3: JOINT PROGRAMMING PROCESS	91
	ANNEX 4: STATE AID TABLE	93
	ANNEX 5 – SYNTHESIS OF CONCLUSIONS AND RECOMMENDATIONS	94

Tables

Table 1: Countries and regions participation in the CIP CADSES-INTERREG III B.....	6
Table 2: SWOT analysis from the perspective of the Member States focusing on eligible regions	9
Table 3: SWOT from the perspective of countries in transition	13
Table 4: Identification of transnational areas.....	20
Table 5: Priorities and measures.....	44
Table 6: Technical assistance budget (Euro):	59
Table 7: Distribution of national and EU funds of Member States 2000-2006	
(after decommitment of funds)	61
Table 8: Consideration of the Commission Position on the amended “CADSES INTERREG III B Neighbourhood Programme”	94
Table 9: Consideration of main conclusions and recommendations given by the mid-term evaluation on CADSES.....	99
Table 10: Consideration of amendments requested by the Interservice Consultation 3659.....	102

Figures

Figure 1: Map of the co-operation area	5
--	---

INTRODUCTION

Among the INTERREG III B areas, the Central Adriatic Danubian South Eastern European space - CADSES - is the largest and most complex in Europe. It includes 18 countries, from the Baltic Sea - Poland and Germany - to the Mediterranean, through Austria, western Italy and the Balkans, down to Greece, touching the eastern countries from Ukraine to the Accession Countries.

This program fulfils the role of an INTERREG III program for the transnational cooperation area of all external border regions of the existing and new member states.

This geographical complexity is reflected in several aspects: the status related to the European Union – 9 Member States, 2 accession countries and 7 Neighbouring countries– the economic, social and political conditions, the environmental situation.

In establishing priorities and elaboration of the programme, the aims and objectives of the Neighbourhood Programme concept have been taken into consideration.

The main objectives of the Neighbourhood Programme concept are, as stated in the Communication “Paving the way for a new Neighbourhood Instrument” - promoting sustainable economic and social development in the border areas; working together to address common challenges, in fields such as environment, public health, and the prevention of and fight against organised crime; ensuring efficient and secure borders; promoting local, “people-to-people” type actions. This will of course have to be developed taking account of CADSES being a Strand B programme.

In facing such complexity, the CADSES Neighbourhood Programme adopts the spatial approach according to the mission of INTERREG. Integration, in this particular space, means:

- Establishment of a common understanding of the spatial policies;
- Setting the basis for developing common rules and principles in the territorial planning;
- Creating a unified vision of the transport and communication networks;
- Supporting the best conditions of a sustainable growth;
- Protecting natural heritage and preventing its degrade - including flood and disaster prevention;
- Evaluating cultural and historical heritage, both establishing common rules for its regulation and using this as a strategic element of economic development.

These objectives are reflected in the four priorities of the CADSES Neighbourhood Programme.

In order to fulfilling these objectives, the mechanisms foreseen for their implementation become an important instrument of the co-operation between the states and all the actors involved. The rules and mechanisms of transnational co-operation already existing in the INTERREG III Guidelines have been further strengthened with the scope of deepening the European integration with a special regard to issues as enlargement and the Balkan area:

- A full membership for all countries is stated, without considering the status of Member or Non-Member State, but only based on the practical conditions;
- A maximum degree of integration of the community instruments that operate on the area (TACIS, PHARE, CARDS, ISPA, SAPARD, TINA) is pursued;

- Partnership at the project level is strengthened.

The Programme is the result of a joint process, in which almost all the partner countries have taken directly part, through national and transnational seminars, conferences and dedicated meetings of the expert groups. Regions and other relevant actors – especially those related to environmental issues - have been involved since the first steps in the elaboration of this Programme.¹

During the programming process, a special attention has been given to all the environmental aspects, as well as to other community policy objectives: suggestions by the relevant institutions have been considered.

1. DESCRIPTION OF THE PROGRAMME AREA AND SWOT ANALYSIS

1.1 The administrative boundaries

The co-operation space involves all the regions as for CADSES I, to which Ukraine and some regions in Germany, Austria and Italy have been added. This underlines the wish of all partners for geographical continuity.

Some of these regions also participate in other Transnational co-operation areas: some German regions and Poland also belong to the Baltic Sea Region (BSR), some Italian regions also belong to MEDOCC (Lombardia, Emilia Romagna, Umbria), to the Alpine-Space (Lombardia, Trentino Alto Adige, Veneto, Friuli Venezia Giulia) and to ARCHIMED (Puglia), Austria, Slovenia and some German regions also belong to the Alpine-Space, Greece also participates in ARCHIMED. Spatial overlapping has not to be regarded as a negative aspect: European INTERREG areas cannot be rigidly divided, while flexible boundaries can provide a positive complementarity. The regions that belong to more than one transnational space can play this particular mission of linking the different Transnational areas.

There are also a great number of Community Initiative programmes in the CADSES area. They are financially smaller than the objective programme, but in some aspects closer to the aims of the INTERREG III B. This is, of course, particularly true of other Strands of INTERREG. The programming of other Community Initiative programmes has run parallel to the preparation of the INTERREG III B, but due attention has been paid to complementarity and co-ordination between them.

The activities to be financed under INTERREG III B have to be coherent with the activities set up in the Operational Programmes of the Community Support Frameworks. There is a scope of complementary activities and coordination in a number of areas, such as transport, environment, and urban regeneration.

A particular challenge is co-ordination with other programmes under the INTERREG Community Initiative. There are several programmes under INTERREG III A in the CADSES area:

Germany - Austria

Germany - Poland

Germany - Czech Republic

Austria – Slovak Republic

¹ Among the new-member countries, Hungary, Poland, Czech Republic, Slovenia and a non EU MS Romania have continuously participated.

Austria - Czech Republic
Austria - Slovenia
Austria - Hungary
Italy - Slovenia
Adriatic Crossborder
Italy - Albania
Italy - Greece
Greece - Albania
Greece - Bulgaria
Greece – fYRoM

But there are also new III A programmes between the NMS:

Czech Republic – Poland

Poland – Slovakia

Slovakia –Czech Republic

Furthermore there are the new Neighbourhood Programmes within the CADSES programming area:

Hungary – Slovakia – Ukraine

Hungary – Romania – Serbia and Montenegro

Slovenia – Hungary – Croatia

Poland – Belarus – Ukraine

A basic division of work between these and the INTERREG III B initiative is ensured through the minimum requirement for transnationality. While the programmes under INTERREG III A focus on the development of their particular cross-border region and are basically bilateral in character, INTERREG III B is a transnational initiative where partners from two or more states can cooperate outside the border regions. In terms of content, the INTERREG III A initiative to a large extent focus on business development and training, but also includes priorities similar to those in the INTERREG III B initiative, particularly development of communications and improving the environment. Therefore, even if the geographical scope is different, special attention will be paid to the division of work and complementarity with INTERREG III A in the implementation of the INTERREG III B initiative.

According to the INTERREG Guidelines, programming must be complementary to the measures promoted under Objectives 1, 2 and 3 of the Structural Funds, particularly as regards infrastructures, and the other Community Initiatives. This is a particular challenge for these programmes, as there are a great number of other Structural Funds programmes operating inside the CADSES co-operation space, all with the aim to support development in various parts and fields of the area.

It has been the clear intention of the partnership to take into account complementarity with other programmes both in the programming phase and in the implementation phase. This is facilitated by the fact that authorities responsible for programmes promoted under Structural Funds assistance have been either represented in the CADSES Monitoring Committee for CADSES Neighbourhood Programme or have been regularly informed, and will also be (partly) represented in the Monitoring Committee. On a general level, the division of work between this Community Initiative programme and other Structural Funds programmes in the CADSES area is assured by the basic project eligibility

criteria. In the INTERREG III B initiative the projects intend to involve more than two states in terms of content and involve at least two states with financial contribution². It is also stated that the eligible project costs must exclude double financing by any other EU grant. The complementarity with other programmes will be set out in more detail in the Programme Complement.

The new assistance under the Objectives 1 and 2 were drawn up before the INTERREG III B initiative and it has therefore been possible to take full account of them in the preparation of this Community Initiative. The budgets and scope of the assistance under an Objective are far bigger than that of the assistance under INTERREG III B, but this Community Initiative can serve as a supplement to the national programmes by adding a transnational dimension to development work. On one hand INTERREG III B initiative and its projects will thus provide a transnational framework in which regional development measures can be undertaken, on the other hand joint transnational projects can lead to more concrete and financially bigger follow-up projects to be financed through national programmes under Objectives. This is particularly true for the development of infrastructures. The INTERREG III B initiative will not provide any finance for large infrastructure investments, but will fund investigations and small-scale investment as a requirement for larger investments. Other Structural Fund actions can therefore support the implementation of INTERREG III B results in that respect.

Attention will be paid to similar complementarities with national programmes under Objective 3 and Rural Development Programmes in the Member States as well as to the objectives of the TACIS, CARDS and Phare programme for the Non-member States.

The countries involved in the CIP CADSES-INTERREG IIC want to build upon their co-operation experience and therefore only small amendments in the co-operation space are intended. Hence continuity in the transnational framework for action is provided. The participating regions are (regions which have not been part within the frame of INTERREG IIC are printed in bold letters):

² In case Non-Member States participates in projects, a contribution, even in kind, for technical assistance can eventually be asked.

Figure 1: Map of the co-operation area



Table 1: Countries and regions participation in the CIP CADSES-INTERREG III B

Albania	NMS	The whole country
Austria	MS	The whole country
Bosnia Herzegovina	NMS	The whole country
Bulgaria	AC	The whole country
Croatia	NMS	The whole country
Czech Republic		The whole country
Serbia and Montenegro	NMS	The whole country
the former Yugoslav Republic of Macedonia	NMS	The whole country
Germany	MS	Baden-Württemberg , Bayern, Mecklenburg-Vorpommern, Sachsen, Sachsen-Anhalt, Berlin, Brandenburg, Thüringen (all NUTS-II)
Greece	MS	The whole country
Hungary	MS	The whole country
Italy	MS	Puglia, Molise, Abruzzi, Marche, Friuli-Venezia Giulia, Veneto, Emilia-Romagna, Lombardia, Trentino-Alto Adige, Umbria, Basilicata ³
Poland	MS	The whole country
Republic of Moldova	NMS	The whole country
Romania	AC	The whole country
Slovak Republic	MS	The whole country
Slovenia	MS	The whole country
Ukraine	NMS	Odessa oblast, Zakarpatska oblast, Lvivska oblast, Volynska oblast, Ivano-Frankivska oblast, Chernivetska oblast

1.2 The view from the Member States

Regarding the length and former character of continental borders within CADSES the objective of spatial integration is of particular significance for the programme space. The perception of the border regions as bridges in an enlarging Europe has been deepened, highlighting their economic and strategic importance. This applies to the participating Member States as well as to the countries that are on their way to accession and integration. All participating Member States are in specific positions in this respect:

- Italy shares the Adriatic and Ionian coasts with Stability Pact Countries
- Greece, which borders countries of the Stability Pact Area and shares a mountainous border area with Bulgaria; the country is also part of the Adriatic Space.
- Hungary borders with one AC- Romania and Neighbourhood countries.
- Slovakia, Slovenia and Poland only with Neighbourhood countries.

The delimitation of CADSES demonstrates the interest of these Member States to exceed the boundaries of the immediate enlargement area, including countries, which cannot be labelled as Accession Countries at present. To promote the integration of these countries is obviously in line with the aim of territorial integration for the whole CADSES. The heterogeneity of the participating Member States' regions might appear as an obstacle, but on the other hand it is in line with the major strength of the CADSES area as a whole: its rich and diverse structures and pre-conditions with regard to all areas of action in the forthcoming programme period.

³ Inclusion of Basilicata region is subject to confirmation by EU COM

1.3 SWOT analysis: Member States

The brief SWOT in this section points out the main topics, which in general dominate the discussion in the context of forthcoming integration within CADSES from the Member States point of view. With regard to spatial development the perspective of enlargement offers specific opportunities but bears also the risk of specific threats for the Member States' regions. For Greece bordering countries whose accession perspective is yet not clear a number of additional specific concerns arise. In most cases it is hardly possible to make an exact distinction between enlargement-driven processes and 'normal' spatially relevant developments.

One has to bear in mind that over the past decade substantial progress has been achieved regarding the economic integration between the EU and the CEECs. In the remaining pre-accession phase regional economic impacts for the Member States will result from:

- Changing trade relations;
- Changing investment flows induced by shifts in location quality and in turn inducing further changes in location quality, e.g. by an increased accessibility;
- Sector specific effects, particularly in protected sectors such as agriculture or for industrial branches, which are still subject to specific regulations such as food or steel.

Labour market impacts induced by migration or by capital flows.

Though closely related to the above-mentioned impacts a second group of impacts may be distinguished concerning the spatial distribution (or organisation) of development. These spatial impacts have their origin in:

- Changing border regimes;
- The reorganisation of regional systems of production.

Several studies indicate that by and large, the impacts on the regions in the accession candidate countries will be stronger than on the Member States' regions. With visions and perspectives focusing on the future developments and perspectives between Member and Non-Member States one should not forget that the EU itself is in a process of deepening integration, which will also foster large-scale European developments.

In the context of the enlargement fears of losing economically are being articulated in the Member States. These fears are most articulated on the regional level because there the impacts are felt most intensive, but the instruments to counteract unbalanced respectively adverse developments are very limited. Major concerns focus on the labour markets, pointing out the already given concentrations of foreign labour force in certain sectors and the fear of crowding-out effects due to in-commuting foreign labour force.

These considerations evidently stress the fact that even in a transnational context a certain emphasis has to be placed upon the border regions. This is due to the fact that comparatively large parts of these regions have suffered from the regime isolation, which led to significant distortions in regional economic patterns and infrastructural networks. Hence a considerable number of regions in the Member States have to be labelled as being weakly integrated. Obviously the most pressing threat for these regions in a long-term perspective is that the adjacent regions in Non-Member States are in a similar position hence leading to enlarged 'internal peripheries' within CADSES. In the past decade it has become evident that deepened economic relations will not necessarily improve the socio-economic position of these regions even in a long-term perspective. The positive impacts of liberalised

trade regimes tend to concentrate in a limited number of regions. Hence in a short to mid-term perspective numerous additional concerns arise with regard to these 'cross-border

For the coastal areas of the Member States the situation is apparently different in some aspects: in particular the changing border regimes will not exert immediate effects. Whereas the reorganisation of regional systems of production and changing trade relations will certainly affect port towns.

With reference to environment issues, the main challenges that Member States' eligible regions have to face regard both the transnational and the internal dimension of environmental problems and risks.

On the first hand, periodically great damages still occur, due to natural hazards — as for example floods — or cross-border and trans-border pollution. This also depends on the lack of co-ordinated actions and rules, for instance within the field of management of cross-border river basins. On the second hand, in some eligible regions, border agglomerations — but also coastal areas — are exposed to typical environmental drawbacks, as urban sprawl leading to increased burdens, mainly caused by transport. In these regions, increasing environmental burdens along transport corridors also represent a specific risk for the future; moreover, in coastal zones, risky perspectives of encroachment are also created by unsuitable development and not sustainable settlement models.

Deforestation, soil pollution, threat for ground water reserves strongly affect some eligible regions, showing — most of all in peripheral areas — a severe contradictions between the economic and ecological functions in the primary sector. In rural peripheral areas, the absence of common spatial policies for integration and development may also cause a further retreat of agricultural cultivation and labour force, leading to a rapid degradation of environment.

Table 2: SWOT analysis from the perspective of the Member States focusing on eligible regions

Topic	Strength	Weakness
Economy	<p>In general:</p> <ul style="list-style-type: none"> - Large number of regions with highly diversified economic structure, in particular: - Competitive service sector - Significant role with regard to investment and trade relations with CADSES countries - Broader range of comparative advantages over the CEECs - Considerable potential for the transfer of management skills and know-how in the fields of institution building, innovative productions and services <p>Border agglomerations:</p> <ul style="list-style-type: none"> - Improved position due to enlarged markets - Concentration of innovative services and productions <p>Peripheries:</p> <ul style="list-style-type: none"> - In part small-scale economic patterns of considerable flexibility; local or micro-regional networks 	<p>In general:</p> <ul style="list-style-type: none"> - Vulnerable regional economic structures e.g. considerable agricultural share of value added in certain regions - Significant spatial disparities <p>Border agglomerations:</p> <ul style="list-style-type: none"> - Certain weak spots in the economic structure due the isolated position under the former regime (e.g. comparatively late international orientation of local productions and services) - In certain regions slow process of structural adjustment <p>Peripheries:</p> <ul style="list-style-type: none"> - Hardly diversified economic structures - In part mountainous character, aggravating the conditions for agriculture and forestry and imposing in part the need for cost-intensive protection measures
Spatial development	<p>In general:</p> <ul style="list-style-type: none"> - Networks of small and medium sized cities (SMCs) as well as of seaside and harbour towns with an important role for their rural hinterlands - Richness and variety of settlement forms - In part strong position respectively weight of the local level in the political and administrative system supporting more balanced developments 	<p>In general:</p> <ul style="list-style-type: none"> - Migratory push and pull factors and increasing economic weight of agglomerations has led to unbalanced spatial development - Large old-industrialised and former mining areas in several countries. The role of the small cities has been weakened due to the loss of certain functions (e.g. various agro-services) Incompatibilities in technical and institutional infrastructure in a cross-border perspective
Labour market	<p>In general:</p> <ul style="list-style-type: none"> - Comparatively stable situation though marked differences between the participating Member States as well as between macro-regions within the Member States have to be stated - especially for Italy (North-South) and Germany (Alte and Neue Länder) <p>Border agglomerations:</p> <ul style="list-style-type: none"> - In part favourable developments in the recent past, e.g. in certain branches of the service sector 	<p>In general:</p> <ul style="list-style-type: none"> - Tendencies towards uncoupling of economic growth and employment increase - Rising trend towards long-distance in-commuting to the agglomerations <p>Border agglomerations:</p> <ul style="list-style-type: none"> - Specific adverse characteristics of unemployment (rising long-term unemployment, increasing numbers of elderly unemployed) <p>Peripheries:</p> <ul style="list-style-type: none"> - Sectoral employment reflects structural imbalances - Severe problems for less mobile strata - In part strong weight of the public sector for the higher qualified labour force

(follows) Table 2: SWOT analysis from the perspective of the Member States focusing on eligible regions

Topic	Strength	Weakness
Transport	<p>In general:</p> <ul style="list-style-type: none"> - Comparatively high standards in the transport networks though marked differences on national as well as on regional level have to be stated - Constant investment in important transnational links (rail and road networks) but also in shipping (inland waterways, sea shipping) <p>Border agglomerations:</p> <ul style="list-style-type: none"> - In most cases important hub in international and transnational transport networks 	<p>In general:</p> <ul style="list-style-type: none"> - In part significant bottlenecks deficits in the networks since the links to CEECs did not have an investment priority for about 40 years - Environmentally friendly means of transport have kept losing importance over the past decades, private motorised transport has had enormous growth rates - Hence the economic position of certain transport modes such as rail and ship (inland waterways, sea shipping) is rather weak <p>Border agglomerations:</p> <ul style="list-style-type: none"> - Acute bottlenecks in road transport imposing considerable burden on the urban environment as well as the living quality <p>Peripheries:</p> <ul style="list-style-type: none"> - Opening of road border crossing points has led to considerable transport volumes on roads which need to be adapted; e.g. constructions of by-passes etc.
Environment, cultural heritage	<p>In general:</p> <ul style="list-style-type: none"> - Increasing awareness for the protection of natural endowments - Rich and varied cultural landscape - Rich natural heritage in the immediate border zones Adriatic Sea as a rich common resource - Reduced cross-border pollution (closure of polluting industries) <p>Peripheries:</p> <ul style="list-style-type: none"> - Increasing public awareness for natural heritage has induced examples of sustainable tourism 	<p>In general:</p> <ul style="list-style-type: none"> - Periodically great damages caused by natural hazards as for example by floods - Lack of co-ordinated action, especially for the management of cross-border river basins <p>Border agglomerations:</p> <ul style="list-style-type: none"> - Urban sprawl leading to increased burdens mainly caused by transport (border agglomerations, but also along coastal areas) <p>Peripheries:</p> <ul style="list-style-type: none"> - Contradictions between economic and ecological functions in the primary sector (deforestation and reforestation, soil pollution, threat for ground water reserves)

(follows) Table 2: SWOT analysis from the perspective of the Member States focusing on eligible regions

Topic	Opportunities	Threats
Economy	<p>In general:</p> <ul style="list-style-type: none"> - New trade and production networks - Accelerated catch-up process of formerly less dynamic regions - Improve the quality of products <p>Border agglomerations:</p> <ul style="list-style-type: none"> - Investment target, e.g. for specific branches of the service sector, development of new head quarter functions <p>Peripheries:</p> <ul style="list-style-type: none"> - Spill-over effects from dynamic agglomerations - Improved position in certain branches of the producing sector (those with high inputs of services) through creation of cross-border production networks and enlarged radius of spill-over effects from agglomerations - Development of tourism and recreational business - Development of innovative service functions (including e-business) - Development of 'services of scale' in urban-rural and inter-rural networks 	<p>In general:</p> <ul style="list-style-type: none"> - Increasing spatial disparities within the Member States as well as between different types of regions - Increasing pressure on labour-intensive services - Retarded structural adjustment due to easy access to new and still undeveloped markets as well as the availability of cheap foreign labour force - Competition on the basis of cheap labour force and exploitation of natural resources <p>Border agglomerations:</p> <ul style="list-style-type: none"> - Distortions in the structural adjustment due to the availability of cheap foreign labour force - Loss of attractivity as investment target due to uncertain developments in neighbouring countries <p>Peripheries:</p> <ul style="list-style-type: none"> - Disruption of sensitive economic structures due to increasing attractivity of adjacent regions - Adverse effects of an intermediate geography of borders without cross-border co-operative frameworks - Further retreat of service functions in the peripheries, concentration in the SMCs (basic services for the daily need, social services)
Spatial development	<ul style="list-style-type: none"> - Co-ordinated spatial development based on cross-border co-operation including: - Strengthening co-operative and complementary functions between border agglomerations and gateway cities and SMCs - Deliberate optimisation of regional transport links to international corridors - Development of specific bridge functions within the cross-border regions - Preservation and careful development of existing compact city structures - Extension and deepening of existing network structures between regions and cities - Development of interconnected 'open-space systems' especially in urban agglomerations 	<ul style="list-style-type: none"> - Centralisation tendencies further weakening the position of SMCs - Urban sprawl and rapid suburbanisation of border agglomerations and gateway cities - Fostered competition between SMCs within the domestic as well as within the cross-border region leading to crowding-out effects with regard to certain urban functions respectively services - Bottleneck-oriented improvement of capacities in road transport neglecting regional links - Intensification of land-use conflicts (e.g. agriculture versus recreation)

(follows) Table 2: SWOT analysis from the perspective of the Member States focusing on eligible regions (I have to discuss it, whether in this table already the NP aspect should be integrated)

Topic	Opportunities	Threats
Labour market	<p>In general:</p> <ul style="list-style-type: none"> - Increasing employment due to the effects of integration and enlargement <p>Border agglomerations:</p> <ul style="list-style-type: none"> - Inflow of highly qualified foreign labour force <p>Peripheries:</p> <ul style="list-style-type: none"> - Improved position through the availability of skilled workforce 	<p>In general:</p> <ul style="list-style-type: none"> - Social tensions/conflicts due to structural unemployment resulting from accelerated structural adjustment <p>Border agglomerations:</p> <ul style="list-style-type: none"> - Crowding-out effects due to in-commuting/in-migrating foreign labour force <p>Peripheries:</p> <ul style="list-style-type: none"> - Emigration and brain drain, in consequence ageing population
Transport	<p>In general:</p> <ul style="list-style-type: none"> - Strengthening the role of environmentally friendly means of transport due to expectable bottlenecks in road transport also through co-operative and transnational transport planning - Fostering innovative technologies in rail and ship transport <p>Border agglomerations:</p> <ul style="list-style-type: none"> - Uncoordinated competition for hub-functions (e.g. of neighbouring port cities or in intermodal transport) 	<p>In general:</p> <ul style="list-style-type: none"> - Persisting trend towards road transport - Neglect of the rail networks in the neighbouring countries hence contributing to the shift of cross-border transport on the road <p>Peripheries:</p> <ul style="list-style-type: none"> - Further de-investment in public transport
Environment, cultural heritage	<p>In general:</p> <ul style="list-style-type: none"> - Natural endowments and cultural heritage as pioneer activities for the strengthening of cross-border and transnational co-operation, in particular common water resources - Improved preservation strategies through cross-border and transnational co-operation <p>Peripheries:</p> <ul style="list-style-type: none"> - Development of niches in tourism supporting the preservation and revitalisation of cultural assets - Development of sustainable technologies e.g. in the field of energy 	<p>In general:</p> <ul style="list-style-type: none"> - Remaining risk of certain cross- or trans-border pollution (e.g. water pollution, ...) - Increasing environmental burdens along transport corridors - Risk of flooding due to insufficient transnational co-ordination - Coastal zone encroachment by unsuitable development <p>Peripheries:</p> <ul style="list-style-type: none"> - Losses/decay of specific cultural heritage due to out-migration of most active population - Degradation of cultural landscape (retreat of agricultural cultivation)

1.4. SWOT analysis: Countries in transition

Table 3: SWOT from the perspective of countries in transition

POLYCENTRAL DEVELOPMENT AND TOWN/CENTRE RELATION	
Strengths	Weaknesses
<ul style="list-style-type: none"> Increasing volumes of trade and investment between co-operating countries in transition, which offer the potential for a more balanced spatial distribution of economic benefits Fulfilment of industrial restructuring processes and start of industrial recovery in some countries Remarkable success stories in the course of transition for the service sectors Favourable spatial structures assets, as far as comparatively compact urban structures or the basic public transport infrastructure are concerned Emerging of new regional structures, in part significantly changing the positions of regions in the institutional system, and increasing number of spatially relevant national or even regional programme/strategies under various headings Greater availability of regionalised information Emerging new kind of networks, as a basis of transnational know-how for the forthcoming period 	<ul style="list-style-type: none"> Increasing spatial imbalances between “winners” (capital cities, coastal regions, western border regions, successful MSCs) and “losers” (peripheral rural regions, old industrial areas, etc) on a territory level, as far as transition processes proceed Socio-economic uncoupling and increasing disparities in certain peripheral part of CADSES, where economic crisis might persist and vicious circle of de-investment and emigration might intensify or emerge Large interregional migratory movements from rural and old industrial areas to cities, as an effect of unbalanced economic restructuring Marked and increasing contrast between urban and rural areas Uncontrolled urban sprawl, causing congestion and social segregation Lack of urban planning and co-ordinated development strategies on the local level, which aggravates the adverse impact of existing and potential bottlenecks Structural problems in the agricultural sector: persistence of state owned farms, insufficient scale farming, lack of investment, emigration, high unemployment, weak role of cities, etc. Adverse demographic dynamics: emigration, ageing population, provision/maintenance of basic infrastructure) Small cities rarely drive the development of rural areas; their role is restricted to local or regional market places, offering basic services and a rather narrow profile of enterprises in the production sector The institutional framework for regional policy on national and regional level is still weak in most of the countries in transition
Opportunities	Threats
<ul style="list-style-type: none"> Creation of agglomeration poles, due to the transformation of trade and internationalisation patterns Implementation of support schemes under PHARE, ISPA, and SAPARD, which will give a new impetus to major fields of spatial development in the eastern Countries, contributing to favourable impacts in infrastructures, environment, agricultural and rural development 	<ul style="list-style-type: none"> For several regions, augmented risk of being pushed into a peripheral position, because of changes in the external border regimes (i.e. negative spatial impact of the “intermediate geography of borders”), with regard to capital attractiveness, trade flows, aid schemes, rising pressure on the labour markets.

(follows) Table 3: SWOT from the perspective of countries in transition

ACCESS TO INFRASTRUCTURE AND KNOW-HOW	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Remarkable catch-up process as far as extension and use of communication and information technologies are concerned • Existence of various centres of excellence as a consequence of industrial tradition of countries in transition • Existence of new kinds of networks, contributing to a new perception of an enlarged European territory, will have in turn positive impacts on the next generation projects. 	<ul style="list-style-type: none"> • Shortage of public spending, leading to a stronger difficulty to adapt the transport network as rapidly as the reorientation of trade flows • Excessive concentration of large scale investment on the major corridors and bottlenecks in urban areas, neglect of the improvement of links from regional centres to the high-grade road networks • Rapid pace of motorization, which might lead to the persistence of bottlenecks in road transports • Persisting shift from rail to road, producing two different effects: increasing the role of private transport endangers the future position of the railway transport; then the extended railway network reduces its maintenance • Ongoing restructuring of the energy sector, which has to tackle severe investment gaps • Necessity to restructure the coal mining sector, which is a large-scale employers
Opportunities	Threats
<ul style="list-style-type: none"> • Development of communication technologies and service and telecommunication infrastructure in the State Members, which will be a competitive advantage for the countries in transition • New co-operation about research and development, implemented by countries in transition 	<ul style="list-style-type: none"> • Adverse effects for peripheral countries and regions, deriving by agglomeration effects in RS&T and technological innovation
ENVIRONMENT AND CULTURAL HERITAGE	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Substantial improvement of the environmental situation, due to the decrease of most pollutants, as a consequence of restructuring and environmental measures, but even as an effect of declining productions • The rich and diversified natural endowments, which offer a wide range of possibilities for transnational actions • Richness and diversity of cultural heritage, whose enhancement might play a crucial role to develop sustainable tourism and to reinforce cultural activities and services 	<ul style="list-style-type: none"> • Increasing flows of motorised traffic, increasing number of bottlenecks in urban areas • Negative industrial heritage: deteriorating assets, lack of attractiveness for investment, huge financial burdens • Difficult applicability of the "polluter pays" principle for large parts of the most severely polluting industries • Severe gaps in energy efficiency • High exposure to natural / man made disasters (like floods, earthquakes, avalanches, nuclear fallout accidental pollution, poisoning and eutrophication of water) • Persistence of nuclear energy production • Threatened water reserves • Deforestation and soil erosion, due to unsuitable forms of agricultural exploitation • Insufficient supply and disposal infrastructure with regard to water and waste • Fragmentation of protected areas, which rarely form ecological corridors • Lack of co-ordinated forms of natural heritage regulation and maintenance, especially in border areas, where the most valuable ecosystems are placed • Lack of investment perspective for enhancing large parts of cultural heritage • Insufficient extent of interventions to preserve and enhance cultural heritage • Insufficient awareness about risk-control, prevention of further degradation and recovery of impaired heritage, through safeguard and innovation and through the involvement of private actors
Opportunities	Threats
<ul style="list-style-type: none"> • Community's increased efforts towards common standards in the management of protected sites (Natura 2000), which will open a comparatively new field of co-operation 	<ul style="list-style-type: none"> • Environmental policies in countries in transition focused just on urban contamination, without considering other severe environmental threats • Destruction of cultural symbols caused by the armed conflicts in former Yugoslavia

1.4.1 Weaknesses and threats for future development

The brief SWOT-analysis focuses on the co-operating countries. The common or differing perception of these dynamics and their spatial outcomes in the participating countries offers challenging fields of transnational co-operation. Assisting the socio-economic catch-up process is even more important facing the deepening socio-economic integration within the EU. Without deliberate and effective action the development gaps between Members and Non-Members might even become larger.

Generally spoken it is not always easy to give a clear notion of weaknesses and strengths. Any commonly perceived weakness is the first step towards an improvement. This process already bears the nucleus for future innovative actions and hence of new strengths.

Spatial structures – spatial imbalances

The picture of regions being either winners or losers in the course of transition has become more precise in the recent past – in almost all states involved in the programme regions belonging to these categories have been identified. One can see rapidly developing urban agglomerations, economic hot spots linked to international transport corridors versus peripheral regions, additionally burdened with considerable restrictions as far as the levels of mobility are concerned. The winners apart from the capital cities are for example coastal regions, western border regions, successful groups of medium-sized cities, etc. The losers: peripheral rural regions, mountainous rural regions, old industrial areas, additional adverse effects can be expected if these are regions along borders which will remain external EU-borders in a long-term perspective.

Certain regions under the threat of uncoupling

Referring to those parts of CADSES, which currently have to be labelled as losers one has to be aware of the threat of the socio-economic uncoupling of regions and even whole states. In certain parts of CADSES the threat of persisting economic crisis is obvious. Vicious circles of de-investment and emigration might intensify or emerge which might lead to harmful socio-economic developments involving adjacent regions in neighbouring countries.

Despite severe impediments for migratory movements (shortage and costs of housing in the economic centres, comparatively high costs of transportation) further interregional migration, i.e. between certain types of regions within the CADSES countries can be expected: in the recent past rural and old industrial areas have been the source of major migratory flows to the cities. In certain countries and regions these adverse dynamics can be expected to continue, whereas in other countries more stable regional economic patterns have emerged in the second half of the nineties. In particular the in part still ongoing process of industrial restructuring is a driver in this process that does not only affect industrial but also rural regions due to reflows of dismissed workers and the closure of lately decentralised supply industries. Whereas in certain countries industrial restructuring is far from being completed, for other countries an industrial recovery has to be stated.

Spatial impacts of an intermediate geography of borders

Any consideration of spatial structures within CADSES has also to deal with the spatial impacts of the forthcoming accession process. Since accession will not take place for all Accession Countries within a short time span, an intermediate geography of borders is bound to come. The change in the border regimes of an acceding country both in respect to the old Member States and to remaining Non-Members exerts the strongest spatial impact. Whereas on one

side the barrier function of the border vanishes, on the other side, these functions become more pronounced. The new internal border regions will gain attractiveness due to enlarging market sizes and better prospects for infrastructural investment.. The risk for the misallocation of public money in the course of new NP procedures could be reduced only by co-ordinated cross-border and transnational approaches. Decision-making process on spatial development priorities should take due account of the complex and dynamic mosaic of an intermediate geography of borders and therefore considering preliminary the project generation to this fields.

Spatially differing pace of transformation, in particular marked contrasts between urban and rural areas

Urban structures are undergoing comparatively rapid transformation. The function of downtown districts, of the urban-rural fringe and of large housing estates is changing rapidly. Several cities are unprepared for these unexpected and uncontrolled developments. The dangers of uncontrolled urban sprawl, congestion and social segregation are imminent. New types and instruments of urban management and planning and new initiatives in housing policy are needed to meet these new challenges.

One of the problems is the in part lacking legal/regulatory framework. Urban planning and co-ordinated development strategies on the local level are often missing which aggravates the adverse impacts of existing and potential bottlenecks. The financial capacities of municipalities are often insufficient to tackle with the modernisation of infrastructure. Uncoordinated processes of sub urbanisation will even increase the burden on public budgets.

The pace of transitory developments in the rural areas with a mono structured economic base exhibits cumulating problems. The agricultural sector in the countries of transition is marked by various structural problems: large state owned farms respectively agricultural co-operatives or their transformed remainders on the one hand, small-scale, even subsistence farming on the other hand. The emergence of competitive structures in the agricultural sector is impeded by the lack of investment capital. Emigration and ageing population, rising concern about the provision/maintenance of basic infrastructure in these regions, shrinking employment opportunities and increasing numbers of small-scale self-employed farmers are the adverse dynamics to be stated for the emerging internal peripheries. At present an active role of small cities for the development of rural areas is rather the exception than the rule. In most cases the role of these cities is restricted to local or regional market places, offering basic services and a rather narrow profile of enterprises in the production sector.

In general the notion of rural regions in the New Member States and Non Member states varies to a large extent. Even regions with similar basic indicators such as population density and percentages of the employed in agriculture may differ substantially.

Environment – recovery and new burdens

The environmental situation in CADSES has improved substantially over the last decade. Emission of most pollutants decreased due to a decline in production but also due to restructuring and environmental measures. Currently the most severe environmental threats derive from:

- Increasing flows of motorised traffic, increasing number of bottlenecks in urban areas;
- Industrial heritage: vicious circles of deteriorating assets due to a lack of revenues/attractiveness for investment, huge future financial burdens due to the revitalisation of derelict, contaminated areas; the 'polluter-pays'-principle is no realistic option for large parts of the most severely polluting industries;

- Severe gaps in energy efficiency;
- Risks of natural/man made disasters (like floods, landslides, earthquakes, avalanches, nuclear fallout accidental pollution, poisoning and eutrophication of water);
- Nuclear energy production;
- Threatened water reserves;
- Deforestation, soil erosion, due to past and current forms of agricultural cultivation;
- Insufficient supply and disposal infrastructure with regard to water and waste.

Major environment-related investments require substantial public investment efforts. Facing the huge total investment needs required all countries have to select priorities. Major investments in the near future will be driven by national environmental programmes with external support, i.e. the EU pre-accession instruments. These investments will focus on major polluters, for example the modernisation of wastewater treatment plants or sanitary landfills for larger cities. Hence the solution of environmental problems being geographically more widespread will be postponed. This is aggravated by the fact that in general the smaller the municipalities are, the lower is their public budget.

In part these environmental burdens might appear as local or regional problems. This is evidently misleading in particular with regard to topics such as the protection of water resources, common maritime resources, flood and drought prevention, air pollution or nuclear safety.

Natural and Cultural heritage – large parts still lack a perspective

The diversity of the natural heritage is one of the biggest assets of the region with a view to sustainable development. Biodiversity and natural heritage, in general, are subject to a variety of adverse impacts from industrialisation, intensive agriculture, traffic and urbanisation and intensive tourism. Protection strategies have to be adopted. Protected areas however are fragmented, they consist usually of isolated smaller spots, and rarely form ecological corridors. Furthermore most valuable natural ecosystems are to be found in border areas where a co-ordinated form of regulation and maintenance is needed.

In general the richness of the cultural heritage in the programme region is endangered since for large parts of the heritage the investment perspective is lacking. Efforts for the restoration and revitalisation of cultural sights concentrates on those areas, where the economic perspective including the positive impact on the employment (especially for women) is clearly visible. Compared to the programme region as a whole the number and size of these zones is limited. In general there is an urgent need for intensified awareness with regard to risk-control, the prevention of further degradation and the recovery of impaired heritage, through safeguard and innovation and through the involvement of private actors. Another drawback has been the destruction's caused by the armed conflicts in former Yugoslavia, which resulted in the deliberate destruction of cultural symbols.

Transport – shift from rail to road, from public to private, from east to west

In general the transport networks cannot expect to be adapted in a similarly rapid manner as the reorientation of trade flows has happened. This is even more unlikely due to the shortage of public spending in most countries. Large-scale investment will concentrate on the major corridors and bottlenecks in urban areas. From the present point of view the improvement of links from regional centres to the high-grade road networks is a long-term perspective.

In parallel a rapid pace of motorization makes the persistence of bottlenecks in road transport highly probable. The ongoing shift from rail to road transport has a couple of adverse impacts with regard to environmental quality in the broadest sense.

The increasing role of private transport endangers the future position of the railway transport. Extended railway networks in the New Member States and Non Member States run the risk to deteriorate due to lacking investment for modernisation and maintenance; the same applies to the partly highly developed public transport networks. These problems cumulate in the rural regions.

Energy networks – differing perspectives for international versus local networks

Energy is a crucial factor with regard to economy but it is also one of the key aspects with regard to sustainability. An ongoing restructuring hence imposing new challenges on the transnational networks marks the energy sector of the New Member States and Non Member States. For the high-grade networks sufficient investment interest can be assumed whereas on the regional and local level the improvement of systems and thus the overall energy efficiency will have to tackle severe investment gaps. One of the frequently quoted examples is the large number of district heating systems, which would require modernisation. Another crucial aspect is the importance of domestic energy resources as large-scale employers. In particular the restructuring of the coal-mining sector is one of the short- to mid-term transitory burdens, which will have to be solved by many countries.

Spatial development policies – weak position of the regional and local level

Confronted with the current trend towards polarisation in economic development and the growth of regional disparities contradictory tendencies on the general policy level appear: on the one hand the visible consequences of the trend have strengthened the insight that counterbalancing measures are necessary, on the other hand, growing forces, strongly rejecting regulating policies exist. The clear notion of structural aid within the Community Policies assists in part the reform of spatial policies. This applies in particular to the field of regional policies: most NMS Accession Countries are on the way to develop institutional frameworks which are in line with the basic requirements of the regional economic policy conception of the EU. But similar dynamic developments cannot be stated for all regulative frameworks of spatial development policies. In particular spatial planning is challenged by changed ownership structures, as well as legal and market conditions. In many cases administrative capacities on the local level are missing which could counterbalance the adverse effects of rapid and uncoordinated spatial transformation.

The institutional framework for regional policy on national and regional level is still weak in the Accession Countries. Despite the accession-perspective, which is a driver in this respect, mid- to long-term tasks such as an administrative reform are partly impeded by the political pre-conditions in the Accession Countries.

1.4.2 Potentials and Opportunities for future development

Economic cohesion – rapid development of trade relations

One of the most remarkable developments of the past decade was the rapid intensification of trade relations between the EU AND NON EU Member States and the co-operating countries in transition namely the 5 NMS, Bulgaria and Romania. Even in former times - despite the fact that the countries belonged to different economic systems - the trade relations never ceased entirely. Since the beginning of the nineties developments rapidly gained momentum. The impacts of increasing economic cohesion on spatial integration are one of the crucial elements for a dynamic scenario of CADSES.

Economic transformation – dynamics in the service and the production sector

On a Transnational scale the main economic developments contributing to economic recovery and hence cohesion has to be highlighted. After the initial transition shocks the service sector and later on the production sector were crucial elements for the stable and peaceful path of transition which most of the countries have achieved. Looking at economic sectors initially the most remarkable success stories in the course of transition have to be stated for the service sector. For a couple of countries and with a certain time lag also an industrial recovery has started. Future developments in these sectors will shape the pace and the spatial implications of transformation in a mid- to long-term perspective.

Spatial structures

It is a fact that spatial development is shaped by driving forces on regional and local level. Bridging the gap between lagging regions and successful economic centres means also to promote initiatives based upon local and regionally specific resources.

The co-ordination between spatial and economic policies is a precondition in order to achieve economic growth and sustainable development. Regional economic survey focused on the endogenous resources of the territory will result in an improved assessment of potentials and constraints of regions and communities, hence providing a better basis for targeted and effective top-down policies, which stimulate local and regional entrepreneurship. Strengthening endogenous economic development has to be based upon harmonised policy approaches integrating and promoting broadly based socio-cultural partnerships of private and public actors. There are various options to support the development of local structures, which assist evolving innovative milieus. Due emphasis should be placed upon socio-cultural factors since these are an essential prerequisite for sustainable endogenous development on regional and local level.

The specific heritage of former periods in the CEECS has left in part favourable structures as far as for example comparatively compact urban structures or the basic public transport infrastructure are concerned. These in part favourable spatial assets are confronted with rapid developments driven by economic integration. This encompasses e.g. the rapid growth of business sites on the fringes of dynamic cities or the spread of second-home dwelling, the downgrading of public transport due to massive financial shortages.

Empirical evidence hints at the fact that in the pre-accession and accession stage, the development path will be marked by centralisation tendencies. However, the increasing volumes of trade and investment offer the potential for a more balanced spatial distribution of economic benefits.

Accession will be accompanied by a considerable change in trade relations. The volume of trade will increase but also the kind of goods traded will shift thus replacing the inter-industrial trade, i.e. the trade flows between different industries gradually by an intra-industrial trade, i.e. trade flows within one branch of industries. By and large the expected change in trade patterns will primarily lead to an enhancement of the prevailing patterns in regional economies favouring the more advanced, more flexible regions on both sides, i.e. the agglomerations. *In the pre-accession phase infrastructure investment has taken place primarily to the most favoured regions in order to resolve the most pressing development bottlenecks. But with the accession, rising public investment due to structural funding will enable the implementation of more complex and substantial support schemes targeting towards the needs of other regions. Roughly the same mechanisms apply to foreign direct investment (FDI). The prevailing trend in strategic market-oriented investment targeting economic centres will continue. But there is some evidence that large and stable investment flows start to improve the position of selected medium-sized cities significantly, hence leading to the emergence of a secondary pattern of dynamic regions.*

Transnational development areas for future actions – a vivid picture of CADSES

Within the Vision Planet project a challenging identification of transnational areas has been elaborated. These areas provide a vivid picture of CADSES.

Table 4: Identification of transnational areas

Transnational development areas	Characteristics
The Central European Interaction Area:	Parts of the territory are most directly affected by accession (comparatively dense economic relationships, respectively dense exchange patterns).
The Danubian Co-operation Zone	Two areas with common characteristics, partly overlapping with the other areas; marked by common or similar preconditions with regard to transportation issues, environmental problems, natural and cultural heritage, tourism, economic potential. Common waterways resp. maritime resources lend themselves to international co-operation.
The Black Sea Co-operation Area	
The Adriatic – Ionian Sea Region	With the start of the European Community's CARDS programme, the five western Balkan countries bordering the Adriatic and Ionian Sea have created a platform to formulate and promote their common interests and possibilities for co-operation with initiatives under CADSES must be developed. The EU Member states in the region are beneficiaries under INTERREG.
The Stability Pact (for South-eastern Europe) Area	The Pact Area links the region, which was subject to armed conflicts to its neighbouring regions. Under the mediating function of the international community and the neighbouring states new developments will take place. Transnational co-operation could contribute to a spatially coherent approach.
The Carpathian Development Region	Comprising those areas in the eastern part of CADSES, which will be the frontier regions of the EU for a longer time, less developed regions of both, are situated there. Large parts of this region are endangered to remain in a peripheral position.

This subdivision of CADSES in transnational development areas does not reflect any preference for the geographical scope of transnational co-operation. But such rough 'sketches' of CADSES can be seen as starting point for the development of dynamic scenarios in various fields of action.

Natural endowments – rich and diverse

The rich and diversified natural endowments offer a wide range of possibilities for transnational actions. Many of these natural endowments cross borders thus highlighting the need for cross-border and transnational co-operation. But also the Community's efforts towards common standards in the management of protected sites (Natura 2000) opens a comparatively new field of co-operation. The basic idea of common management standards should be enlarged gradually to other categories of natural endowments, i.e. for example forests or landscapes shaped by traditional forms of cultivation. The natural endowments should be seen as the main parameters in the definition and design of integrated strategies and projects in the field of sustainable development. It is important to link different approaches, e.g. protection and management of natural endowments with research initiatives and economic strategies such as alternative forms of tourism.

Cultural heritage – bridge function

The cultural heritage provides opportunities for actions promoting the protection and up grading of the cultural heritage – with regard to the development of tourist destinations, requalifying landscapes of cultural value and cultural sites. A major field for innovative actions can be found in the improvement of the management and service provision.

Promoting transnational systems of cultural itineraries, developing co-operation between maritime and insular areas, will contribute to the preservation, re-organisation and creative development of the bridge function of cultural assets.

Telecommunication – spear head and driver

The New Member States and Non Member States have experienced a remarkable catch-up process as far as extension and use of telecommunication and information technologies are concerned. But it has also become clearly visible that the diffusion of these technologies into the more remote parts of a country requires a bundle of supporting strategies ranging from the provision of infrastructural facilities to adequate training offers. The promotion of these technologies is an important prerequisite for innovative developments in the service sector, but its contribution to balanced development requires co-ordinated development efforts.

Research and development – centres of excellence and new niches

The industrial tradition of the New Member States and Non Member States has led to various centres of excellence. International and transnational co-operation could contribute to intensified exchange of know-how and the development of technologies tailored to regional needs. Among the participating Member States rich experience has been collected with regard to the stepwise implementation of regionally based institutions, which support the diffusion of new approaches.

Regarding research and development restructuring is underway in most countries of the eastern part of CADSES to make it compatible with the new social and economic situation. Important progress is attained with the help of intensive international co-operation with research centres of the EU and more recently with the renewing co-operation among the central European research centres.

1.4.3 Spatial development policies

Regional planning and policies

The position of regions as actors within the political and administrative system is subject to intensive discussion in of the New Member States and the Non Member States. A process, which has started from rather heterogeneous country specific levels. A couple of countries have implemented new regional structures, in part significantly changing the position of regions in the institutional system. The process was accompanied by an increasing number of spatially relevant national or even regional programmes/strategies under various headings. In this altering institutional setting various regional initiatives have emerged, networks of regional institutions in part paired with business-oriented infrastructure have extended their coverage significantly.

Similarly positive developments have to be stated for the availability of regionalised information. The scope and geographical coverage of regionalised, spatially relevant information's have improved significantly in the last five years. One of the major achievements is the enhanced availability of transnationally comparable information with regard to macro-economic indicators and labour markets. Nevertheless in particular for the environment transnationally comparable data on regional level are still hard to be found.

Pre-Accession instruments – sectoral approaches

Major fields of spatial development in the Accession Countries will gain a new impetus with the implementation of the

support schemes under CARDS, PHARE, PHARE-CBC, TACIS, ISPA and SAPARD. These instruments will lead to increasing efforts in cross-border co-operation, improvement of infrastructure, environment as well as agricultural adjustment and rural development. As it has been stated for the community territory the impacts of different sectoral policies on balanced spatial development might be uncoordinated or even contradictory in some cases. Hence the pre-accession instruments are a potential incentive to reinforce or develop new mechanisms concerning more coherent spatial developments; i.e. to develop spatial policy guidelines on national level as a common frame of reference for the specific sectoral developments supported by these instruments. This appears as a challenging task since the pre-accession instruments are in part programme-based in part project-based and the range of competencies within the horizontal approach of spatial policy institutions is in most cases rather limited.

Transnational co-operative network of actors

The previous programme period has strengthened a rather new kind of networks. Institutions in various sectors have broadened the view of partners and have contributed to a new perception of an enlarged European territory. Hence for the forthcoming period an important basis of transnational know-how has been collected which will have in turn positive impacts on the next generation of projects.

2. THE PAST EXPERIENCES IN THE CADSES AREA

2.1 The ESDP process

After consultations with Member States and other relevant European institutions the European Commission started the first Community Initiative INTERREG IIC for transnational co-operation in spatial development in July 1996. This Community Initiative could be seen as a first interim result of the ESDP process. Seven transnational programme spaces were identified, two of them co-operating with countries outside the EU (CADSES and Baltic Sea Regions).

The value added of CADSES-INTERREG III B Neighbourhood Programme is that this is the only programme in the area focusing on the spatial integration of all the policy issues and developments with a view to balanced and sustainable development. The most relevant reference documents that form the strategic background for this programme are the ESDP, the Guiding Principles for sustainable spatial development of CEMAT, the results of the CADSES-INTERREG IIC projects Vision Planet (Guidelines and Policy Proposals) and ESTIA.

The awareness regarding the challenge and the need for transnational co-operation in the field of spatial development policies emerged in the 1990s. In 1994 the Ministers responsible for Spatial Planning in the Member States of the European Union adopted the Leipzig Principles which became the starting point for the development of the European Spatial Development Perspective (ESDP), the main political document in the field of European spatial development which has been adopted in Potsdam by the Ministers responsible for Spatial Planning in the Member States of the European Union in May 1999.

Another strategic framework are the "Guiding Principles for Sustainable Spatial Development of the European Continent" adopted at the CEMAT conference in Hanover in September 2000. It is of particular importance to the CADSES because it was developed jointly by EU Member States and Non-Member States.

2.2 INTERREG IIC and CADSES I

The CIP CADSES-INTERREG IIC (1997 - 1999) was a tool for the implementation of the ESDP and gave the Member States the possibility to co-operate on a transnational scale in the field of spatial development policies for the first time. The programme was used to initiate networks of actors and to develop joint strategies with partners across the external border of the EU.

In the meantime the effects of the transition process in CEEC Countries COULD be observed more clearly. EU enlargement had become a much clearer perspective and a number of sectoral or national pre-accession instruments and strategies have been developed or adopted.

2.3. Strategic documents of CADSES I as basis for CADSES II

For the application of INTERREG III B Guidelines and ESDP in the Central, Adriatic, Danubian and South-eastern European Space (CADSES) the overall objectives of these documents had to be specified. A major step into this direction has been done as part of the INTERREG IIC projects "Vision Planet" and "ESTIA".

One of the aims of Vision Planet was to formulate guidelines for strategies and policies for an integrated spatial development of the CADSES. As one tangible result, the project has published the "Vision Planet: Guidelines and Policy Proposals (Vision Planet GPP)" in January 2000. Its foundations and explanations are summarized in the "Vision Planet: Background Report". A Working Team elaborated the Vision Planet GPP with key experts from 12 countries. Together with ESTIA it is the only strategic document for transnational spatial development policy in CADSES. Its results are therefore of key importance for the CADSES-INTERREG III B programme.

While Vision Planet is mainly concerned with the Central European, Adriatic and Danubian space, ESTIA is considering the South-eastern European space. The "Spatial development strategies and policy integration in South-eastern Europe" as well as the "Spatial planning priorities in South-eastern Europe – preparing for action" have recently been published and can be found under the ESTIA web-site.

Special reference has been given to the conditions and prospects for spatial integration in South-eastern Europe with respect to basic orientation scenarios of a long-term co-operation, which constitutes the central core of the common integration framework for spatial development policies in the ESTIA space.

The Guidelines for INTERREG III, the ESDP, the CEMAT Guiding Principles and Vision Planet GPP and ESTIA are the main reference documents for the understanding of this programme.

3. STRATEGIC CONCEPT FOR INTERREG III

3.1 Agenda 2000 and INTERREG III Guidelines

After the successful implementation of this structural funds intervention between 1997 and 1999 the Commission published the Community Guideline for INTERREG III (2000/C 143/08) on 28th April 2000. This new initiative is dedicated to transnational co-operation in the period 2000-2006. Its strand A is focussing on cross-border co-operation, strand B is focussing on transnational co-operation in the field of spatial planning and strand C is dedicated to inter-regional co-operation. Transnational co-operation between national, regional and local authorities in the framework of INTERREG III B aims to promote a higher degree of territorial integration across large groupings of European regions, with the target to achieve a sustainable, harmonious and balanced development in the Community and a better territorial integration with NMS Accession Countries and other neighbouring Countries. This understanding of transnational co-operation quoted from the Community Guideline for INTERREG III (2000/C 143/08) is described in detail in the ESDP.

3.2 Agenda 2000 and Pre-Accession strategy

PHARE (Bulgaria and Romania Action for the Restructuring of the Economy)

PHARE support is thus focused on the weaknesses and priority areas identified in the Commission's Opinions. Contrary to the INTERREG III B Baltic Sea Region programme, PHARE-CBC instrument is not applicable for the CADSES area. Therefore, co-financing can only stem from the relevant PHARE national programmes.

The PHARE Guidelines [C(2003) 4906 of 22/12/2003] explicitly encourage candidate countries to use their PHARE national programme funds in order to fund their participation in INTERREG III B programmes, such as CADSES"

PHARE's activities in support of the above mentioned objectives concentrate on two main areas:

- Institution-building (around 30 per cent of the budget);
- Investment support (around 70 per cent of the budget).

The programme is managed in Decentralised Implementation System under the responsibility of DG Enlargement.

For further information on PHARE instrument see also: www.europa.eu.int/comm/enlargement/pas/phare

SAPARD (Special Accession Programme for Agriculture and Rural Development)

The programme will assist in the implementation of the Community Acquis under the responsibility of the DG Agriculture (cfr Article 2 of Regulation 1268/1999). The programme will have a budget of 520 million Euro per year until 2006. It will support measures to enhance:

- Efficiency and competitiveness in farming and the food industry and
- Create employment and sustainable economic development in rural areas.

For further information on SAPARD instrument see also: www.europa.eu.int/comm/enlargement/pas/sapard.htm

ISPA (Instrument for Structural Policies for Pre-Accession) for Bulgaria and Romania.

Structural aid for the Accession Countries under the responsibility of the DG Regio. This aid would be directed mainly towards aligning the Accession Countries on Community infrastructure standards, particularly – and by analogy with the Cohesion Fund – in the transport and environmental spheres. ISPA environmental investments will concentrate on directives that are costly to implement and deal with the worst environmental problems like drinking water supply, treatment of wastewater, solid-waste management and air pollution.

ISPA transport infrastructure investment will concentrate on the extension of Trans-European Networks (TEN) and the link to the national networks and in between them. The total cost of each project shall not be less than 5 million Euro.

For further information on ISPA instrument see also: www.europa.eu.int/comm/enlargement/pas/ispa.htm

TINA (Transport Infrastructure Needs Assessment)

Around 2010, when the priority projects for the Trans-European Transport Network (TEN-T) should be completed, we may have a far larger European Union, which has expanded eastwards. The European Commission has long recognised the imperative of improving transport infrastructure between the Union and Central Europe after five decades of neglect. There will not really be open borders and free movement of persons and goods unless the roads, railways, airports and ports in these countries are modernised.

In 1996 the Commission set up a process of Transport Infrastructure Needs Assessment (TINA) to oversee and co-ordinate the development of an integrated transport network in eleven Accession Countries. The idea is to co-ordinate infrastructure projects in these countries with those implemented in the EU, with a view to extending the Trans-European Transport Network to the new Member States in future.

In June 1998 the TINA assisted by a secretariat based in Vienna, agreed an outline network and approved this in its final report a year later in June 1999. This network comprises 8'030 kilometres of roads, 20'290 kilometres of railways, 38 airports, thirteen seaports and 49 river ports. The costs of the work will be about 90'000 million Euro between now and 2015.

The Commission has given assistance to the countries of Central and Eastern Europe under the PHARE, 1000 million Euro to date for transport projects in those countries. The European Union's Instrument for Pre-Accession Aid (ISPA) was created to help these countries to bring up their systems to EU standards to develop their transport infrastructure. The European Investment Bank will also increase the loans it provides to that aim.

CARDS (Community Assistance for Reconstruction, Development and Stabilisation)

The European Councils at Feira and Nice explicitly recognised the vocation of Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia and Serbia and Montenegro as “potential candidates for EU membership” and spoke of “a clear prospect of accession” once the relevant conditions had been met. The Stabilisation and Association Process (SAP) has been designed to help the Balkan countries transform that aspiration into reality, and to establish a strategic framework for their relations with the EU. This was confirmed at the Thessaloniki summit, where it was stated that the SAP, strengthened and enriched with elements of the enlargement process, will constitute the overall framework for the European course of the Western Balkan countries, all the way to their future accession.

Since its inception in May 1999 the aim of the Stabilisation and Association Process has been to equip the countries of the Western Balkans with the means, based on European practice and standards, to maintain stable democratic institutions, to ensure the rule of law prevails and to sustain open, prosperous economies. It also strongly encourages regional co-operation between the countries themselves and with their neighbours in the region.

On 5 December 2000, the Council of the European Union adopted the Regulation EC 2666/2000 on assistance to Albania, Bosnia and Herzegovina, Croatia, Federal Republic of Yugoslavia, and the former Yugoslav Republic of Macedonia as a new instrument of technical and financial assistance to the Stabilisation and Association Process countries. The CARDS assistance shall be used for the following:

- Reconstruction, aid for the return of refugees and displaced persons, and stabilisation of the region;
- The creation of an institutional and legislative framework to underpin democracy, the rule of law and human and minority rights, reconciliation and the consolidation of civil society, the independence of the media and the strengthening of legality and of measures to combat organised crime;
- Sustainable economic development and market-economy-orientated economic reform;
- Social development, with particular reference to poverty reduction, gender equality, education, teaching and training, and environmental rehabilitation;
- The development of closer relations among recipient countries, between them and the European Union and between them and countries which are candidates for accession to the European Union, in coordination with other instruments for cross-border, transnational and regional cooperation with non-member countries;
- Fostering regional, transnational, cross-border and Interregional cooperation among the recipient countries, between them and the European Union and between the recipient countries and other countries of the region.

CARDS assistance shall be provided following the preparation of the strategic framework document (Country Strategy Paper) for each individual beneficiary country for the period 2002-2006, multi-annual indicative programmes and annual action programmes. The European Commission (Albania, Bosnia and Herzegovina and Croatia) and the European Agency for Reconstruction (the former Yugoslav Republic of Macedonia and Serbia and Montenegro) will implement the projects prepared along the lines of the programming documents jointly.

In addition to CARDS, further community instruments and programmes providing assistance to South-eastern Europe, which may be put in place by the Union in the future, will be taken into account when considering funding for those countries and regions in South-eastern Europe participating in CADSES.

The Stability Pact for South-eastern Europe

The Stability Pact is an initiative of the European Union to reach stability and economic development in the region. It was adopted on June 10th 1999 in Cologne. The Stability Pact is being implemented by three so-called Working Tables among them Working Table II (economic reconstruction, development and co-operation) that has the strongest relation to the aims of the CADSES INTERREG III B Neighbourhood Programme. Priority topics of this working table are regional infrastructure, private sector development, intra-regional trade, vocational education and training, human resource development and environmental issues.

The World Bank developed a regional development strategy for the stability pact area concerning the above-mentioned issues.⁴

A major step toward implementation of infrastructure projects was taken at the Regional Funding Conference in Brussels in March 2000. A Quick Start Package⁵ was agreed that includes 208 projects with a total amount of 384 million Euros.

The work in the context of the Stability Pact for South-eastern Europe, will also be taken into account when considering funding for those countries and regions in South-eastern Europe participating in CADSES.

TACIS (Technical Assistance to Commonwealth of Independent States)

The European Union supports the transition in the Newly Independent States through the TACIS assistance instrument under the responsibility of the DG RELEX. The specific priorities and activities to be supported under the cross-border cooperation programme are described in the indicative programme, addressing two key priority areas, namely support for Neighbourhood Programmes, and support for larger border crossing infrastructures (which by their nature and scale cannot easily be addressed through the Neighbourhood Programmes, but which will nevertheless closely coordinated with these Programmes).

The establishment of the Neighbourhood Programmes, as set out in the NNI Communication, will make it possible to better harmonise the provision of EC support on both sides of the border, by bringing together as far as possible the project preparation, submission and selection procedures, and by increasing the level of involvement and ownership of beneficiaries on the external side of the border. It is foreseen that a total of twelve Neighbourhood Programmes will receive support under the Tacis CBC programme (and on the other side of the border from the INTERREG or Phare programmes).

The Tacis CBC Indicative programme in the period 2004-2006 focuses on two key priorities:

- To provide funding for the Neighbourhood Programmes on the Eastern border of the EU through the Neighbourhood Project Facility
- To help complete the network of border crossings on the Eastern border of the EU to facilitate legal transit over the border

Annual action programmes will establish the yearly priorities and allocations to the different components. The aim of the Tacis CBC programme is thus to reflect the policy objectives of the two Commission Communications setting out the priorities for the Neighbourhood Programmes. The programme will indicatively provide a total funding of 75€M to the Neighbourhood Programmes and 54 M€ to Border Crossing infrastructure in the coming years.

The indicative budget allocation from the TACIS Neighbourhood Programme Facility to the CADSES NP (2004-2006) amounts to 5 M€.

For further information on TACIS instrument see also: www.europa.eu.int/comm/external_relations/ceec/tacis

⁴ The World Bank, Europe and Central Asia Region: *The road to stability and prosperity in Southeastern Europe: a regional strategy paper*, (March 2000).

⁵ Special Co-ordinator for the Stability Pact for South-eastern Europe: *Progress report on the implementation of Quick start package of project*, (July 2000).

3.3 From CADSES I to CADSES II

Overall the mutual information basis has improved considerably, the previous programme period has led to awareness raising for transnational development issues. The number of transnational partnerships and co-operations has risen. Transnational co-operation documents as elaborated in the frame of Vision Planet (Guidelines and Policy Proposals, Background Report) are important pioneer activities for a broader dissemination of the basic principles and ideas of the European Spatial Development Perspective (ESDP).

The previous period has also shown that CADSES itself is among the most challenging areas for transnational co-operations since it includes:

- Nine Member States respectively Member States' regions which reveal considerable differences in their spatial and economic structures;
- Nine co-operating Non-member States, respectively co-operating regions which on the one hand comprise areas which are undergoing rapid changes due to an intensified process of integration in a socio-economic as well as in a spatial dimension and on the other hand it comprises areas and countries which are in utmost need of these processes.

These differing positions imply that the CADSES area is marked by rather large disparities on national as well as on regional level. Within the previous programme period the view and perception of disparities and spatial imbalances has been deepened, but also the range of possibilities for concerted and country-specific action has been enlarged due to increased common understanding and continuous exchange of information.

An important and common characteristic of the transition process has become more obvious in the previous period: these are conflicts between major objectives, in particular between the objectives of equivalence and cohesion on the one hand, and efficiency and national growth on the other hand. Under the conditions of transition economies the spatial implications of these conflicting goals are even more significant.

Considering more in detail some CADSES I projects, it is interesting to underline that VISION PLANET activities and papers have contributed to increase the perception of the need for a greater *transnational vision* of European space. The "Guidelines and Policy Proposals (GPP)" adoption imply that the term "trans-nationality" is no longer employed in the trivial meaning of comprising areas of several countries: strategies and actions are now referred to the common features of spatial development and to the common challenges for spatial development policy. This also means that a more structured and thematically focussed dialogue between the actors from countries is now being developed, i.e. a central role to partnership is given. The relevance of common spatial development policy has also been emphasised — among other projects — by PREPARITY project, which has developed tools, scientific analyses and strategic outline concept aiming at preparing political decision-makers for Eastern enlargement of EU and helping them to cope with regional structural and cohesion problems in economic policy.

The common space dimension of European policies has been promoted by CADSES I projects considering both physical and immaterial connections. For instance, SUSTRAIN PROJECT has contributed to the definition and enhancement of the regional development potential, stemming from adequate investments into the modal and intermodal transportation networks to optimise the passenger and cargo transportation services in the CADSES corridor. Project area has been

the transport corridor Berlin - Budapest, its main branches and some extra branches including one heading south towards Slovenia. The CO-OPERATIVE NETWORKS project has developed general prospects and special examples of co-operative networks among medium-sized cities in Central and South-eastern Europe securing competitiveness, social balance and sustainable development. With reference to the social dimension of common space policies, INTE-MIGRA project has developed actions for the creation of a co-operative network to manage social and economic imbalances due to migration processes and promote integrated planning for settlement, employment and production. The project has promoted the development of a co-operative network among the main border towns and regions of the European Union, where the phenomenon of legal and illegal migration has reached a remarkable scale.

Environment and sustainable development issues have been emphasised by many CADSES I projects. For instance — and among other projects — the LET'S CARE METHOD initiative — within Measure E, referring to prudent development and management of natural and cultural heritage — has given a substantial contribution to the achievement of a joint strategy on European level, not only for identifying potential natural sites but also for the protection and preservation of the environment, the revitalisation and enhancement of the architectural heritage and the long-term development of cultural landscape. Thus the project has contributed to the development and identification of cultural landscapes for purposes of inter-regional and transnational co-operation. The NATURAL RESOURCES project — within Measure E — has contributed to the transnational safeguard and improvement of the sustainability of natural resources in the field of agriculture, forestry and water management by using common spatial planning focusing on underforested areas of the lowlands and hills of Central and Southeast Europe. Moreover, the WETLANDS project has defined new strategies of integrated management of wetlands (lakes, river banks, coastal lines, lagoons, marshlands, etc). By integrated management, the project has meant the co-ordination of the whole administrative process related to a wetland, by combining the various phases of spatial planning and management and by setting as objectives the environmental protection and the sustainable economic use.

3.4. From INTERREG III-B CADSES to INTERREG III B CADSES Neighbourhood Program

Fostering the transnational development in the cooperation area is linked with the involvement of different EU funding instruments that are eligible for the financing of CADSES projects. Furthermore, the enhancement of the transnational cooperation between countries revealed several obstacles that had nevertheless widen the gap to the effective program implementation.

The territoriality principle based on the TEC articles 158 and 160 as well as different project management procedures and sometimes contradicting procurement rules applied in INTERREG and all the EU pre-accession and external aid instruments, have led the EU countries to the conclusion that a new conceptual solution was necessary to overcome these barriers.

In this respect, the General Affairs and External Relations Council in continuation of the Wider Europe Communication⁶, invited in June 2003 the Commission to present a Communication on the concept of a New Neighbourhood Instrument⁷, as well as examining measures to improve interoperability between the different financial instruments of the EU.

The NNI Communication establishes a new platform for the future cooperation in development issues in the enlarged Europe, since it provides encompassing framework conditions for the approximation of INTERREG as well as pre-

⁶ "Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbors" (COM (2003) 104), 11 March 2003.

⁷ "Paving the way for a New Neighbourhood Instrument" (COM (2003) 393 final)

accession PHARE and external aid funding instruments⁸ like TACIS and CARDS. Therefore, CADSES from all programs concerned for the NP, constitutes the best pilot census of the emerging implementation details that will need remedy for the future regulative establishment of the NP, after the next programming period.

CADSES provides with a wide range of priorities and measures and under their rationale, the objectives of the NNI Communication policy are met in their larger extent.

The following general objectives will be addressed in providing Tacis support for the Neighbourhood Programmes (in line with the objectives set out in the NNI Communication):

- to promote sustainable economic and social development in the border areas;
- to contribute to working together to address common challenges, in fields such as the environment, public health, and the prevention of and fight against organised crime;
- to help ensure efficient and secure borders;
- to promote local “people-to-people” cooperation.

Key results to be attained through these activities will include but not be limited to:

- effective joint actions by partners on both sides of the border to :
 - promote economic and social development within the border regions, through activities in such fields as integrated regional development planning, trade, investment and tourism promotion, cooperation between chambers of commerce, SME development, human resource development and networking among academic and educational institutions, the strengthening of public-service planning and delivery capabilities, capacity-building in the public and private sectors;
 - address common challenges in such fields as the environment and cross-border pollution, public health and the control of communicable diseases, and the fight against cross-border organised crime, trafficking, and smuggling;
 - enhance the efficiency and security of our common borders, through strengthened cooperation and capacity-building among border authorities, the enhancement of border operational procedures, and where necessary the provision of training, equipment and small infrastructure improvements;
 - promote and strengthen people-to-people contacts across the borders, whether in the social, educational or cultural fields, or in areas relating to good governance, and bringing together public authorities, academic and educational institutions, chambers of commerce, and civil society groups;
- enhanced and sustainable cooperation and contacts between stakeholders on both sides of the border in addressing issues related to the four key objectives of the programme;
- adoption of legal instruments providing the framework for such cooperation;
- increased ownership, participation and commitment of stakeholders on both sides of the border in the implementation of cross-border cooperation activities and the establishment of solid cross-border links;
- reduced isolation of the border regions.

Accordingly, as the EC Working Paper entitled “Guidance Note concerning the preparation of Neighbourhood Programs at the external borders of Member States and Accession Countries”⁹ defines the required integration level of the NP

⁸ The latest being regulated by the PRAG which stands for Practical Guide for tendering, contracting and procurement rules, conditioning the external aid instruments of the EU.

priorities to the amended programs, they seem to be reflected already within CADSES measures. Besides for the NP objective 4, which is not considered as an INTERREG relevant type of action, all other NP Objectives are already applicable to the four CADSES priorities.

Further detailed NP implementation guidelines will set the specific rules for the adoption of the NP into the CADSES programme documents.

3.5 Common problems

All phenomena of transition influence spatial structures: parts of the existing structures will be subject to relatively rapid changes due to centralisation tendencies, some parts have to face the threat of persisting weak structures with regard to low standards in infrastructure, unfavourable industrial heritage respectively settlement structures stemming from the past decades. It underlines the fact that co-ordinated and planned development of spatial structures is needed in order to prevent adverse consequences: on the one hand promoting the necessary mechanisms to prevent unbalanced development of economic hot spots, on the other hand prevent regions from remaining in a peripheral status.

Cities – driver and spearheads in transformation

Obviously the current economic developments impose a new role and a new position on urban settlements. Agglomerations will keep their leading role in terms of the most rapid economic transformation, which in particular includes an increasing role as backbones and strongholds in the development of Small and Medium Sized Enterprises (SMEs). For the agglomerations a broad range of transnational bridging functions should be stimulated and developed under the new programme. Among the most challenging vision is the development and extension of several layers of specialised transnational networks with focal points in the CADSES agglomerations.

Balanced development means to a certain extent to intervene in the interurban hierarchies, which at present show the agglomerations in a dominant position. Deliberately strengthening the role of Small and Medium Sized Cities (SMCs) is among the major challenges to contribute to balanced spatial development hence broadening the basis of social and economic cohesion within CADSES.

Urban development cannot be seen separate from the transformation and changes in the surrounding regions. For most of the CADSES countries the strengthening of urban-regional management is a challenge, which is vital for the sustainable growth of urban spaces.

Territories of CADSES – predominantly rural regions

A mere focus on urban settlements would mean to neglect the utmost largest territories of CADSES, i.e. the rural regions. At present totally different opportunities and threats arise for these regions ranging from sub urbanisation to depopulation, from careful and sustainable use of unique natural heritages to the continuation of ecologically harmful practices in cultivation. Shaping a new notion of rurality is a core issue with regard to sustainable development. Tertiarisation and the increasing role of information society change the position and function of the rural space. As a priority common to all rural regions careful resource management and environmental protection have to be highlighted. In the recent past natural disasters and environmentally harmful accidents have led to increasing awareness for

⁹ This note concerns Neighbourhood Programmes involving INTERREG funds on the one hand, and Tacis, CARDS or MEDA funds on the other.

transnational risk management and efficient mechanism in prevention.

Transport – backbone of spatial integration, source of increasing environmental burden

One of the main immediate and increasing impacts of further integration within CADSES are increasing transport flows. The rapidly increasing transport volumes indicate one of the most obvious new burdens on CADSES' environment and sustainable transport. Uncoordinated development of transport networks will have adverse impacts on living quality and natural resources in all regions of CADSES. On the other hand transport networks will determine future development options, in particular for SMCs and rural regions. The role of cities as drivers in economic development bears the tendency to neglect the impacts of infrastructure on rural regions. Strategies to overcome peripherality inevitably have to focus on the transport networks.

Information society – spatial diffusion and skill transfer

Information society exhibits at least to some extent the same characteristics of other infrastructure. IT-based developments concentrate in the agglomerations, contributing to and fostering tertiarisation and centralisation. Deliberate development strategies, i.e. deliberate decentralisation efforts integrating human resources development might enable IT to contribute to more balanced development. But it is obvious that the positive impacts of IT require as a basis that other infrastructure, in particular education and training, is provided at certain standards.

Harmonious territorial integration – sustainable spatial development and environmental protection

Finally one should not forget the main objective of this initiative, which is to contribute to territorial integration hence emphasising a balance between various, in many cases even conflicting spatial developments. Two specific objectives have to be highlighted in this respect:

- An emphasis on transnational issues of environmental protection
- To place due emphasis upon the balance of spatial interests.

3.6 General objectives and strategies

The community initiative INTERREG is addressed to transeuropean co-operation intended to encourage harmonious and balanced development of European territory, as a mean to economical growth and a stronger European competitiveness: this is the general reference for all the INTERREG co-operation areas. But, for the CADSES region, this objective represents a specific challenge, due to the deepest internal differences of this space.

Therefore, the general objectives, which are to:

- Contribute to spatial integration in the area;
- Contribute to competitiveness, efficiency and growth in the respective regions;
- Contribute to economic and social cohesion within the countries and regions and between the countries;
- Ensure the conservation of the natural and cultural heritage, the protection of the environment and the sustainability of development;

- Contribute to the promotion of equal opportunities between women and men,

Take here a particular complexity and importance. They must facilitate and support the enlargement and integration process (give a hint to the integration process of CADSES becoming a NP). The awareness of such a mission turns the general objectives in a real challenge.

The implementation of these objectives is to be carried out, in fact, under specific conditions: During the process of transformation, there are more conflicts between the objectives than in a more consolidated situation, especially between objectives of equity and cohesion, on the one hand, and efficiency and national growth on the other hand.

European integration, and particularly the enlargement of the Union are expected to involve mainly CADSES countries in the short and mid-term perspective. Hence the priorities of the PHARE and the CARDS assistance should be seen as general objectives of the CADSES-INTERREG III B programme as well:

- Co-ordination of investment and investment to strengthen economic and social cohesion following ERDF and ESF measures;
- Contribute to a smooth enlargement process, prepare the regions, administration, research institutes etc. for the future direct participation in the Community Initiatives (Institution building in CADSES in line with the implementation of the ESDP);
- Support co-ordination between the different instruments (INTERREG, PHARE, ISPA, SAPARD, TACIS, CARDS, etc.) and support the integrated preparation of common projects in CADSES between Member States and Non-Member States.

The following specific strategies for the Community Initiative Programme have been identified:

- Support advanced transnational networking for the exchange of know-how and co-operative strategy making of key actors in different fields of spatial development policies in CADSES;
- Provide compatible co-operation tools (databases, decision support systems, GIS, interfaces between systems, etc.) and soft co-operation infrastructure in CADSES;
- Provide transnational integrated expertise in the form of applied research for key questions of spatial development in CADSES;
- Demonstrate results of large-scale transnational co-operation in small scale or thematically focused pilot projects (small investment, feasibility studies, key studies, pilot projects, etc.).

Quantification

Quantification is not intended to cover the whole substance of the objectives and strategies listed above but a measurable part. It has to be complemented through qualitative assessment. Both will serve a pro-active approach on steering the programme towards meeting its objectives. The following quantitative objectives are to be measured at programme level:

- Enhancing cross-sectoral approach in spatial planning - at least 2/3 of the projects should have a mixed partnership involving different sectors;

- European integration of Non-Member States - at least 1/3 of projects should involve partners from Non-Member States;
- Participation of all institutional levels - at least half of the projects should involve local or regional authorities;
- Participation of all institutional levels - at least half of the projects should involve partners from three or more countries;
- Encourage investment and improve durable results - at least half of the projects should deal with preparation of public and/or private investment, regional planning measures or legislative plans or programmes;
- Efficiency of programme management - between 40% and 60% of projects should have a total budget of above 1,5 M€, between 30% and 40% of projects should have a total budget under 1 M€.

3.7 Compliance with EU-policies and programmes

The objective of the new phase of INTERREG is to promote economic and social cohesion. The main objective for the Strand B is to contribute to harmonious territorial integration across EU. With limited financial resources and the vastness of the territories involved a strong focus should be sought.

With regard to the thematic focus of INTERREG III B all activities and further steps built upon the ESDP will be an important frame. The previous period has shown that the existence of a European Document promoted and stimulated the formation of networks and their extension to Accession Countries and other New Member States. In the period coming this basis will be used to select and further develop certain priorities of spatial development within the CADSES Neighbourhood Programme in the direction of the to the Wider Europe policy inclusion.

The Community Initiative Programmes will contribute to the following principles of the EU (these principles will be taken into consideration when defining the selection and monitoring criteria in the Programme Complement):

- Economic competitiveness as a pre-condition for economic growth and employment;
- Technology and innovation as a particularly important aspect of economic competitiveness;
- Sustainable development policies, specially environmental ones;
- Promotion of equal opportunities.

Nevertheless facing these objectives one should not forget that Strand B of INTERREG has been designed for a specific purpose which is complementary to other parts of INTERREG as well as to other Community Initiatives, and to mainstream programmes (Objective 1 and 2 within the EU and the corresponding EU fundings for the Non Member States). Territorial integration and spatial development have to be considered as issues which aim at a balance between various interests hence one cannot compare this initiative to other 'mainstream' structural funds interventions. One has clearly to see that in contrast to Strand A no significant direct employment impacts can be expected, as well as the programme's immediate economic effects hardly can be quantified.

This programme should be seen more as a programme to prepare investments and concrete regional planning policies. Derived from the programme's main objectives, the most significant contributions can be expected to sustainable development policies as well as to economic competitiveness through various indirect effects. This should not be misunderstood, i.e. that the Community Initiative programme has a limited scope of action but it should be seen as a

clear indication that the programme bridges a gap on transnational level in certain fields of action where a mere consideration on national level is insufficient with regard to sustainable development.

In any case, to be eligible for funding, projects under this programme must take into account equal opportunities for men and women and must contribute towards sustainable development. The Steering Committee is responsible for ensuring that this requirement is fulfilled. The Monitoring and Steering Committees shall strive for a balanced representation of men and women.

All measures included in the Programme clearly indicate the value added of the transnational scope of action which supplements and even deepens national strategies, including the objectives of the mainstream programmes. The Programme Complement will show in more detail this relationship between the different funds and initiatives.

Contributions to competitiveness and sustainable development will be achieved through:

- Awareness raising for territorial integration beyond the current borders of the EU;
- Spear heading into new fields of co-operation as a basis which will be further developed probably under completely changed preconditions after accession;
- Identification of economic options in several fields;
- Additional opportunity to overcome certain weaknesses of the pre-accession instruments with regard to their strategic frameworks: further steps from a project-oriented to a programme-based approach.

In principle the programme strategy is co-ordinated with other EU programmes which can use the results of INTERREG III B for own investment projects (Structural Fund Programmes, TEN/TINA, 5th Framework Programme on research and development, EU-programmes Socrates and Leonardo, EU pre-accession instruments, CARDS, etc.) and national programmes. In order to ensure consistency and compliance in the implementation phase all project applications will undergo a thorough screening with regard to the above-mentioned regulations.

Enlargement and integration

As far as this aspect is concerned, for Romania and Bulgaria see § 3.2. It is to be underlined that projects concerning the fields of transport infrastructure and environmental investment, as well as those of agriculture and rural development, have to respect the national strategies and priorities fixed in detail by the SAPARD and ISPA instruments and have to complement, if possible, the support given under these instruments. In the case of promoting agricultural projects the limits set by the SAPARD programmes may not be exceeded.

Environment

CADSES explicitly integrates the environmental sustainability issues, within the third priority, dedicated to the promotion of the protection of the environment and good management of natural and cultural heritage. Specifically, measures have provided for protecting and developing natural and cultural heritage, promoting environmental protection and resource management, promoting risk management and prevention of disasters. These interventions appear to be consistent with the SWOT system regarding the environment, both from the perspective of Member States and the Eastern countries.

In particular, to verify such a consistency, as part of *ex-ante evaluation*, a table has been elaborated where the intended contribution of CADSES to environmental sustainability principle is shown. One axis of the matrix presents the various

fields of intervention (measures); the other axis presents the principal weaknesses in the environment sector, recognised by the Programme.

The principle of the environmental protection is one of the fundamental points, on which the Programme is based. The programme indications formulated in terms of measures, therefore, are verified in relation to the principle of the ecological sustainability.

Baseline environmental indicators, environmental targets and indicators that will facilitate the measurement of the environmental impact will be also taken into consideration in the Programme Complement, such as the number of high polluted areas interested by projects, the number of actions addressed to measure, evaluate or improve the environmental conditions, especially the ones related to air, ground and water pollution.

The Member States must have fulfilled their obligations under the Community policies and schemes for protecting and improving the environment, in particular the "Natura 2000" network (following the Council Directives 92/43/EEC and 79/409/EEC concerning conservation of natural habitats, fauna and flora or wild birds respectively). They also give a formal guarantee that they will not allow sites protected under Natura 2000 to deteriorate during operations part-financed by the Structural Fund. At meetings of the Monitoring Committee, responsible for an assistance package, the Commission representative will pay close attention to any measure or project likely to affect sites protected under Natura 2000 and will make any necessary recommendations to the Managing Authority concerned. (Cf. EC letter, 14 March 2000: Annex "The Structural Funds and the environment").

Transport

Important sections of CADSES are devoted to transport networks and accessibility issues, in the perspective of a larger, integrated and economically stronger Union. This issue is of primary relevance, considering how important an improved accessibility with reference to the principal objectives of spatial development policy in Eastern area is.

Specifically, the Programme provides for a measure (2.1 - Developing efficient transport networks with regard to sustainable development), which contributes to the development and implementation of projects, focusing upon co-operation in the fields of improvement of accessibility as priority task of economic and social policy. Projects financed under CADSES will have the objective to: i) develop transnational concepts, co-operation mechanism, institutions and pilot projects for an efficient and sustainable transport system; ii) promote a balanced development between the Transnational, national and regional networks; iii) promote a balanced development of rail, road and inland waterways; iv) promote transnational co-ordination and development of transport infrastructure in CADSES area that is linked to spatial development objectives.

In this context, objectives and interventions selected by CADSES Neighbourhood Programmers are largely consistent with Trans-European corridors policies (TEN and TINA). Specifically, it may be useful to recall here the TEN objectives, as they were defined by the Decision No 1692/96/EC of 23 July 1996, on Community guidelines for the development of the trans-European transport network. During the implementation of the programme, the White Paper "European transport policy for 2010: time to decide"¹⁰, adopted on 12/9/2001 will be taken into account.

CADSES work in the area of infrastructures will particularly take into account the work done by the Infrastructure Steering Group, of high relevance for the Western Balkans regions (<http://www.seerecon.org/infrastructure>).

¹⁰ (http://europa.eu.int/comm/energy_transport/en/lb_en.html).

State aid

As it is required in Article 12 of the General Regulation for the Structural Funds (EC) No 1260/1999 and in point 7 of the Guidelines for INTERREG III (OJ C 143), in the framework of this Programme, State aid provisions of Articles 87 and 88 of the EC Treaty will be respected. The responsible authorities of the Member States concerned confirm that any aid granted under this programme will be in conformity with the provisions laid down in one of the Commission regulations adopted under Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the Treaty, establishing the European Community to certain categories of horizontal State Aid (OJ L 142, 14. 5. 1998, p.8).

So far, the Commission has adopted four such block exemption regulations. These are:

- Commission Regulation (EC) No 68/2001 of 12. 1. 2001 on the application of Articles 87 and 88 of the EC Treaty to training aid (OJ L 10, 13. 01. 2001, p. 20);
- Commission Regulation (EC) No 69/2001 of 12. 1. 2001 on the application of Articles 87 and 88 of the EC Treaty to de minimis aid (OJ L 10, 13. 01. 2001, p.30);
- Commission Regulation (EC) No 70/2001 of 12. 1. 2001 on the application of Articles 87 and 88 of the EC Treaty to State Aid to small and medium-sized enterprises (OJ L 10, 13. 01. 2001, p. 33); and
- Commission Regulation (EC) No 2204/2002 of 12. 12. 2002 on the application of Articles 87 and 88 of the EC Treaty to State Aid for employment (OJ L 337, 13. 12. 2002, p. 3).

Special rules may apply for the following sectors: steel, coal, ship-building and repair, synthetic fibres, motor vehicle industry, transport, production, processing and marketing of agriculture and fisheries products.

Assistance going beyond this within the framework of competition related assistance guidelines or programmes are generally not envisaged. In such cases individual notification, approval by the European Commission and registration is required.

The Programming Complement will specify for each individual measure which of the block exemption regulations will be applicable. A State aid table indicating the measure's number, the title of the measure and the title of the applicable block exemption regulation will be inserted into the Programming Complement. In conformity with its duties under Article 34(1)(g) of Council Regulation No 1260/1999, the Managing Authority will keep the State aid table up-to-date and will inform the Commission of any modification of the table. The introduction of a new aid scheme or ad hoc aid requires a modification of the assistance by a formal Commission decision. Suspensive clause concerning State aid applies to measures, which contain State aid that is subject to appropriate measures or has not yet been authorised by the Commission.

Agriculture

CADSES Neighbourhood Programme has no own priority or measure focusing agriculture but the EU area covered by this programme is also eligible for support under the Rural Development Plans (RDP) of the partner Member States. Similarly, the Accession Country area is governed by Council Regulation (EC) N° 1268/1999 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of

central and eastern Europe in the pre-accession period (SAPARD). Therefore a co-ordination with agricultural programmes is necessary, so that possible synergies can be properly taken into account and duplication of efforts be avoided. Since agriculture is no priority of the programme the co-ordination can be carried out mainly as part of the assessment of applications and project reports.

As some measures could also be eligible under the Rural Development or LEADER+ programmes, a clear demarcation line to distinguish the character of measures under CADSES, RDP and LEADER+ has been found at each national level. Either the national co-ordinators of CADSES also participate as members in the Leader's committees, or an information exchange will take place between the responsible institutions.

In particular, as far as the rural development scheme is concerned, to avoid double funding of measures, which could be eligible under the INTERREG as well as under the Rural Development scheme, the same institutions should be involved for advising and approving project applications. For measures falling in the scope of chapter 1 to 9 of Regulation (EC) n° 1257/1999, the eligible criteria and aid intensities of this regulation as well as the Community Guidelines for State Aid in the Agricultural Sector (2000/C28/02) should be respected.

Again, in order to avoid double funding of measures, in case of transnational projects, first the criteria for INTERREG III-support and if INTERREG does not fit, then the criteria for LEADER+ support should be checked. For measures falling in the scope of chapter 1 to 9 of Regulation no 1257/1999, the eligible criteria and aid intensities of this regulation as well as the Community Guidelines for state Aid in the Agricultural Sector (2000/C28/02) should be respected.

In case of any support of projects falling in the scope of agriculture the Common Agriculture Policy, in particular the Regulation n°.1257/1999 has to be respected. Also the Community Guidelines for State Aid in the Agricultural sector (2000/C28/02) do apply, meaning that only projects in the frame of approved state aids could be supported. New state aids have to be notified and approved by the Commission.

The above mentioned Community Guidelines do not apply for projects concerning diversification of agricultural activities pursuant to article 33 of Regulation n°.1257/1999, which are not related to "Annex 1 of the Treaty", like projects concerning rural tourism or creation of craft activities. These projects are supported only in the frame of the *de-minimis* rule block exemption regulation.

Research and development and Information Society

Although the 6th Framework Programme for RTD covers a wide range of activities and although like CADSES it is open for co-operation with NMS, NP Countries and Accession Countries there are only a few key areas of the 6th Framework Programme where a close co-ordination is necessary, among them the key areas 'Cities of tomorrow' and 'Sustainable management and quality of water'. Most CADSES projects won't be primarily research oriented and where they have a research orientation and where it even overlaps with subjects of the 6th Framework Programme it is still very much likely that they have a different character. The link to an integrated spatial development of the programme area according to the ESDP which is a minimum requirement for all CADSES projects and which is not prerequisite of the RTD programme will ease the coordination of the two programmes. Efforts will be made to increase complementarity with Information Society initiatives and to take into account objectives of the "e-Europe" action plan, or the action plans of the following years.

A specific measure of the Programme (2.2 - Improving access to knowledge and the information society) is devoted to the development and implementation of projects focusing upon co-operation in the fields of improvement of the access to

knowledge and the information society.

As the Commission orientations claim,¹¹ the information society has considerable potential for strengthening economic and social cohesion within the meaning of Art.158 by reinforcing regions' competitiveness. This is increasingly determined by the ability of regions to integrate the new technologies made available by the information society. These technologies can help regions to retain a larger share of total value added and attract and develop new activities. The information society could also help breakdown the barriers to location of business outside urban centres, attracting increased investment to rural areas and areas dependent on fisheries. It offers a great potential for the development of new forms of employment and high skilled jobs, especially by providing SMEs with the instruments to innovate and adapt to a rapidly changing economic environment.

In this context, modernisation and development of telecommunications infrastructures is a necessary precondition for investors and regional development, which then offers big market opportunities and is quite attractive for foreign investors. As in most countries within the EU, "teledensity" in the CADSES is still lower outside the urban centres. Access to modern information and communication technologies and services in all parts of the CADSES is a prerequisite for economic and social development. Technical and economical (affordability) aspects are relevant fields of intervention to reduce the risk that economic and social disadvantages accumulate in sparser populated areas. The recent achievements must be utilised as a competitive advantage in the future spatial development of the CADSES, e.g. for rural development or for attracting service industries. Spatial development policy should contribute to this aim by raising awareness of and by supporting regional actors in making use of these opportunities.

As selection criteria, it has to be recalled that the existence of high-quality information and telecommunications infrastructures is clearly one of these factors. Having the most advanced infrastructure is, however, irrelevant if the appropriate services and applications are not provided to the end users or if the end users lack the knowledge or ability to benefit from them. A relatively weak content base, a generally low level of awareness of information society benefits and opportunities and (relatively) high prices – common barriers in less favoured regions – are often compounded by a scarcity of Information and Communication-related Technologies (ICT) skills. In terms of the prior appraisal of Information Society related projects, and especially telecommunication infrastructure projects, criteria could even include: i) telecommunications traffic growth; ii) ratio of voice to data telecom traffic; iii) market accessibility for firms; iv) improvement in affordability of services; v) estimated (direct) employment creation; v) diversification of the local economy into knowledge related activities.

Accession strategies for the environment

Taking into account that specific role of environmental dimension for the accession process the European Commission (DG Environment) developed a strategy to support ten CEE Accession Countries in the environment Acquis.¹² The strategy focuses on issues like environmental law, environmental institution building, and quality of air, waste management, pollution of water, industrial pollution control and risk management, nuclear safety and radiation protection. Its approach is the prioritisation of the environmental Acquis for every Accession Country by detailed assessments of the environmental situation in every country, the identification of administrative and legislative gaps that have to be filled and the economic implications of environmental infrastructure investments (water, waste). Special attention is given to the full

¹¹ European Commission (Brussels, 1999): *The New Programming period 2000-2006: technical papers by theme*; and *Technical Paper 2: Information society and regional development, ERDF Interventions 2000/2006. Criteria for programme assessment*.

¹² Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee, the Committee of the Regions and the Candidate Countries in Central and Eastern Europe on *Accession Strategy for the Environment: Meeting the Challenges of Enlargement with the Candidate Countries in Central and Eastern Europe*. COM (98) 294

compliance of all new investments with the Acquis of the nuclear safety.

The relevant instruments for Commission's assistance are pre-accession instruments like ISPA and SAPARD, the opening up of relevant Community programmes (LIFE, 5th Framework Programme for RTD, European Sustainable Cities Campaign, etc.) and institutions (European Environment Agency - EEA).

Moreover, CADSES II strategies and objectives fully reflect principles and perspectives set forth by the European Union's proposals for the *Sixth Environment Action Programme* — "Environment 2010: Our future, Our choice": see the Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions, dated January 24th, 2001. This new Programme establishes environmental objectives for the next ten years and beyond and sets out the actions that need to be taken over the coming five to ten years to achieve these objectives. It focuses on the following priority issues: (i) tackling climate change; (ii) nature and bio-diversity – protecting a unique resource; (iii) environment and health; (iv) ensuring the sustainable management of natural resources and wastes.

Tourism

Tourism has a great potential as regards contributing to the achievement of several major EU objectives, such as sustainable development, economic growth, employment and economic and social cohesion. The fact that many policies have a significant effect on the various activities of the tourism sector requires a co-operative and politically co-ordinated approach. The Commission Communication "Working together for the future of European tourism" gives clear guidance how this can be achieved in the future.

Furthermore, three Commission publications on integrated quality management, notably in urban, coastal and rural tourist destinations, deal with this issue in detail and present concrete project examples:

*Towards quality rural tourism: Integrated quality management (IQM) of rural destinations*¹³,

*Towards quality coastal tourism: Integrated quality management (IQM) of coastal tourist destinations*¹⁴,

*Towards quality urban tourism: Integrated quality management (IQM) of urban tourist destinations*¹⁵

(See also <http://europa.eu.int/comm/enterprise/library/lib-tourism/index.htm>).

These publications should serve as an orientation for decision-makers dealing with tourism, in particular when implementing Measure 1.2 (Shaping urban development, promoting urban networks and co-operation), Measure 1.3 (Shaping rural development) and Priority 3 (Promotion and management of landscape, natural and cultural heritage)."

¹³ Luxembourg: Eur-Op, 2000 - 154 p. Eur-Op catalogue n° CT-24-99-041-**-CEN, FR; *Summary*, Luxembourg: Eur-Op, 2000 - 14 p. Eur-Op catalogue n° CT-25-99-261-**-C. All languages. The document is the result of a study carried out by THE TOURISM COMPANY (UK) in association with FUTOUR (Germany) and the ECOTRANS network for the European Commission.

¹⁴ Luxembourg: Eur-Op, 2000 - 154 p. Eur-Op catalogue n° CT-24-99-057-**-CEN, FR; *Summary*, Luxembourg: Eur-Op, 2000 - 14 p. Eur-Op catalogue n° CT-25-99-277-**-C. All languages. The document is the result of a study carried out by ORGANISATION MARKETING (OGM; Belgium) for the European Commission.

¹⁵ Luxembourg: Eur-Op, 2000 - 168 p. Eur-Op catalogue n° CT-24-99-049-**-CEN, FR; *Summary*, Luxembourg: Eur-Op, 2000 - 14 p. Eur-Op catalogue n° CT-25-99-261-**-C. All languages. The document is the result of a study carried out by ORGANISATION MARKETING (OGM:Belgium), for the European Commission.

4. PRIORITIES AND MEASURES

General provisions

The INTERREG III B initiative for CADSES builds upon experiences gained through INTERREG IIC and further analytical evidence (SWOT analysis). The programme takes its guidance from the ESDP, the CEMAT Guidelines, the Vision Planet Guidelines and Policy Proposals and the results of ESTIA as well as the EU wider policy. It is one of the main instruments in this area to apply the respective visions, strategies and actions called for in these programmes.

In developing CADSES into a Neighbourhood Programme, and integrating the aspects of the new partner countries participating in the programme, the following objectives as identified by the Communication from the Commission "Paving the way for a New Neighbourhood Instrument" (1.7.2003, Com (2003) 393 final), here also referred to as the "Neighbourhood Communication", have been taken into consideration:

1. Promoting sustainable economic and social development in the border areas;
2. Working together to address common challenges, in fields such as environment, public health, and the prevention of and fight against organised crime;
3. Ensuring efficient and secure borders;
4. Promoting local, "people-to-people" type actions.

While objective 4 is rather referring to an INTERREG III A type programme, the present CADSES priorities and measures fall well within the scope of the Neighbourhood objectives 1, 2, and 3. A significant congruence can notably be found:

- between Neighbourhood objective 1 and the CADSES measures 1.1 and 1.2;
- between Neighbourhood objective 2 and the CADSES measures 4.1, 4.2, 4.3 as well as 1.4;
- between Neighbourhood objective 3 and the measure 1.4.

While these measures especially well reflect the Neighbourhood Priorities, it should be underlined that the partners from CARDS and Tacis countries are eligible under all measures. The Programme Complement will refine the above-mentioned measures according to the specific needs of the programme as a Neighbourhood Programme. This will not change the substantial content of the measures concerned, but shall help reinforcing a concentrated use of funds. As recommended by the mid-term evaluation, the programme is supposed to sharpen the focus of the envisaged interventions. When doing so the relevance of the interventions to the Neighbourhood Communication priorities will be considered the determining factor.

The CADSES Neighbourhood programme continues to address primarily actors of spatial development policies. They are coming mainly from three policy areas with different forms of intervention in changes of spatial structure:

- Spatial planning;
- Regional (economic) policy and
- Spatially relevant sectoral and functional policies.

These actors are addressed in different ways:

- At the programme level (programme management institution and national co-financing institutions) the Programme focuses on the co-operation of actors who develop and co-ordinate spatial development policy (key experts of national and regional and local administrations).

- At the project level different groups of public and private actors should be addressed through the programme:

- Spatial development policy implementing institutions and “developers” with a transnational view;
- National, regional and local administrations implementing policies in the fields of regional development, comprehensive urban and rural development policies, traffic and transport, technology and innovation, nature protection and environmental management;
- Semi-public institutions like regional development associations and promoters, innovation and development agencies;
- Private institutions such as economic and social partners, chambers of commerce, regional councils as well as private companies (e.g. infrastructure providing enterprises) and NGOs in the relevant fields;
- International organisations in relevant fields of action.

The current programme has a twice as long time horizon and six times more money than INTERREG IIC. Therefore more concrete impact is expected from INTERREG III B CADSES. Joint implementation activities will be preferred to networking and exchange of experience. Concrete actions preparing investment and small-scale infrastructure investment as part of projects will be paid more attention. The aim is to achieve a more integrated set of projects, where studies, assessments et cetera are part of broader activities which should also comprise implementation schemes.

The activities undertaken in the framework of this Programme are understood as system, comprising the following:

- Transnational studies and planning activities like development concepts or project, programme and policy assessments (like EIA, TIA, SEA);
- Establishment of new and extension and intensification of co-operation in existing transnational networks and associations of actors of spatial development policy, and network related activities (staff exchange – joint training facilities and programmes);
- Pilot actions, pilot and demonstration projects with transnational dimension (if based on transnational concepts or strategies);
- Exchange of know-how and experience between actors of spatial development policy (comparative analysis of instruments, methodologies, standards and concepts);
- Feasibility studies for investments;
- Financing of small scale complementary infrastructure investment (bottlenecks, interfaces), proposed by Transnational strategic concepts;
- Financing of small scale investment, (e.g. information and innovation centres of transnational importance, ICT networks, part of buildings), proposed by transnational strategic concepts;
- Financing of implementation structures proposed by transnational strategic concepts;

- Project management.

Pursuant to Article 21(2) of the general Regulation together with Article 3(2) of regulation (EC) No. 1783/1999 regarding measures co-financed by the ERDF, for operations which fall into the field of application of the EAGGF Guidance section and/or the ESF, the specific provisions of the relevant regulations governing these funds will be respected.

Description of priorities and measures

The following figure gives an overview of priorities and measures.

Table 5: Priorities and measures

Priority 1	Priority 2	Priority 3	Priority 4
Promoting spatial development approaches and actions for social and economic cohesion	Efficient and sustainable transport systems and access to the information society	Promotion and management of landscape, natural and cultural heritage	Environment protection, resource management and risk prevention
Measure 1.1 Supporting joint strategies and actions for implementation	Measure 2.1 Developing efficient transport systems with regard to sustainable development	Measure 3.1 Protecting and developing cultural heritage	Measure 4.1 Promoting environmental protection and resource management
Measure 1.2 Shaping urban development, promoting urban networks and co-operation	Measure 2.2 Improving access to knowledge and the information society	Measure 3.2 Protecting and developing natural heritage	Measure 4.2 Promoting risk management and prevention of disasters
Measure 1.3 Shaping rural development		Measure 3.3 Protecting and developing landscape	Measure 4.3 Promoting integrated water management and prevention of floods
Measure 1.4 Spatial impact of immigration			

A further specification of above-mentioned provisions and of the following description of measures will be provided in the Programme Complement and through active influence on project generation. Project selection criteria, as defined in the next chapter and further specified in the Programme Complement, will be applied to all measures. These criteria are subject to modifications that might arise from the Implementing Guidelines INTERREG / Tacis / CARDS. In the Programme Complement, information on detailed measures and quantifying indicators, on impact for environment and for equal opportunities for men and women, on categories of final beneficiaries, on financing of each measure and financing instruments as well as on information and publicity will be provided.

Priority 1: Promoting spatial development approaches and actions for social and economic cohesion

The major aim of this priority is to further enhance co-operation and networking between key actors of spatial development policies on both sides of the external EU border as well as between NMS, Accession Countries and Third Countries. The addressees are coming from spatial planning, regional economic policy and spatially relevant sectoral and functional policies. All relevant levels of administration, from local to regional, national and European, should be represented in actions supported under this priority.

Four areas of intervention are foreseen: the first measure aims at intensifying transnational co-operation of actors defining spatial development policies at different levels in order to achieve a greater coherence among policies related to i.e. regional development, environment, transport, urban and rural development. The second measure is oriented towards urban development and a more polycentric settlement pattern. It aims at strengthening urban economies, promoting urban restructuring and the like. The third measure will support actions which aims at strengthening and restructuring rural areas, which is of particular importance not only for significant parts of the EU territory within CADSES, but for accession countries as well. Synergies with Rural Development Programs (RPD) in the EU Member States and possible co-financing from the SAPARD instrument should be considered. Finally, a fourth measure deals with spatial aspects of migration. Its aim is to develop joint spatial policy strategies for the countries of origin and of destination.

Main objectives

Enhance co-operation between key actors of spatial development policies in order to:

- Ensure competitiveness, efficiency and growth in CADSES
- Promote economic and social cohesion within and between the countries of CADSES
- Promote sustainability of development
- Promote spatial integration of CADSES
- Promote polycentric development
- Develop joint migration policy strategies in the context of spatial development.

Quantification

Priority 1 should contribute to further development and substantiation of the transnational co-operation between the actors of spatial development through implementation of common projects referring to the main objectives. Projects should have strong spatial development references and transnational character. High number of partners from New Member Countries belonging to the CADSES is expected to participate in the co-operation within the transnational networks. In particular, Priority 1 should deliver appropriate solutions for at least three subregions of CADSES and the respective number of permanent strategic management structures (networks) should be established. Co-operation of specific types of areas should be promoted in order to gain 4-5 examples of solving specific development problems such as co-operation between cities and neighbouring communities or rural regions. The concrete outputs should be aggregated after finishing the projects.

At least six best practice examples should be developed and marketed. At least one third of projects should involve actors from regional urban centres.

Indicators ¹⁶

Number of projects by measure and thematic category number of best practice examples, number of projects between key actors of spatial development policies, number of projects concerning mitigation of disparities between urban and rural areas, number of projects promoting polycentric settlements, number of common transnational migration strategies

¹⁶ For a detailed list of indicators on Programme and priority level cf. Annex 4. Indicators will be further developed and finally defined during the implementation of the programme.

Measure 1.1: Supporting joint strategies for spatial development and actions for implementation

Aims and issues

A cornerstone of spatial development policies is that, taking into account the determining effect of existing structures, the decreasing population in most NMS and Accession Countries, and the limited availability of economic resources, development will take place largely within the present framework of spatial structures. Radical shifts in regional and settlement structures in CADSES are not to be expected, changes will take place rather within the internal structure of regions and settlements.

Improvement of existing spatial structures should include mitigation of emerging regional disparities. Special attention has to be paid to regions and areas lagging behind or in serious structural crisis, whilst at the same time the development of leading, dynamic regions as carriers of national growth and competitiveness has to be promoted.

Disadvantageous situation of specific peripheral areas needs improving. This aim may be achieved through the intensification of transnational co-operation and improvement of permeability of borders, establishment of new rural-urban relationships as well as facilitation of access to resources, knowledge and information.

Spatial development policy in CADSES region should contribute to diversification of the economic and employment structure of monosectoral areas and one-sided "company towns" in order to reduce the economic dependency by promoting small and medium sized enterprises (SMEs), by utilising endogenous resources and by combining different measures of economic policy to initiate innovation and structural change.

With regard to the NP approach this measure aims at the objective "Promoting sustainable economic and social development in the border areas" through the development of joint strategies involving the new partner countries under the programme.

→ The major objective for this measure is to intensify co-operation between actors defining spatial development policies at transnational, national and regional level substantially influencing integrated spatial development in CADSES or in parts of it (especially regional development, environment, transport, urban and rural development, etc.) with a view to promote polycentric and sustainable development and economic and social cohesion.

As transnational co-operation in spatial development policy is a quite new challenge to most potential partners from Tacis and CARDS countries, their participation should during a first stage focus on human resource development, capacity and institution building, without excluding real policy making. Project partners shall be enabled to gain the necessary experience from learning-by-doing, which might then become the basis for result- and action-oriented co-operation projects under the NNI.

Measure 1.2: Shaping urban development, promoting urban networks and co-operation

Aims and issues

A dynamic urbanisation process took place in most countries of CADSES during the last decades. The percentage of the population living in larger cities is quite similar in the western and eastern parts of the area. The economic structure and development of eastern cities was, however, determined primarily by administrative functions and industrialisation, the service sector played a secondary role, whereas in western cities the tertiary sector is the dominant one. Furthermore, in

several countries of the area, smaller centres are either non-existent or they are not sufficiently developed. Their development should be one of the priorities of the coming years. The overly hierarchical system of cities and settlements should become more flexible and differentiated. Multipolar or polycentric systems should develop focusing on specialisation and division of labour between cities within countries but even between countries (e.g. networks of harbour cities, university cities, finance, media, trade centres, etc.).

The internal structure of most cities is in the process of rapid transformation. The function of downtown districts, of the urban-rural fringe and of large housing estates is changing rapidly. Several cities are unprepared for these unexpected and uncontrolled economic and social developments. The dangers of uncontrolled urban sprawl, congestion and social segregation are imminent. New types and instruments of urban management and planning, new initiatives in housing and social policy are needed to meet these new challenges.

Currently the great majority of the people in the CADSES area live in cities. The future development of the cities themselves as their specific relationships with the surrounding rural areas represents one of the big challenges for the development of the CADSES area. Cities with their high commitment for a clean environment and for a high quality of life are key elements for an integrated development of the urban and rural space. The cities are to be supported within these efforts politically and administratively. In this respect the co-operation targeting at mutual assistance, transfer of information and know-how concerning issues such as urban policy, technology, society, economy, environment and culture should be strengthened. The integration of these different policies within urban development and the city-surrounding partnerships is essential.

Measure 1.2 refers to NP objective 1 ("Promoting sustainable economic and social development in border areas").

→ The major objective for this measure is the development and implementation of transnational projects focusing upon i.e. strengthening urban economies, infrastructure and social systems, promoting urban restructuring and development with a view to dynamic, attractive and competitive cities, improving co-operation between cities and surrounding communities and promoting transfer of knowledge regarding urban policies (other transnational projects of city networks could be eligible under all the measures of the programme according to the respective thematic focus).

Taking into account the unequal base levels, the partners from Tacis and CARDS countries should focus on the improvement of the preconditions for future implementation of transnational urban development projects. This may comprise actions such as e.g. institution building, training programmes, studies and initiatives to address shortcomings of the regulatory framework, exemplary development of small pilot actions, etc. Priority will be given to projects, which demonstrate a potential to serve as a nucleus for subsequent investments in urban development.

Measure 1.3: Shaping rural development

Aims and issues

The extent and percentage of rural areas is more or less similar in the western and eastern parts of the CADSES area. The major difference lies in the importance of agricultural employment and in the level of development of the infrastructure in rural areas. Agricultural employment in some transition countries is high and has even increased in recent years. Rural employment restructuring is unavoidable but cannot be implemented without simultaneous internal restructuring of rural settlements, of rural land use, nor without developing rural infrastructure networks. It is one of the biggest challenges CADSES countries will face during the next decades. Comprehensive national rural development

strategies should be drawn up and implemented, including economic, social, and environmental aspects. The first generation of SAPARD strategies will provide a new impetus for the elaboration of rural development strategies. The development of best-practice models in multi-functional agriculture is another challenging aspect.

→The major objective of this measure is to develop and implement transnational projects that enhance endogenous development, promote a diversified economic structure and a stable social development, taking into account the specific typology of rural areas (mountainous, coastal, landlocked, areas undergoing major economic restructuring, out-migration and severe social changes), assess the spatial impacts and horizontal coordination of projects carried out through the different pre-accession instruments, strengthen the partnership and interrelationships between rural areas and regional urban centres, develop models for improved demographic and social stability and further enhance the exchange of information on rural development.

Measure 1.4: Spatial impact of immigration

Aims and issues

The development of spatial security policies

Special attention has to be paid to the consequences of the phenomena of immigration on the spatial development and more generally on the social and economic cohesion of the interested regions; the nature of immigration flows and experiences of CADSES I demonstrate that only an approach based on the transnational co-operation is able to achieve tangible goals in these fields.

Any notion of immigration policies should clearly distinguish between immigration and social security. These two phenomena tend to be in some cases interdependent, nevertheless a constructive approach should draw a clear distinction between them. The first is immigration: it should be considered as a phenomenon, which bears the opportunity to enrich the society of the receiving nation in political, economical and cultural terms. The second phenomenon is disorder, criminality and the feeling of insecurity developing in some gateway cities. Urban safety, considered in its twofold dimension of objective safety and its subjective perception, depends on a wide-ranging field of interventions such as for instance the control of illegality and the suppression of crime. Security requirements in respect of its “objective” dimension as well as of its subjective perception strongly differ among social groups respectively strata. The expectations and perceptions might be even conflicting, which demands specific activities to alleviate unwanted effects. While well-to-do groups associate “security” with the integrity of their lives, physical condition or belongings, socially disadvantaged persons might rather feel insecure about the cutback of public welfare programmes.

Any approach which tries to bridge these gaps in perception by mere police action will not be successful in a mid- to long-term perspective: integrated strategies are needed which comprise interventions in the fields of infrastructure, social, economic and cultural actions. Community Initiatives such as this Programme offer a favourable opportunity to create proactive, integrated strategies.

This measure corresponds with NP objective 2 – “Working together to address common challenges” as well as objective 3 – “Ensuring efficient and secure borders”. One of the main challenges to be addressed is “migration” with all its concomitant features and developments. As a consequence of enlargement the EU shares its external borders with new neighbours, who shall be incorporated into a joint process of policy making in the field of migration and other related issues such as border management and security in a broader concept, such as organised crime.

The development of immigration / emigration policy strategies

There was a marked convergence of immigration policies among the EU Member States until 2004 at the beginning of the 1990s. Migration policies were in most cases based on two main objectives: a greater integration of the former immigrant groups already present and in parallel a rather restrictive policy towards new immigrant flows. From the viewpoint of an integrated approach such policies tend to be inconsistent and substantially ineffective in their attempts to restrict further immigration flows. These overall less effective mechanisms tend to prevail if the strategies adopted fail in developing an approach, which focuses also on the regions of origin. In fact for the countries of origin the loss of human resources leads to specific problems exerting spatial impact in terms of brain drain in particular for rural regions, unfavourable changes in the social and territorial balance and finally the loss of cultural heritage.

Social inclusion and opportunities

The implementation of social inclusion policies should be based on two principles: The identification of actions which contribute to the improvement of living standards in the countries of origin; the promotion of positive action for social inclusion in target regions respectively countries. It is strategically important to start working with those social groups from the immigrant community, who are in risk of or already marginalized with a view to prevent them from getting trapped in vicious circles of exploitation and organised crime. The measures to be adopted should have the following objectives: the prevention of social exclusion of certain marginalized immigrant groups with a particular focus on immigrant women: the facilitation of social inclusion, which means to integrate them in the official labour market including appropriate labour market training programmes. Due emphasis should be placed upon specific work skills, hence promoting the social status in particular in terms of financial independence.

→ The major objective of this measure is to develop transnational initiatives of a wider scope, including joint spatial policy strategies for the countries of origin and of destination and of social inclusion strategies in particular for female immigrants.

Taking into account the changed framework conditions due to enlargement, priority shall be given to projects that incorporate partners from Tacis and CARDS countries.

Priority 2: Efficient and sustainable transport systems and access to the information society

Transport in most parts of the CADSES has dramatically changed in several ways during the last decade: geographically there was a shift from an eastward to a westward orientation; in terms of modal split, a shift from rail to road; and in economic terms, a shift from public to private transport. The expansion and improvement of infrastructure, which links the eastern with the western parts of CADSES as well as internal connections, constitute one of the largest challenges for all CADSES countries. The challenge is to meet rapidly growing demand in the growing market economies and correspondingly provide an appropriate infrastructure, which will enable a balanced development at the different spatial levels, and to introduce new financing and management methods.

The CADSES Neighbourhood Programme will contribute to these aims by supporting i.e. territorial impact assessments or strategic environmental assessments for projects and programmes, by initiating feasibility studies and, where appropriate, small-scale investments. One of the tasks of the programme is to prioritise spatial development measures for specific axes or transportation zones (including important links to other European territories) and to define priority issues for linking transnational networks (TEN, TINA) to "secondary" networks in order to increase accessibility for a

larger part of the population. The programme will also contribute to a more thorough co-ordination of the separate projects of TEN and TINA networks.

As elsewhere, telecommunication is one of the most dynamic economic sectors in CADSES countries. Central and southeast European countries have the advantage of being late starters in applying the most up-to-date technologies in their telecommunication systems. As in most countries within the EU, "teledensity" in the CADSES area is still lower outside the urban centres. It is important that governments address this territorial aspect of the development of infrastructures and of the transition to the "Information Society". The CADSES Neighbourhood Programme will contribute to this aim by raising awareness and by supporting local, regional and national actors in making use of these opportunities. Training measures and small-scale investments as well as modernisation of administrative processes are all playing an important role in this respect.

Main objectives

- Promotion of an efficient, multimodal and sustainable transportation systems in CADSES
- Development of the potentials offered by the information society for spatial development in CADSES

Quantification

Transnational strategies, studies and concepts concerning development of transport systems should lead to a harmonisation of networks between CADSES countries (especially EU Member and Non-member States) and within them (national and regional level). New co-operation mechanisms are to be developed within this priority. At least three best practice examples should be developed and marketed. At least half of the projects should prepare public or private investment, regional planning measures or legislative plans or programmes. A significant number of projects should seek to improve the access to the information society in lagging regions and to improve the efficiency of administrative procedures. Lists of quantified targets for each measure will be provided in the programme complement. The concrete outputs should be aggregated after finishing the projects.

Indicators¹⁷

Number of projects by thematic category, number of best practice examples, number of projects to improve access to knowledge and information society, number of projects promoting multimodal transportation systems.

Measure 2.1: Developing efficient transport systems with regard to sustainable development

Aims and issues

Increasing efforts to develop international transportation networks are common characteristics in all CADSES countries. Priority has been given everywhere to the development of multimodal transport corridors along the main Trans-European corridors (TEN and TINA), to a better connection of national transport networks and network planning with those of neighbouring countries and to better compliance with environmental standards in transport development. Development of these networks should be carried out in accordance with the principal objectives and processes of spatial development. The primary task is to improve transport connections between the eastern and western halves of the CADSES, which were neglected until now. At the same time, however, existing transport infrastructures within the eastern part of the

¹⁷ cf. Annex 4.

CADSES should be improved, where recovering economic relations might require efficient rail, road, maritime, inland waterways or telecommunication connections. A more thorough co-ordination of the separate projects of TEN and TINA networks is needed, as well as the extension of the assessing and planning works to those countries which are at present excluded from TEN and TINA processes. Accessibility for the majority of the population of the respective countries is to be ensured by improving or developing transportation facilities within smaller regions (secondary networks). Maintaining or improving public transport systems plays an important role here. Transversal connections should transform the overly hierarchical and centralised system of transport networks.

Multimodal transport is – for different reasons – particularly important in the CADSES area (low density of transport networks in some countries, different railway gauges, inadequate use of waterways and air transportation etc.). A network of logistic centres serving multimodal transport should be established. Border crossings and ports (both sea and inland waterways) are important nodal points of this network. An integral approach should be applied in planning the new transportation system elements, considering their economic, social and environmental impacts and interdependencies. Sustainable transport systems as railways, public passenger transport, footpaths and cycle tracks should be stressed. Economic instruments should promote the use of multimodal transport to increase the use of environmentally friendly modes of transport.

With regard to freight transport, ongoing changes in market sizes and business management practices, and ICT applications open challenging new fields for transport planning. In future transport planning will have to focus even more intensively on multi-modal networks and related services as an integrated logistic system: additionally such system need to be integrated into goods production and distribution processes. Due emphasis should be placed upon the settlement systems and related city logistics as well as to the local SME systems (industrial districts): developing these interdependent systems is crucial since they determine a broad range of territorial phenomena. The assumption of the mentioned systems as key-elements for the projects is primarily important to assure a balanced access to main corridors and networks as well as a balanced development of the transport systems.

Transports and IT technologies are still growing together with the so-called ITS (intelligent transport systems), that aim at the best use of the infrastructural systems, with special regard to safety and user information. These practices have to be further promoted and spread, favouring dialogue, standardisation and co-operation between different urban and regional systems, also in a transnational perspective.

→ The overall objective for this measure is the development and implementation of transnational projects focusing upon improvement of accessibility as priority task of economic and social policy. Improved accessibility should serve all principle objectives of spatial development policy. Projects financed under this measure should serve the purpose of developing transnational concepts, co-operation mechanisms, institutions and pilot projects for an efficient and sustainable transport system that is linked to spatial development objectives; promotion of a balanced development between the transnational, national and regional networks; promotion of a balanced development of rail, road and waterways; promotion of inter modality and modal shift towards environmentally sustainable transport modes; promotion of dialogue and co-operation to deepen the understanding of actual processes and the set-up of management and policies solutions.

The measure will finance projects referring to preparation of transnational studies and planning activities concerning spatially integrated development and improvement of the transport connections, multimodal transport, public transport systems etc.; exchange of experiences on the implementation of ISPA programme, exchange of information between investors to support a harmonised development in large-scale transport infrastructure; assessment of territorial impact of

trans-nationally relevant projects, programmes and policies (e.g. ISPA); preparation of feasibility studies for investments; financing of small scale investments proposed by transnational strategic concept; transnational project management with organisational structure and costs; financing of implementation structures proposed by transnational strategic concept; etc.

Measure 2.2: Improving access to knowledge and the information society

Aims and issues

At present, one of the most dynamic economic sectors is telecommunication. Central and Southeastern European countries have the "advantage" of being late starters in applying the most up-to-date technologies in their telecommunication systems. Therefore modernisation and development of telecommunications infrastructures is a necessary precondition for investors and regional development, which then offers big market opportunities and is quite attractive for foreign investors. As in most countries within the EU, "teledensity" in the CADSES is still lower outside the urban centres. It is important that governments address this territorial aspect of the development of telecommunication infrastructures and of the transition to the "Information Society". Access to modern information and communication technologies and services in all parts of the CADSES is a prerequisite for economic and social development. As an important secondary effect these efforts might promote equal opportunities between women and men in IT qualifications and employment. Technical and economical (affordability) aspects are relevant fields of intervention to reduce the risk of accumulating economic and social disadvantages in sparsely populated areas. The recent achievements must be utilised as a competitive advantage in the future spatial development of the CADSES e.g. for rural development or for attracting service industries. Spatial development policy should contribute to this aim by raising awareness for IT-applications and by supporting local, regional and national actors in making use of these opportunities.

The promotion of content-based services, which incorporate local resources, is another important task. Information and content-based services should be developed simultaneously. Modern communication technologies facilitate the development of socially and culturally relevant services, which are crucial for the value of local commerce allowing CADSES countries to link into the global economy. The integration of locally available human resources into the broader European and global economy ought to be another important factor.

→ The major objective for this measure is the development and implementation of transnational projects focusing upon improvement of the access to knowledge and the information society, on promotion of the use of state-of-the-art technologies as competitive advantage in CADSES countries and on modernisation and improvement of administrative processes.

Priority 3: Promotion and management of landscape, natural and cultural heritage

The countries in CADSES possess a rich cultural heritage and are blessed with a variety of cultural landscapes. Monuments of most European cultural and art epochs can be found here. Nowhere in Europe is there such a richness of folkloric arts and rural architecture. The protection of this heritage should be based both on cultural and economic considerations. In all countries of the area, legal and professional arrangements are needed to preserve respect for and the memory of all nations and nationalities, ethnic and religious groups.

This priority is especially oriented towards the valorisation of spatial values, both natural and cultural. According to the

ESDP principles, economic growth and social cohesion are here based on the promotion and the responsible management of spatial heritages. Local authorities as well as sectoral competences are involved in this priority. With respect to this aim, co-ordinated transnational interventions aimed at creating "cultural (tourist) routes" and other activities will be supported. Common management methods to improve the level of knowledge on cultural heritage conditions, protection level and risk exposure will be developed.

Natural heritage is an essential component of the environmental situation and living environment of each country. Natural heritage and natural landscapes in CADSES fulfil important ecological functions for the whole region and beyond. Their maintenance and enrichment has to be seen also as an economic factor. Investigations carried out under INTERREG IIC have shown how nature can be preserved and at the same time used for socio-economic development without damaging ecological functions. These functions are, however, threatened through delimitation of natural landscapes to even smaller spots. On a larger scale therefore, the establishment of green networks and transnational green corridors might be supported by this programme as well as actions oriented towards a better implementation of common Interregional and transnational policies addressed at preserving high bio-diversity and landscape quality.

Cultural and natural heritage of importance to the whole area should be identified and networking and marketing of natural and cultural landscapes will be promoted. The programme aims also at a better integration of cultural and natural heritage protection and enhancement issues into relevant sectoral policies. Synergy with similar other activities and programmes will be ensured as well as conformity with the European Landscape Convention and with Council Directives 92/43/EEC and 79/409/EEC (Habitat Directive / Natura 2000).

Main Objective

- Promote the enhancement of natural and cultural heritage and landscape.

Quantification

Under priority 3, exemplary solutions should be developed, on how the issues as defined above can be tackled. Seven to ten best practice examples on the respective themes listed under each measure (specified in the Programme Complement) should be produced. At least four politically approved concepts should be developed which are accompanied by a list of concrete investments to be carried out. The concrete outputs should be aggregated after finishing the projects.

Indicators ¹⁸

Number of projects by measure and thematic category, number of pilot projects which allow to evaluate the effects of human activities on conservation of landscape, of natural and of cultural heritage, number of best practice projects.

Measure 3.1: Protecting and developing cultural heritage

Aims and issues

Cultural heritage is a concept, which goes beyond architectural heritage, and should not be dominated solely by the past. It is the cornerstone of regional, national and European identity. Accordingly, spatial planning should approach this issue

¹⁸ Cf. Annex 4.

in a comprehensive manner. The view of different cultures and the culture of differences in CADSES as an opportunity and not as threat for future development appears as a precondition for any co-operative regional development approach in the region. Hence cultural heritage in a broader sense includes also issues like contemporary art, education, youth projects and projects promoting the development of civil society.

The development and protection of the historical, architectural, archaeological and monumental heritage should be based both on cultural and economic considerations. This protection requires adequate juridical instruments and its goals should be integrated in spatial planning at various levels.

Sound research and administrative criteria are to be set for the identification and recognition of the items forming the historical, archaeological and artistic heritage. Legal regulation should gradually move from the protection of single monuments to that of cultural ensembles and landscapes. In addition education and more efficient diffusion of relevant information should contribute to a better understanding and to the promotion of respect for natural and cultural values.

The protection and enhancement of the cultural heritage will become an important resource for sustainable tourist use of cultural and environmental exemplary goods, considering also the compatibility between the conservation – preservation of those sites and their economic development, shown by the growing interest in tourist networks and tourist packages that include visit to historic towns and centres of architectural and historical interest.

To strengthen regional identities and to protect cultural heritage of minorities their co-operation should be promoted as a task, which obviously exceeds mere tourist development.

➔ The major objective for this measure is the development and implementation of transnational projects focusing upon cultural heritage as a regional development asset and at developing mechanisms and tools, which improve the effectiveness of cultural heritage protection policy against every kind of risk through the adoption of common methodologies.

Measure 3.2: Protecting and developing natural heritage

Aims and issues

Natural heritage is an essential component of the environmental situation and living environment of each country. Biodiversity in the CADSES area is enormous. Appropriate management of environmentally sensitive areas of high biodiversity like coastal zones, mountainous areas and wetlands must be promoted. The Ramsar Convention on wetlands (1971) forms an important basis for international co-operation in this field. The institutional conditions for the conservation of the most valuable part of the natural heritage has already been ensured. The European Union has established a network of protected areas, i.e. the “Natura 2000”-areas: the approach emphasises standardised management. Most of the Accession Countries have already joined this network. The next task is to fully enforce these protective measures and – in longer term – to integrate all countries in this network.

National parks have started networking. Improvement is necessary, however, with regard to protect them and to enforce the regulations. Less developed, however, is the network of protected areas in the eastern CADSES countries. Protected areas are fragmented; they consist usually of isolated smaller spots, and rarely form ecological corridors. Furthermore, the most valuable natural ecosystems are to be found in border areas where a common – or at least co-ordinated – form of regulation and maintenance would be highly desirable.

→ The major objective for this measure is development and implementation of transnational projects focusing upon natural heritage as a regional development asset.

Measure 3.3: Protecting and developing landscape

Aims and issues

According to the European landscape convention that has been adopted on 20 October 2000 in co-operation with the Council of Europe landscape contributes to the formation of local culture and is a basic component of the European natural and cultural heritage, promoting the consolidation of the European identity. Landscape is an important part of the quality of life in different areas of the European continent. Development on all sectors of activities accelerates the transformation of landscapes. The main objective is to promote awareness for the quality of landscapes and the development of socio-cultural thematic strategies. The quality and diversity of the European landscape constitute a common resource to be protected, managed and planned. It's important to increase the awareness among the civil society, private organisations and public authorities for the value of landscapes and their role.

→ The major objective for this measure is development and implementation of transnational projects aimed at integrated landscape issues in spatial planning policies and territorial actions.

Priority 4: Environment protection, resource management and risk prevention

The aim of this priority is to set up a common understanding of the importance of natural resources such as water, and to set up common parameters, indicators and rules for protection and prevention. It is addressed to spatial planning as well as water management authorities or civil protection and subjects able to provide a common approach to technical rules.

Environmental quality is a fundamental aspect of national and regional development. The degradation of structures and systems of the natural environment threatens forestry and fishery, the management of drinking water, recreation and even agricultural activities. Air, water and soil pollution threaten to impair the quality of human dwellings and living environments. Although the environmental situation in CADSES has improved substantially over the last decade, there is still the legacy of the past to tackle with.

Large areas with serious problems of pollution and management of natural resources are often trans-border regions demanding multilateral co-operation. Transnational co-operation for maintaining the quality of the natural environment and a transnational environmental policy-making are indispensable. Polluting emissions largely move with western winds to the east, polluted waters flow from upstream countries to downstream countries, and coastal environments are interdependent. These basic geographical facts make environmental situations in the countries concerned highly interconnected at transnational level. In this respect, capacity strengthening and a modernisation of administrative structures could be supported.

Large parts of the CADSES have faced a number of natural and man-made disasters with transnational dimension over the last decades. The nuclear fallout of Tschernobyl nuclear power plant, flooding and poisoning of several rivers like the Danube, Oder (Odra) and the Theiss (Thisa) and the eutrophication of the upper Adriatic Sea have received high transnational public attention. For these events, short-term plans for action are needed on a transnational basis. Water management, on the other hand, needs also a long-term perspective, which takes into account the necessary area

management for larger functional or whole catchments areas.

The entire priority 4 corresponds directly with the environmental aspects of the NP objective 2 (Working together to address common challenges, in fields such as environment. The fact that partners from Tacis and CARDS countries participating to CADSES have now easier access to EU funds should result in projects with a more coherent and balanced partnership. Projects dealing with environmental protection, risk management, water management, flood prevention, etc. often ask for a partnership over a wider geographical area in order to find effective solutions. The NP approach significantly extends the possibilities to tackle wide ranging environmental problems. It shall become a guiding principle for the remaining period of programme implementation to prioritise projects that try to exploit the potential for wide-range solutions.

Main objective

- Promote functionally integrated management of strategic environmental resources in CADSES including the protection of environmental goods, of natural resources and the prevention from risk of environmental disasters.

Quantification

Under priority 4, exemplary solutions should be developed, on how the issues as defined in the measures (specified in the Programme Complement) can be tackled. At least nine best practice examples should be produced. Territorial impact assessments should be developed for at least three larger transnational projects. The concrete outputs should be aggregated after finishing the projects. Five coherent and comprehensive strategies for risk management and flood prevention should be elaborated and politically approved for whole transnational functional areas, accompanied by concrete investments to be proposed or (respecting the limited financial resources of the programme) even carried out.

Indicators¹⁹

Number of projects by thematic category, number of environmental plans or concepts, number of projects promoting integrated water management, number of projects promoting the prevention of floods.

Measure 4.1: Promoting environmental protection and resource management

Aims and issues

The environmental situation in CADSES, especially in the countries in transition, has improved substantially over the last decade. Emission of most pollutants decreased due to a decline in production but also due to restructuring and environmental measures. There is, however, the legacy of the past to tackle the accumulated damage to the environment, to clean up derelict opencast mines, industrial sites, rubbish dumps. Additionally, new dangers have emerged, especially in rural areas. The conditions for the protection of newly privatised forests and nature conservation areas are not yet fully clarified, the maintenance of large scale water supply and sewage networks is not adequately ensured. Environmental authorities have to cope with the task of monitoring the increased number of – smaller but more dispersed - pollution sources. National environmental plans of action should be drawn up, setting qualitative as well as quantitative targets and providing a framework for new types of regulations and procedures. Environmental impact assessments should be made compulsory for larger development projects.

¹⁹ Cf. Annex 4.

Large areas with serious problems of pollution and management of environmental resources are often cross-border regions demanding transnational co-operation. Functionally integrated co-operation for maintaining the quality of the environment and transnational environmental policy-making are indispensable.

The capacities of national, regional and local administrations and self-governments have to be strengthened in order to implement the demanding EU environmental policies and standards. Considerable modernisation of administrative structures is necessary to be able to cope with the assistance offered by the EU and others to local and regional administrations and self-governments.

Environmental rehabilitation of degraded areas should be given priority. The largest sources of pollution have to be eliminated also by the use of alternative energy sources. Transnational co-operation is particularly required concerning large-scale water reserves, common resources and environmental-natural-cultural assets like the Danube, the Adriatic and Black Seas, the Alps and the Carpathians. Priority should be given to actions that promote the implementation of multi-lateral environmental conventions in the region to which the Community is a party, including the Barcelona Convention, Danube Convention, etc.

→ The major objective for this measure is the development and implementation of transnational projects focusing upon functionally integrated environmental protection and resource management. For the purpose of making the best use of the opportunities arising from the NP approach priority shall be given to projects involving CARDS and Tacis territories.

Measure 4.2: Promoting risk management and prevention of disasters

Aims and issues

CADSES has faced a number of natural and man-made disasters with transnational dimension over the last decades. The nuclear fallout of Tschernobyl nuclear power plant, flooding and poisoning of several rivers like the Danube, Oder (Odra) and the Theiss (Thisa) and the eutrophication of the upper Adriatic Sea have received high transnational public attention.

To a large extent concepts for the prevention of disasters (like floods, landslides, earthquakes, avalanches, nuclear accidents, industrial accidental pollution, poisoning and eutrophication of water, civic protection plans, risk management's tools are focused) at the national level.

Those disasters causing great deal of damage and loss of human life demonstrate that measures for risk prevention are transnational tasks. If similar catastrophes are to be prevented in future, long-term area management for whole functional areas are necessary. Plans of action are to be drawn up on a transnational and regional basis for risk management in areas threatened by disasters.

Existing risks should be reduced by specific regional development policies and land use measures (e.g. agriculture, forestry, urban planning, recreation and water supply). Coherent and comprehensive transnational strategies and programmes should be elaborated for the whole functional area, (e.g. river catchment areas, integrated coast areas, etc.) defining the instruments required for and the costs arising from the implementation of the proposed measures.

→ The major objective for this measure is the development and implementation of transnational projects focusing upon prevention of natural and man made disasters and upon risk management. For the purpose of making the best use of the opportunities arising from the NP approach priority shall be given to projects involving CARDS and Tacis territories.

Measure 4.3: Promoting integrated water management and prevention of floods

Aims and issues

The water cycle and the integrated management of water resources linked with environmental protection and risk prevention are the main issues of this measure. Particular attention has to be paid to the implementation of integrated strategies and actions for the prevention of flooding in transnational river-catchment areas. Meteorological and hydrological monitoring and forecasting are indispensable to provide adequate support for activities aimed at preventing hydraulic risk and civil protection. However, these measures form only a part of a long-term strategy against floods. Further activities are necessary to reduce the risks that a flood develops, e.g. by improving sustainable best practices for agricultural and forestry management and land use in flood risk areas or by developing solutions and feasibility studies for discharging rainwater from residential and urban industrial areas.

It will be necessary to enhance and to strengthen integrated strategies and actions relating to the transnational co-operation for the prevention of drought, by developing common monitoring systems and by setting up a network among international structures or reference centres, in order to promote the exchange of data, information, methods and procedures.

In the majority of countries of the CADSES area another problem are the “conflicting uses” of water, i.e. that often the quantity and quality of the water available is unsuitable for the uses required (drinking and domestic, industrial, irrigation).

Last but not least we consider the concerted management of coastal waters, which includes the problem of coastal erosion and eutrophication phenomena, facing the fact that in these areas densely populated areas are located.

→ The major objective for this measure is the development and implementation of transnational projects focusing on integrated water management and the prevention of floods such as improved sustainable best practices for land use and for agricultural and forestry management in flood risk areas, designation of threatened and sensitive flood areas, integration of infrastructures in an active development of passive barriers, development of retention areas, development of solutions and feasibility studies for discharging rainwater, planning dikes moved further back, development and further enhancement of common strategies for monitoring, warning and protection systems. For the purpose of making the best use of the opportunities arising from the NP approach priority shall be given to projects involving CARDS and Tacis territories.

Technical assistance

Technical assistance (TA) may be used to finance costs for the management, implementation, monitoring and control of the programme as well as some other activities linked to the general implementation of the programme. In accordance with Rule 11 of the Annex to Commission Regulation (EC) No 1145/2003, TA is divided in two categories. The first category refers to management implementation, monitoring and control expenditure (point 2 of rule No 11 of the Annex mentioned before. The second category deals with other costs like studies, information actions, evaluation etc (point 3 of rule No 11 of that same Annex). Based on these two categories the priority TA is split up into the following two measures:

Measure 1: Technical Assistance for Management, Implementation, Monitoring and Control and

Measure 2: Technical Assistance for other Expenditure.

Measure 1: Technical Assistance for Management, Implementation, Monitoring and Control (point 2 of rule No 11)

This measure includes the setting up and financing of the eligible expenditure of the Managing Authority, Paying Authority and Joint Technical Secretariat. Additionally it includes the implementation of CADSES Contact Points as well as the Transnational CADSES Contact Points in Athens and Vienna. The division of tasks and costs shall be fixed at the beginning of the programme implementation in order to guarantee a smooth operation. As already mentioned in point 2.1 of rule No 11, this expenditure may also cover the costs of experts and other participants in the Monitoring and Steering committee, including third-country participants, as their presence can be considered as essential to the effective implementation of the CADSES Neighbourhood Programme.

Measure 2: Technical Assistance for other Expenditure (point 3 of rule No 11)

In context of CADSES co-operation, Technical Assistance has to accomplish further important tasks. To ensure broadly based co-operation within such a large space the programme requires comparatively high extra costs to be covered. An intensive multi-level and multi-actor co-operation towards an integrated development of CADSES territory is rather cost-intensive. In the process of programme implementation committees shall be able to ask for specific information (evaluation and extra studies) as basis for their decisions on further development of the programme. In addition already under INTERREG IIC it turned out to be indispensable to support co-operation and exchange of information between projects. Finally, the information about the Programme (promotion) in an area like CADSES needs additional activities like decentralised seminars on transnational project development and management outside the current EU territory.

Table 6: Technical assistance budget (Euro):

	Total	ERDF	National	Share of total CADSES budget
TA 1 (pt. 2/ rule 11)	14.095.707	8.267.858	5.827.849	5,00%
TA 2 (pt. 3/ rule 11)	2.356.681	1.502.916	853.765	1,00%
Total TA	16.452.388	9.770.774	6.681.614	6,00%

5. INDICATIVE FINANCING PLAN

The financing plan presented below implies three groups of changes in comparison with the initial plan:

- Allocation of additional funds due to the accession of 5 New Member States (approx. 34,1 M€ ERDF);
- Reallocation of funds between priorities in response to the recommendations of the mid-term evaluation (approx. 11,5 M€ ERDF).
- Decommittment of part of the funds allocated to the years 2001 and 2002 according to the n+2 rule.

The current 4 MS did not allocate additional funds to CADSES due to indexation.

The initial allocation of additional funds from the New MS was based on individual national decisions; such allocations were later taken into account during the broader discussion among the partner states concerning the revision of the financing plan in view of the programme's future strategic orientation. In order to provide a basis for the final allocation it was agreed to apply the following principles:

- Experience gained during the first two calls concerning the absorption capacity of each measure;
- The strategic orientation of the new MS, which is reflected by their allocation of funds to the CADSES priorities and measures;
- The prioritising of certain measures through the NP objectives.

This approach led to an increase by 10,2 M€ ERDF of the budget of priority 1, which showed an above-average absorption rate and also a large allocation of funds from the new MS. Moreover this priority displays a significant congruence with the NP objectives. Vice versa priorities 2 and 3 were reduced. The future demand for these priorities and their relevance to the NP objectives is judged lesser. Priority 4 maintains roughly the initial budget level, a slight increase by 1,3 M€ ERDF is foreseen. These amounts have later been adjusted in order to reflect the decommitment due to n+2 which affected the commitments of 2001 and 2002.

Financial Table for Operational Programme by priority and year
Commission Reference No Programme: CCI 2001 RG 16 0 PC 008
Title: Community Initiative INTERREG III, CADSES Neighbourhood Program

Table 7: Distribution of national and EU funds of Member States 2000-2006

Priority/Year	INTERREG					Other financial instruments (indicative)
	Eligible total cost					
	Total	Total public eligible expenditure	Public		Private	
ERDF			National			
Priority 1						
2000						
2001	7.434.648	7.285.955	4.015.306	3.270.649	148.693	
2002	7.759.527	7.604.336	4.191.232	3.413.104	155.191	
2003	10.809.352	10.593.165	5.852.442	4.740.723	216.187	
2004	21.677.361	21.298.912	12.745.120	8.553.792	378.449	
2005	22.049.538	21.664.936	13.010.922	8.654.014	384.602	
2006	23.522.104	23.121.484	14.092.826	9.028.658	400.620	
Total	93.252.530	91.568.788	53.907.848	37.660.940	1.683.742	
Priority 2						
2000						
2001	6.515.177	6.384.873	3.518.718	2.866.155	130.304	
2002	7.860.248	7.703.043	4.245.636	3.457.407	157.205	
2003	9.472.517	9.283.067	5.128.648	4.154.419	189.450	
2004	8.030.731	7.900.341	4.906.153	2.994.188	130.390	
2005	8.164.152	8.031.732	5.005.096	3.026.636	132.420	
2006	8.621.906	8.484.338	5.354.268	3.130.070	137.568	
total	48.664.731	47.787.394	28.158.519	19.628.875	877.337	
Priority 3						
2000						
2001	5.684.675	5.570.982	3.070.181	2.500.801	113.693	
2002	8.223.552	8.059.081	4.441.871	3.617.210	164.471	
2003	8.265.042	8.099.741	4.474.892	3.624.849	165.301	
2004	8.162.045	8.027.257	4.948.672	3.078.585	134.788	
2005	8.267.148	8.130.810	5.026.446	3.104.364	136.338	
2006	8.639.501	8.499.279	5.312.184	3.187.095	140.222	
total	47.241.963	46.387.150	27.274.246	19.112.904	854.813	
Priority 4						
2000						
2001	6.142.165	6.019.321	3.317.262	2.702.059	122.844	
2002	2.383.964	2.336.285	1.287.675	1.048.610	47.679	
2003	8.930.191	8.751.587	4.835.019	3.916.568	178.604	
2004	13.596.801	13.363.058	8.065.833	5.297.225	233.743	
2005	13.820.958	13.583.634	8.227.276	5.356.358	237.324	
2006	14.734.102	14.487.193	8.904.393	5.582.800	246.909	
total	59.608.181	58.541.078	34.637.458	23.903.620	1.067.103	
Total Technical assistance						
2000						
2001	1.901.376	1.901.376	1.047.853	853.523	0	
2002	0	0	0	0	0	
2003	2.764.441	2.764.441	1.527.280	1.237.161	0	
2004	3.843.770	3.843.770	2.339.770	1.504.000	0	

2005	3.875.461	3.875.461	2.369.461	1.506.000	0	
2006	4.067.340	4.067.340	2.486.410	1.580.930	0	
total	16.452.388	16.452.388	9.770.774	6.681.614	0	
Total						
2000						
2001	27.678.041	27.162.507	14.969.320	12.193.187	515.534	
2002	26.227.291	25.702.745	14.166.414	11.536.331	524.546	
2003	40.241.543	39.492.001	21.818.281	17.673.720	749.542	
2004	55.310.708	54.433.338	33.005.548	21.427.790	877.370	5.500.000
2005	56.177.257	55.286.573	33.639.201	21.647.372	890.684	6.000.000
2006	59.584.953	58.659.634	36.150.081	22.509.553	925.319	6.000.000
total	265.219.793	260.736.798	153.748.845	106.987.953	4.482.995	17.500.000

* ERDF contribution refers to total costs

** 'National' include central, regional, local, and other public funds

*** For private funds figures are indicative (2%), if not available, they will be replaced by public co-financing

**** Indicative figures only

Austria and Italy choose an ERDF co-financing rate of 50% for their whole territory regardless the Objective 1 status of some of their regions. Greece, Slovenia, Hungary, Poland, Czech Republic and Slovak Republic have chosen the 75% co-financing rate. In the Czech Republic Prague and in the Slovak Republic Bratislava regions have chosen the 50% co-financing rate. Germany chooses the option of 75% of ERDF co-financing for their Objective 1 regions (and 50% for the non Objective 1 regions). Taking the population Objective 1 region into account that leads to a co-financing rate for Germany of 57%. For the whole CADSES given the average national co-financing rate, the average ERDF co-financing rate is 67%.

In the case of investments in firms, the contribution of the Funds shall comply with the ceilings on the rate of aid and on combinations of aid set in the field of State aid.

The co-operation with funds from other EU instruments, specifically pre accession instruments like PHARE national programmes (and ISPA or other programmes if applicable) or other financial instruments such as CARDS and TACIS are of utmost importance for success of the CADSES-INTERREG III B programme.

All Non-Member States participating in the CADSES partnership are expected to contribute to the programme by using national, PHARE, Tacis, CARDS or other resources. National sources are contributing to the programme as national co-financing sources to the PHARE or other EU financial instruments from the first Call for Proposal.

6. PROGRAMME MANAGEMENT INSTITUTIONS: common structures for co-operation

The Member States, in consultation with the Non-Member States of the INTERREG III B CADSES partnership, have agreed to build on the experience of the implementation structures of the INTERREG IIC CADSES under consideration of the rules of the General Regulation for the Structural Funds, Council Regulation (EC) n° 1260/1999, of Regulations n° 438/2001 and n° 448/2001 and the Guidelines for INTERREG III, published on 23 May 2000 (OJ C 143), which set the framework for the management and control systems of the INTERREG III programmes.

The implementation concept is based on the following overall principles:

- Compliance with the General Regulation for the Structural Funds, Regulations n° 438/2001 and n° 448/2001 as well as of the INTERREG Guidelines;
- Efficient and effective programme management, clear functional separation of tasks and clear definition of responsibilities in order to minimise costs, also at the project level (lead partner principle);
- Balance between structures at transnational and national level, defining the respective responsibilities at the most adequate level;
- Involvement of Partner States (EU-Member and Non-Members) as full programme members.

The co-operating countries decided to sign a letter of intent on the joint implementation as stated in chapters 6 and 7 of this document.

According to the Guidelines and the necessities driven from the Wider Europe Policy for INTERREG III the following structures for the government and the management of the programme will be created:

- A Monitoring Committee (MC)
- A Steering Committee (SC)
- A Managing Authority (MA)
- A Paying Authority (PA)
- A Joint Technical Secretariat (JTS)
- CADSES Contact Points (CCP)
- National Committees (NC)
- Transnational Working Groups (TWG)

6.1 Monitoring Committee (MC)

A transnational Monitoring Committee is set up in accordance with Article 35 (3) (a) to (g) of Council Regulation (EC) n°1260/1999. The Monitoring Committee supervises the programme. Its overall task is to ensure the quality and effectiveness of implementation and accountability of the programme operations. It is responsible for the strategic adaptation of the Programme and the Programme Complement.

The main tasks of the Monitoring Committee are:

- To confirm and adjust the Programme Complement, including the physical and financial indicators to be used to monitor the assistance; its approval must be obtained before any further adjustment is made; it shall make later amendments to the Programme or the Programme Complement;
- To adopt a promotion and publicity plan as a part of the Programme Complement to be implemented by the Joint Technical Secretariat;
- Be responsible for the publicity and information tasks mentioned in point 4 of the Annex to Commission Regulation (EC) n° 1159/2000;
- To consider and approve the project selection criteria within six months of the approval of the CIP;
- To periodically review progress made towards achieving the specific objectives of the assistance;
- To examine the results of implementation, particularly the achievement of the targets set for the different measures and the midterm evaluation (article 42 Council Regulation (EC) n° 1260/1999);
- To consider and approve the annual and final *implementation reports* before they are sent to the Commission;
- To consider and approve any proposal to amend the content of the Commission decision on the contribution of the Funds;
- Be responsible for the use made of Technical Assistance Budget, within Rule 11 of the Annex to Commission Regulation (EC) n° 1145/2003;
- It may propose to the Managing Authority any adjustment or review of the assistance likely to aid the attainment of the Objectives or to improve the management of assistance;
- To approve the rules of procedure as well as the yearly working plan of the Joint Technical Secretariat;
- To approve the Rules of procedure of the Steering Committee.

The Monitoring Committee is composed of up to 4 representatives of each partner state, from both national and regional level to ensure efficiency and broad representation.

Broader involvement of the regional and local level, as well as economic and social partners and non-governmental organisations e.g. for environment and equal opportunities will be secured through the National Committees to be established in all partner states. However, if appropriate, transnational organisations could be members of the MC.

The respective governments within 30 days of the approval of the CIP shall appoint the members of the Monitoring Committee. In case of the Non-Member States the proposed members of the Monitoring Committee should be appointed in the application for the full membership or in a letter of intent.

Representatives of the European Commission (DG Regio, DG Relex, DG Enlargement, etc.) will participate according to the respective legal framework. Details will be defined in the Rules of Procedure.

The Managing Authority will attend the Monitoring Committee meetings. One representative of the Joint Technical Secretariat participates at the Monitoring Committee meetings with a supportive function.

The chairman of the Monitoring Committee can invite others to attend the meetings as observers or advisors.

The Monitoring Committee shall have a chairman and a co-chairman, representing the national authorities. The chairman and co-chairman shall be nominated for a period to be defined in the Rules of Procedure and alternate between the Member States and the Partner States with full right member status.

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. At its first meeting, the Monitoring Committee shall establish its own Rules of Procedure, including any appropriate organisational arrangements.

The Monitoring Committee will be assisted by the Joint Technical Secretariat. The JTS will be responsible for the preparation of all documentation relating to the meetings. In principle the documents required for the Monitoring Committee shall be available three weeks before the date of the meeting.

6.2 Steering Committee (SC)

In accordance with point 29 and 40 of the INTERREG Guidelines the primary task of the Steering Committee is to select projects for funding, applying the criteria for project selection agreed by the Monitoring Committee. The Steering Committee makes proposals to the Monitoring Committee concerning the strategic adaptation of the Programme and the Programme Complement.

The Steering Committee will be set up within three months of approval of the CIP.

The main tasks of the Steering Committee are:

- To approve individual project applications and the use of the Technical Assistance budget (including actions of the Communication Plan) on the basis of the assessment of projects and decisions of the Monitoring Committee and decide on the use of the available EU Structural Funds;
- To propose to the Monitoring Committee the project selection criteria in accordance with the Guidelines and the criteria laid down in the CIP;
- To propose to the Commission projects to be realised in the Non-Member States and to be financed by respective external financial instruments;
- To comment to the Monitoring Committee on regular monitoring, progress reports, annual reports and interim appraisals and to propose amendments to the Programme or Programme Complement;
- To contribute to the co-ordination with other Community programmes and policies;
- To establish Transnational Working Groups;
- To decide upon calls for proposals and to approve the terms of reference of them;
- To decide on the organisation of the monitoring and evaluation of the projects as a whole.

The Steering Committee is composed of up to 2 representatives of each Partner State, from both national and regional level, to ensure efficiency and broad representation.²⁰ Broader involvement of the regional and local level, as well as economic and social partners and non-governmental organisations will be secured through the National Committees to

²⁰ In Germany the federal ministry responsible for spatial planning.

be established in all Partner States. The Managing Authority will attend the Steering Committee meetings. The Joint Technical Secretariat participates at the Steering Committee meetings with supportive function. Representatives of the European Commission may attend. The Rules of Procedure will define the status of different Commission services according to the respective legal framework. The chairman of the Steering Committee can invite others to attend the meetings as observers on behalf of the Steering Committee.

The respective governments within 30 days of the approval of the CIP shall appoint the members of the Steering Committee. In case of the Non-Member States the proposed members of the Steering Committee should be appointed in the application for the full membership or in the letter of intent.

The Steering Committee shall have a chairman and a co-chairman. The chairman and co-chairman shall be nominated for a period to be defined in the Rules of Procedure and alternate between the Partner States. The Steering Committee shall meet at least twice a year. Decision-making in the Steering Committee will be by consensus among the national delegations (one vote per delegation). Decisions may be taken via written procedure.

The Steering Committee shall establish its own Rules of Procedure, including any appropriate organisational arrangements, to be approved by the Monitoring Committee. The Joint Technical Secretariat will assist the Steering Committee. The secretariat will be responsible for the preparation of all documentation relating to the meetings. In principle the documents required for the Steering Committee shall be available three weeks before the date of the meeting.

6.3 Managing Authority (MA)

The Member States appoint the Italian Ministry of Infrastructures and Transports - DiCoTer (General Direction responsible for spatial co-ordination) as Managing Authority.

The Managing Authority will be represented by:

General Direction Responsible for Spatial Co-ordination (DiCoTer) – Div. IV
Ministry of Infrastructures and Transports
Via Nomentana 2
I-00161 Roma

The Ministry of Infrastructures and Transports - DiCoTer - functions as legal body for the programme management structure. The legal body is the legal person in whose name contracts are concluded. The Ministry of Infrastructures and Transports - DiCoTer - concludes subsidy contracts with Lead Partners of projects in its own name, thus being liable for ERDF funds in the first place as contracting partner. The Ministry of Infrastructures and Transports - DiCoTer - administers employment of the Joint Technical Secretariat.

The Managing Authority fulfils the functions according to Art 9 (n) and 34 of Council Regulation (EC) n° 1260/1999 and it works under the guidance of the Member States represented in the Monitoring Committee (programme level and strategic aspects) and the Steering Committee (project level and operational aspects).

Each Member State shall nominate a representative of the national responsible authority to act as a contact person for matters relating to the programme. The Managing Authority politically represents the CIP towards the European

Commission and is responsible for the efficiency and correctness of management and implementation of the ERDF assistance, in particular:

- Setting up a system to gather reliable financial and statistical information on implementation for the monitoring indicators and evaluation and for forwarding the data in accordance with the arrangements agreed between the Member States using where possible computer systems permitting the exchange of data with the Commission;
- Adjusting and implementing the Programme Complement;
- Drawing up and (after approval of the Monitoring Committee) submitting to the Commission the annual *implementation report*;
- Organising, in co-operation with the Commission and Member States, the *mid-term evaluation*;
- Ensuring that those bodies taking part in the management and implementation of the assistance maintain either a separate accounting system or an adequate accounting code for all transactions relating to the assistance;
- Ensuring the correctness of operations financed under the assistance particularly by implementing internal controls in keeping with the principles of sound financial management and acting in response to any observations or requests for corrective measures adopted;
- Ensuring compliance with Community policies;
- Ensuring compliance with the obligations concerning information and publicity.
- Contracting the Joint Technical Secretariat;
- Signing contracts for ERDF financing with the ERDF lead partners as final beneficiaries.

The Joint Technical Secretariat in Dresden carries out the operational management and the day-to-day-work of the Managing Authority.

The functions of the Ministry of Infrastructures and Transports - DiCoTer - (Rules for the services, rights and duties of the Ministry) as Managing Authority shall be laid down in detail in the "Agreement between the EU-Member States and the Ministry of Infrastructures and Transports". The Agreement will be signed and enter into force upon approval of the Programme.

In case of every single Non-Member State an agreement will be signed between the Authority responsible for CADSES Neighbourhood Programme management in the concerned Non-Member State and the Managing Authority in order to lay down the common objectives, duties and responsibilities of all the partners related to the joint implementation of the CADSES Neighbourhood Programme. For the Non-Member States, the signing of this agreement is a pre-condition of receiving full membership within the programme.

6.4 Paying Authority (PA)

The function of the Paying Authority, according to Article 9 (o) and Article 32 of Council Regulation (EC) 1260/1999, point 25 and 31 of the INTERREG Guidelines and Regulations n° 448/2001, will be carried out by the Italian Ministry of Infrastructures and Transports - DiCoTer – (General Direction responsible for spatial co-ordination).

Taking into account the responsibilities of DiCoTer as Managing Authority as well as Paying Authority a clear functional

separation of tasks between the Managing Authority and the Paying Authority will be secured. Considering Article 9 of Commission Regulation (EC) n° 438/2001, whereupon the certificates of statements of interim and final expenditure referred to in Article 32 (3) and (4) of Council regulation (EC) n° 1260/1999 shall be drawn up by a person or department that is functionally independent of any services that approve claims, the Paying Authority will be represented by:

General Direction Responsible for Spatial Co-ordination (DiCoTer) - section PA
Ministry of Infrastructures and Transports
Via Nomentana 2
I-00161 Roma

The functions of the Ministry of Infrastructures and Transports - DiCoTer - acting as Paying Authority shall be laid down in detail in the "Agreement between the EU-Member States and the Ministry of Infrastructures and Transports – DiCoTer -". The Agreement will be signed and enter into force upon approval of the Programme (procedure for the Accession countries has to be checked/same procedure as for the MA-agreement).

The Paying Authority:

- Draws up and submits ERDF payment applications;
- Receives ERDF payments from the Commission;
- Monitors commitments and payments of ERDF funds at programme level;
- Monitors financial implementation of the projects (ERDF funds);
- Pays out ERDF-funds to the final beneficiaries in accordance with Article 32 of Council Regulation (EC) n° 1260/1999.

Therefore it is responsible for:

- The management of ERDF funds;
- Certification of total expenses, on the base of certification made by project lead partners;
- Payments related to ERDF funds;
- Activities related to Commission Regulation n° 448/2001 on financial corrections;
- Repetition of eventual undue payments;
- Financial monitoring;
- Harmonisation of monitoring systems for all European funds involved in CADSES;
- Virtual monitoring on the total project, in particular of all the funds involved;
- To verify that those bodies taking part in the management and implementation of the assistance maintain either a separate accounting system or an adequate accounting code for all transactions relating to the assistance.

The single bank account, of the Italian Ministry of Economy and Finances, for the ERDF contribution to the CADSES assistance is the following:

title: *Fondo di Rotazione per l'attuazione delle politiche comunitarie – Finanziamenti CEE*

account n°: 23211

bank: *Tesoreria Centrale dello Stato – Banca d'Italia*

These funds are used in full for the ERDF co-financing of the programme without any kind of additional cost. The ERDF contribution is paid to the single bank account and it is immediately available for the final beneficiaries at transnational level by request of Paying Authority.

The Ministry of Infrastructures and Transports - DiCoTer - is responsible for financial control of ERDF-funds. Taking into account that this authority has no competence to check the proper utilisation of the Community funds on the territory of the other partners, the partners shall take the necessary measures based on common Rules of Procedures to be agreed by partners to control the utilisation of the funds on their territory. The result of their actions shall be reported to the authority responsible for the overall financial control.

6.5 Joint Technical Secretariat (JTS)

According to point 25 and 30 of INTERREG Guidelines the programme shall have one Joint Technical Secretariat. The Joint Technical Secretariat gives technical support to the Monitoring Committee and to the Steering Committee as well as to the Managing Authority and to the Paying Authority.

The tasks of the Joint Technical Secretariat are:

- To support the Managing Authority in meeting its tasks, as defined in the agreement between the Member States and the Ministry of Infrastructures and Transports - DiCoTer (MA); in particular: a) elaboration of drafts of annual reports, b) to prepare and implement decisions of the Monitoring and the Steering Committee including running written procedures; c) to monitor commitments and payments of ERDF funds at programme level; d) to liaise with the implementing authorities and other INTERREG III B co-operation areas;
- To support the Paying Authority in meeting its tasks as defined in the agreement between the Member States and the Ministry of Infrastructures and Transports - DiCoTer (PA);
- To fulfil the usual work of a secretariat, i.e. organisation of meetings, drafting of minutes etc.;
- To manage the project application process, including drafting the terms of reference for the calls for proposals, carrying out the calls for proposals, information and advice to applicants, checking and assessment of applications while taking into account the recommendations of the respective National Committees and advising partners of decisions;
- To provide advice and assistance to transnational projects regarding implementation of activities and financial administration;
- To monitor progress made by projects through collecting and checking project monitoring reports, monitoring outputs, results and financial implementation;
- To support Transnational project development and implementation process in cooperation with all CADSES Contact Points;
- Dealing with information and publicity according to the information and publicity plan;
- To co-operate with CADSES Contact Points and national bodies, the latter through the respective CADSES

Contact Points;

- To co-operate with Transnational Working Groups and other Transnational structures which might be set up during the implementation phase;
- To co-operate with organisations, institutions and networks relevant for the objectives of the programme in the space.

The annual work plans of the Joint Technical Secretariat have to be approved by the Monitoring Committee.

The Joint Technical Secretariat shall have its seat in Dresden. It will be located at:

Rathaus (Town hall)
P.O. Box 12 00 20
D- 01001 Dresden

The Joint Technical Secretariat shall have international staff, preferably from both Member States and Non-Member States. The number and qualification of staff shall correspond to the tasks defined above. Staff members shall be contracted on the basis of an international advertisement addressed to individual applicants. The terms of reference for the advertisement and the definitive contract with the Managing Authority have to be approved by the Monitoring Committee or, in case that the Monitoring Committee not yet has been set up, by the Member States.

The Joint Technical Secretariat shall be funded from the Technical Assistance budget.

6.6 Cadses Contact Points (CCP)

Complexity of the programme and size of the CADSES space give rise to particular organisational arrangements to ensure a successful programme implementation. Therefore, CADSES Contact Points shall complement the activities of the Joint Technical Secretariat.

The main tasks of the CADSES Contact Points are:

- To assist to the project application and implementation process for all projects;
- To contribute to information and publicity within the respective country;
- To support the National Committees in fulfilling their Transnational tasks;
- To serve as a first contact point for project applicants.

Thus, the activities of the CCPs are important for project development and information about the programme within the Partner States. Furthermore, they are of high importance for a smooth operation of the multi-level interaction of the committees and of the related organisations of the European, national, regional and local level in the framework of the programme.

In addition to that, co-operation between EU and Non EU Member States - as well as between Non-Member States - at the programme and the project level under the geographic and political circumstances of the CADSES area requires particular support. To provide this support the CADSES Contact Points in Athens and in Vienna fulfil additional tasks. They offer to assist to the CCPs of the participating countries on general project development including facilitating

INTERREG/PHARE and INTERREG/CARDS co-operation between for applicants of all participating countries and if needed to support thematic networking of projects in Transnational Working Groups during the implementation phase. Thus these activities should contribute to the quality of the programme.

These additional tasks are the following:

In Athens: support of transnational project development mainly in the Stability Pact area including information and publicity related to these activities according to the IPP.

In Vienna: support of co-operation between EU and Non EU partners mainly outside the Stability Pact Area as well as between Non EU countries in the fields of Transnational project development, supporting efforts to improve the regulatory EU framework for the participation of Non EU partners; including information and publicity related to these activities according to the IPP.

The CADSES Contact Points, which will be set up in each Partner State, either might be a contact person within a national or regional public authority or a separate unit within a public or private institution.

The CCPs shall be funded from the Technical Assistance budget. The personal costs of the CCP shall be kept to a minimum. Therefore, normally one person per CCP shall be co-financed. However, as far as the above-mentioned specific tasks to be fulfilled in Athens and Vienna are concerned, the staff of these CCPs shall be complemented accordingly. The CCP for Germany will be set up in close co-operation with the JTS.

6.7 National Committees (NC)

The involvement of regional and local authorities and other relevant institutions, which are responsible for regional and local development and spatial planning on the regional and local level, both in the planning phase (mainly as providers of project ideas) and the implementation phase (as project developers and for co-financing) of the CIP as well as the involvement of the economic and social partners and non governmental organisations, e.g. for environment and equal opportunities, is of great importance, especially as a pre-condition of a sustainable, spatially and thematically proper and smooth programme implementation.

For this reason each Partner State should establish a National Committee 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. However, the National Committees will not benefit from the programme's Technical Assistance budget. National Committees in CEEC countries shall include representatives of national authorities responsible for EU funding. Each partner country shall inform the Management Authority about the setting up of the committee and provide information about its composition and rules of procedure. The National Committees as integrated part of the transnational programme implementation have advisory and supporting status. They are not entitled to pre-select project applications, as project selection is reserved for the SC, supported by the JTS. The National Committees meet before the meetings of the MC and SC in order to bring in their points of view into the meetings of the MC and SC, including recommendations concerning project proposals. They may decide themselves on their specific tasks. However, as they have an important role in carrying out the proactive approach, e.g. through information, support to project generation and development and to project assessment, close links will be established between the Joint Technical Secretariat and the respective CCPs that will transfer information or documents to the National Committees and vice-versa.

In the Non-Member States national authorities responsible for co-operation with CADSES Neighbourhood Programme will have to fulfil further tasks related to the specific criteria of the funding instrument they use co-financing the CADSES Neighbourhood Programme, such as providing the necessary publicity measures, launching the programme, assessing project proposals, contracting the concerned project parts or approving payment claims. The monitoring of the implementation will be carried out in close co-operation with the Joint Technical Secretariat.

6.8 Transnational Working Groups (TWG)

Transnational Working Groups might be established for a limited duration due to decisions of the Steering Committee (e.g. for environment or research and development). They are composed for certain fields of intervention by the lead project partners of the respective projects and external experts. Support is given by the Joint Technical Secretariat and the CCPs. The task of the Transnational Working Groups is to co-ordinate between similar projects and helps to stimulate new projects in order to produce synergy effects and to support the development and implementation of the projects. The participation in Transnational Working Groups is financed within the project budget. The working groups inform the Monitoring and the Steering Committee about their activities and progress in the development and implementation of projects.

6.9 Co-operation of Member and Non-Member States in the programme

The CADSES space covers 18 partner states. 9 of them are EU Member States, 2 Accession States and 7 Non Member States. Hitherto the CADSES programme distinguished between full members of the programme and observers. The transition of CADSES into a Neighbourhood Programme requires a balanced membership and equal representation of all partner countries in the Committees. Consequently all partners will now be considered full members of the programme, provided they commit themselves to the agreed joint implementation arrangements.

Joint Management of the programme through genuine cross-border mechanisms is a key condition for the acceptance of INTERREG programmes by the European Commission. Therefore the description of the provisions for implementing the programme will be based on a Memorandum of Understanding to be signed by all partners. Further agreements such as the Rules of Procedure of the Committees will define the details of co-operation.

7. PROGRAMME MANAGEMENT PROCEDURES

All arrangements set out in this chapter are subject to the provisions of the Implementing Guidelines Interreg / Tacis / CARDS, which have not been published yet upon submission of the revised CIP. As requested by the "Guidance Note concerning the preparation of Neighbourhood Programmes at the external borders of Member States and Accession Countries", a separate section should describe internal and external provisions of the Tacis / CARDS countries participating to the NP. This section will form part of the Programme Complement.

7.1. Programme co-ordination

7.1.1 Co-ordination at the programme level

The co-ordination between the authorities named in above and involved in the implementation of the CADSES-INTERREG III B CADSES Neighbourhood Programme shall be within the sphere of responsibility of the MA / PA and/or, as commissioned by the latter, the JTS. The MA / PA acts on basis of decisions of the SC and MC. The MA / PA stays in close contact with the National Committees through the CADSES Contact Points.

The following agreements shall be made complementary to the provisions of Council Regulation 1260/1999 with regard to the tasks of the MA and PA:

- Before become active with regard to the following issues of programme-strategic importance the MA / PA should take into account the proposals and statements of the SC:
 - i. Preparation of proposals for MC decisions regarding programme amendments or programme planning supplements;
 - ii. Preparation of, and (if required) participation in the annual meetings with the European Commission pursuant to Article 34 (2) Council Regulation 1260/1999;
 - iii. Preparation of comments to the MC on regular monitoring, progress reports, annual reports and interim appraisals;
- The data regarding the implementation of the programme shall be made available by the MA / PA – in the most suitable form afforded by the available technical facilities – to the CADSES Contact Points as well as to the competent authorities of the European Commission.
- The CADSES Contact Points shall pass on the data to the relevant National bodies.
- The CADSES Contact Points shall be informed on a same-day basis about any and all assistance requests submitted by the PA / MA to the Commission. The PA / MA shall inform the CADSES Contact Points on a same-day basis on any incoming Structural Funds. In the case of a shortage of Structural Funds available on the programme account, the priorities of further out-payments shall be fixed by agreement between the PA / MA and SC. Moreover, the CADSES Contact Points and PA/MA shall inform each other and immediately with regard to any delay, implementation problems or irregularities occurring in the financial management of the programme, co-ordinate measures to eliminate such problems among each other and monitor their successful implementation.

- PA / MA shall summarise all information transmitted by the Member States about estimates of payment applications under the programme expected for the current and the following calendar year and shall transmit the estimate for the whole programme to DG Regio as well as (for information) to the CADSES Contact Points by the end of March of each year. This estimate shall relate to eligible expenditure as a whole as well as to ERDF funds.
- MA/PA shall summarise the financial audit reports according to the rules for the implementation of regulation n° 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds (Commission Regulations N° 438/2001 and N° 448/2001) provided by the Member States and shall transmit them to the European Commission.

7.1.2 Co-ordination of INTERREG and other EU financial instruments

The harmonisation of different financial sources is considered as a key issue for the successful development and implementation of the CADSES Neighbourhood Programme. Details on the co-ordination with other EU financial sources will be set out by the Programme Complement after the Implementing Guidelines have been published.

7.1.3 Financial auditing

With reference to Article 34 lit f and 38 of Council Regulation (EC) 1260/1999 and the rules for the implementation of regulation N° 1260/1999 as regards the management and control systems for assistance granted under the structural funds (Commission Regulations N° 438/2001 and N° 448/2001) the overall responsibility for co-ordination of financial auditing lies with the MA/PA in co-operation with the respective national auditing authorities nominated by the Member State (choosing of projects to be audited (on site), method/way of auditing procedure, drafting a financial auditing plan). However, since the MA/PA might not be allowed to audit public co-funding institutions in other Partner States, financial control has to be delegated to the national auditing authority nominated by each Member States. They shall ensure for all projects co-financed by ERDF funds under INTERREG III B CADSES Neighbourhood Programme that compliance with the terms and conditions for assistance under the programme as well as the correctness of financial statements settled with regard to expenses eligible for assistance and assistance funds to be granted is continuously ensured both in factual and accounting terms and if necessary audited on site.

Binding agreements have to be signed between the MA / PA and the respective national Auditing Authority in each Member State to secure a complete financial audit of all parts co-financed by ERDF funds.

The respective national Auditing Authorities shall be obliged to make available at all times all relevant information at the project level for ERDF co-financed projects in agreement with the MA/PA to the European Commission.

In this context care shall be taken to ensure the proper separation (and if applicable, also the organisational and functional separation) of the personnel conducting the audit and auditing tasks from the project consulting activities and, in particular, from the project management in order to avoid conflicts of interests and to reduce the risk of irregularities. More details (e.g. flow-charts) will be inserted into the Programming Complement.

7.1.4 Programme Database

As stipulated in the Council Regulation (EC) 1260/1999, Art 23 c, for management, monitoring and evaluation of the programme, computerised systems have to be installed, operated and interconnected. This data base system has to meet special requirements. The database should be prepared for the input and the processing of the following data at

project level as well as at project partner level:

- Project number, title, priority and measure;
- Result of application assessment;
- Approval date, contracting date, starting date and duration of the project;
- Eligible expenditure and ERDF co-financing for the project;
- Transferred advance payment;
- Address information of the lead partner and all other project partners including name and address of the institution and the contact person, telephone, fax, e-mail and objective area;
- Bank account information of the lead partner;
- Individual budget and budget lines of each project partner;

Furthermore the database must be prepared for the input and processing of information received by the lead partner's activity and financial reports:

- Fields to monitor the deadlines for the delivering of reports;
- For each report an individual input sheet for the assessment of the reported activities and the reported expenditure in the individual budget lines;
- Automatic calculation of the cumulated used budget and indication of exceeded budget lines;
- Information of transferred payments.

To support the JTS in meeting its monitoring and reporting duties, the database has to deliver the following data report sheets:

- Commitments and payments on programme level;
- Commitments and payments on project level (project by project and project by measure);
- Reporting status;
- Project budget overview;
- Activity and financial report overview;
- Financial status of project and project partner;
- Indicators and their quantification.

The database provides the form and content of accounting information as requested in Article 12 Commission regulation (EC) n° 438/2001 of 2 March 2001 [laying down detailed rules for the application of Council Regulation (EC) n° 1260/1999 regarding the management and control systems for assistance granted].

7.1.5 Evaluation

A mid-term evaluation and an ex-post evaluation will be carried out in accordance with Article 42 of Council Regulation (EC) no 1260/1999).

7.1.6 Information and publicity

With regards to Commission Regulation (EC) No 1159/2000 an information and publicity measures to be carried out by the Member States concerning assistance to the Structural Funds (this has to be discussed again in the working group, how the IPP has to integrate measures in the CARDS/TACIS/Phare countries, too), an information and publicity plan will be adopted by the MC and implemented under the responsibility of SC. The plan will include the information and publicity measures to be carried out in the framework of the CIP covering the overall programme period.

Publicity measures in Member States, Accession Countries and Third Countries are directed at:

- Ensuring transparency for potential and final beneficiaries including regional and local authorities, economic and social partners and NGOs, especially bodies promoting equality between men and women and bodies working to protect and improve the environment;
- Making the general public more aware of the results and benefits achieved by transnational projects part-financed by the ERDF.

In particular, the information and publicity measures of the programme will be directed at:

- Spreading information on the opportunities of this programme to potential applicants via the stakeholders of the programme such as national and regional authorities represented at programme level, national committees including sub-regional authorities and economic and social partners;
- Informing relevant actors in CADSES;
- Operating the website of the programme;
- Printing leaflets and distributing them at public events of relevance to the programme.

The results of the evaluations shall be made available to the interested public in accordance with article 40(4) of the general Regulation.

The Monitoring Committee will adopt a more detailed information and publicity plan.

7.2. Project selection and implementation

7.2.1 Administration of the programme at the project level

The administrative work involved in the procedures for granting assistance to the individual projects under the CADSES-INTERREG III B CADES Neighbourhood Programme will be managed according to the following rules, which may be further specified by way of written agreement between the MA and the JTS and the rules of procedure of the JTS. More details (i. a. flow –charts) will be inserted into the Programming Complement.

An agreement will be signed by all Partner States to confirm the Implementation procedures set out below, especially to give a binding framework for the division of work between transnational and national level.

7.2.2 The Lead Partner principle

The Lead Partner principle is the central principle behind the financial control of the CADSES Neighbourhood Programme. The Lead Partner (LP) who shall be nominated by the Project Partners will act as a link between the project (partnership) and the programme (Joint Technical Secretariat). The LP is the final beneficiary according to Council Regulation (EC) 1260/1999 and point 31 of the INTERREG Guidelines. The LP takes the overall responsibility for the application and implementation of the entire project. This includes the financial management and full financial responsibility of all ERDF funds including all partners (one budget for the whole project).

The LP establishes legal relations with the project partners in order to legally define their co-operation and to safeguard himself against his partners by contract.

Regarding the programme co-operation across the external EU borders with Non-Member States partners from Non-Member States are given the same opportunities as from the Member States, as they can generate and initiate projects by themselves and choose their project partners by the same rules (a more detailed description should be given later).

Thus, in a project partnership with partners from both Member States and Non-Member States a LP coming from a Non-Member State will act only as 'functional LP' as he cannot take financial responsibilities for ERDF-funds. In such projects a separate 'financial LP' from a Member State will be needed for the managing of ERDF-Funds. Then it is the 'financial LP' who is final beneficiary according to Council Regulation (EC) 1260/1999.

More detailed guidelines and rules of procedure (e.g. application procedure etc) of the above-mentioned Lead Partner principle will be outlined in both the Programming Complement and the "Agreement between the EU-Member States and the Ministry of Infrastructure and Transports – DiCoTer".

7.2.3 Information and consulting

Persons or institutions potentially interested in, or responsible for, projects located in a Partner State shall be adequately informed by the JTS in co-operation with the CADSES Contact Points of the respective Partner State of the objectives of the programme the prerequisites for obtaining ERDF funds and the individual procedures to be followed.

Additionally, the CADSES Contact Points in the concerned Non-Member States will advise the LP and its interested partners in preparing a project application for PHARE, CARDS, TACIS or other EU-co-financing.

7.2.4 New types of projects

Different types of projects give a better opportunity to meet the specific challenges of transnational co-operation projects in the field of regional development policies. The basis of this differentiation is the experiences made with the implementation of INTERREG IIC CADSES projects. However, experience from the previous period has shown that complex and comprehensive projects need significant input in project preparation in order to produce a feasible sustainable project implementation.

The exchange of know-how and information between projects need specifically dedicated resources. Up to now, this networking and co-ordination has been provided by the transnational working groups partly on a voluntary basis.

In order to improve project development and implementation on a true transnational basis the CADSES-INTERREG III B

programme is going to support additionally two new types of projects namely thematic networks and feasibility studies.

Thematic networks

They will be defined by the programme Steering Committee after the approval of the first round of projects and at one or two later stages. They have to focus around one or more specific issues and combine the issues of at least three or preferably more projects.

Feasibility studies

They help to prepare complex and large projects. They should be used for the preparation of projects, which reflect key issues of the programme and enable broad participation. The Steering Committee decides about the issues that should be investigated by feasibility studies. Feasibility studies need only a simplified application procedure in terms of partnership structure and definition of the contents. The size of feasibility studies should allow a finalisation within six months. The result of a feasibility study is the draft for a project application of an open call for projects.

7.2.5 Project selection criteria

Project selection is based on two types of selection criteria: minimum requirements and priority criteria. All projects have to fulfil minimum requirements otherwise they are rejected. The priority criteria (focusing on aspects considering e.g. environment/sustainable development or equal opportunities) are then used for the ranking of the projects (short list). These criteria are mentioned in the Programme Complement and might be specified, completed and further developed by the Monitoring Committee during the implementation process.

In case of project proposals asking for support from PHARE, CARDS, TACIS or other EU sources as a general rule the same minimum requirement and priority criteria will be used with due consideration of the priorities/regulations of the concerned financing instruments.

Project applications, which are eligible under INTERREG III A NP, shall not be considered for funding under INTERREG III B CADSES NP.

Minimum requirements: To be eligible for funding projects must:

- Be in accordance with European and national spatial development policy issues: Spatial development aims and issues of the ESDP, CEMAT Guiding Principles and national spatial development strategies;
- Have effects to integrate development in CADSES: a project design that focused on generating development impulses towards a perspective of an economically and socially integrated space across EU borders;
- Provide a Transnational project partnership: have at least two financing project partners from different Partner States, wherein investment measures could take place in one or more of the financing partner states;
- Demonstrate the value added of a positive impact on the environment and a spatial development approach (spatially integrating different sector approaches);
- Respect relevant national and EU policies regarding structural funds policies, environment legislation (in particular environmental impact assessment), etc.;
- Have project partners and especially a Lead Partner who safeguards a reliable project organisation and a

- competent project implementation;
- Secure national co-financing;
- Include the description of quantified outputs and / or clear attainable target to allow for appraisal and ex-post evaluation;
- Be completed within the programme period (before September 2008);
- Have an appropriate size which allows several projects per measure;
- Not be founded by other EU programmes (except PHARE, ISPA, CARDS, SAPARD, TACIS and other instruments providing assistance to for Non-Member States) in order to avoid double work (parts of the project can be co-financed by other EU-programmes (e.g. 6th RDT, e-Europe) if these parts are not calculated within the eligible project costs under CADSES);
- Do not duplicate existing work.

7.2.6 Assessment of the co-financing application

Assessment of project applications lies within the tasks of the JTS in order to secure a complete examination of the project application.

In order to support the JTS the CADSES Contact Points of the respective project partners shall give estimations concerning the following issues:

- Economic and organisational capacity of the respective project partners;
- Amount and appropriateness of the costs of the project.

PHARE, applications will be also assessed according to specific national PHARE criteria by the relevant national institutions of the Non-Member States. Proposals for project parts financed by the PHARE assistance will be pre-selected by the concerned Evaluation Committee taking into account the size of the funds available. This has to be further modified according the requirements of the NPP guidelines.

Taking into account the estimations of the CCP as well as recommendations of respective national committees the JTS examines the following aspects:

- Does the project meet the specific INTERREG III B assistance requirements pursuant to the Programme and Programme Complement;
- Does the project meet the ERDF assistance requirements pursuant to Council Regulation (EC) No 1260/1999 and Council Regulation (EC) n° 1145/2003 on the eligibility of assistance of measures;
- Secured financing and appropriateness of the ratio between own funds and public assistance (taking into account the possible programme co-financing with ERDF funds as well as any other national public funds applied for, already granted or promised);
- Compliance with other relevant provisions of EU law (subsidy laws, rules for the awarding of public contracts, environmental law, sustainable development, equal opportunities, etc.);
- Conformity of the application with state aid provisions of Articles 87 and 88 of the EC Treaty;

- Whether the aim of project applied for is in line with sectoral policy objectives (if required, also including statements of other administrative bodies concerned).

The results of this examination are presented by the JTS to the SC for a decision in the standardised form of a report with an assistance recommendation at least three weeks before the meeting of the SC.

7.2.7 Single co-financing decision regarding ERDF-funds

The SC takes the decision on EU funding on the basis of the results of the assessment process organised by the JTS. The co-financing of a project with INTERREG III B funds shall be granted (according to availability) in specific amounts only if the results of the examination by the JTS are as follows:

- The assistance requirements are fulfilled as defined by the criteria of the CADSES-INTERREG III B programme, the relevant assistance guidelines and other relevant national and Community legislation;
- The amount of the co-financing to be granted, taking into consideration the total amount of subsidies, is commensurate with the content of the project and the financial capacity and/or needs of the LP and – if applicable – complies with the provisions of EU competition legislation (assistance caps, accumulation rules, notification rules);
- The assistance complies with the state aid provisions of Articles 87 and 88 of the EC Treaty;
- The amount of the ERDF co-financing funds can be covered within the scope of the available financial framework of the programme and does not exceed the respective upper co-funding limits (pursuant to Art. 29 of Regulation no. 1260/1999).

7.2.8 Project reporting and monitoring procedures

Project monitoring is a task of the relevant programme implementing institution. The project activity reports as well as the financial reports submitted by the Lead partners will be the central source for the JTS/PA to monitor project implementation. JTS Project monitoring includes the contents and the finances of the whole Transnational project. The finance monitoring is focused on ERDF and national co-financing, and takes other EU funds (PHARE, CARDS, TACIS, etc.) into account. The contents monitoring is based on quantified indicators and progress reports. National co-financing institutions and national pre-accession fund managing organisations are important partners for monitoring of INTERREG III B CADSES.

INTERREG III B CADSES projects should provide project homepages in the Internet not only for dissemination of their results and internal communication but also for projects reporting and monitoring purposes.

The project's progress monitoring focuses on a consistent reporting system. Basically the reporting system should consist of formal requirements for the project application, the project assessment, the project monitoring sheet, the interim and final report and the financial report.

The Lead Partners (LPs) will submit a project activity report and a financial report every six months, including quantified indicators. These reports will be the central source for the JTS to monitor project implementation. The LPs are responsible for co-ordinating the overall project including all partners.

The JTS will provide all relevant information to the MA and the Partner States to ensure a proper implementation of the programme:

- For monitoring of progress JTS provide a summary report on project progress to the Steering and Monitoring Committees on a regular basis;
- On quarterly basis, the PA have to report to the Monitoring and the Steering Committees on commitments and payments at programme level as well as at project level;
- Furthermore, the JTS will draft the annual report to be submitted to the European Commission by the Managing Authority (Council Regulation (EC) 1620/1999, Art 37). The annual report is to be drawn up following the requirements set by the EC. The chairman of the Monitoring Committee will forward the final annual report to the EC.

The monitoring activity regarding to PHARE (and other EU-funded) project parts have to follow the respective regulations. This activity and the reporting system should be harmonised with the general CADSES procedures to the maximum possible extent.

7.2.9 Assessment of (interim and final) financial statements

Only expenses actually paid and eligible for funding (or expenses recognised as equivalent under EU law) may be co-financed by ERDF funds. ERDF funds may therefore only be paid out on the basis of invoices, including all payment confirmations (or equivalent booking slips) that clearly relate to the recipients of the assistance, the assisted project and agree with the defined timeframe. To ensure this, the LP shall present financial statements with invoices for the pro-rated total costs and financing of the co-financed project including the list of all invoices and confirmations to the MA, which have been audited by the respective national co-funding authorities of all project partners as to their correctness with regard to the amounts calculated and the content, by checking the invoices and – depending on the type of project – also by conducting on-site audits or collections of the corresponding project reports and similar documentation.

In case of the PHARE, CARDS, TACIS, etc. project-parts, financial management and control will follow the relevant regulations.

7.2.10 Financial auditing

With reference to Article 34 lit f and 38 of Council Regulation (EC) 1260/1999 and the rules for the implementation of regulation n° 1260/1999 as regards the management and control systems for assistance granted under the structural funds (Commission Regulations N° 438/2001 and n° 448/2001) the overall responsibility for co-ordination of financial auditing lies with the MA/PA in co-operation with the respective national auditing authorities nominated by the Member State (choosing of projects to be audited (on site), method/way of auditing procedure, drafting a financial auditing plan). However, since the MA/PA might not be allowed to audit public co-funding institutions in other Partner States, financial control could be delegated to the national auditing authority nominated by each Member States. They shall ensure for all projects co-financed by ERDF funds under INTERREG III B CADSES that compliance with the terms and conditions for assistance under the programme as well as the correctness of financial statements settled with regard to expenses eligible for assistance and assistance funds to be granted is continuously ensured both in factual and accounting terms and if necessary audited on site.

Binding agreements have to be signed between the MA / PA and the respective national Auditing Authority in each Member State to secure a complete financial audit of all parts co-financed by ERDF funds.

The respective national Auditing Authorities shall be obliged to make available at all times all relevant information at the project level for ERDF co-financed projects in agreement with the MA/PA to the European Commission.

In this context care shall be taken to ensure the proper separation (and if applicable, also the organisational and functional separation) of the personnel conducting the audit and auditing tasks from the project consulting activities and, in particular, from the project management in order to avoid conflicts of interests and to reduce the risk of irregularities.

ANNEX 1: EX-ANTE EVALUATION

Ex-ante evaluation conclusions

The ex-ante evaluation results have to be integrated in the Programme document. The main conclusions drawn from the ex-ante evaluator report are therefore reported in this Annex.

CADSES logical framework is correctly grounded

The CADSES Neighbourhood Programme is correctly based on the identification of general objectives, strategies, priorities, specific objectives and measures, coherently with EC guidelines referring to programming methods and techniques. CADSES logical framework is correctly grounded, as they appear to be well identified and linked the various phases that lead from the analysis of the situation prevailing in the geographical area of Transnational co-operation; from the identification of potentialities and structural weaknesses that characterise the intervention area; and from the individuation of “lessons” that can be drawn from the previous programming period: (i) to the determination of the strategy and general objectives of the programme; (ii) to the determination of specific objectives and interventions to be carried out, with the consequent identification of indicators (output, result and impact indicators) and global impacts of the programme.

CADSES Neighbourhood Programme appears to be largely consistent with the ESPD recommendations, community policies (TEN and IS), and INTERREG IIC achievements

CADSES strategy and global objectives are worked out consistently with the ESPD (European Spatial Development Perspective) recommendations for territorial development (polycentric development and town/country relations, access to infrastructure and know-how, environment and cultural heritage), which constitute the strategic framework for programmes development. Moreover, CADSES is consistent with TEN (Trans-European Networks) objectives and strategies. Important sections of the Programme are indeed devoted to transport networks and accessibility issues, in the perspective of a larger, integrated and economically stronger Union. Specifically, the program provides for a measure (2.1 – Developing efficient transport systems with regard to sustainable development), which contribute to the development and implementation of projects, focusing upon co-operation in the fields of improvement of accessibility as priority task of economic and social policy. In an analogous way, a specific measure of the programme (2.2 – Improving access to knowledge and the information society) is devoted to the development and implementation of projects focusing upon co-operation for the improvement of the access to knowledge and the information society. Finally, CADSES strategies and objectives appear to take in due consideration INTERREG II achievements. In particular, the Programme tries to extend and reinforce past experience. Moreover, it pays a specific attention to the management and procedural issues, highlighted by the *interim evaluation report*.

CADSES Neighbourhood Programme is internally coherent (...)

Internal coherence of the Programme has been explored considering the logical correspondences between SWOT points and specific objectives, as well as between specific objectives and measures. This elaboration demonstrates: a) the coherence of the specific objectives selection, with reference to the SWOT analysis, i.e. the capacity of specific objectives to overcome points of weakness and/or to reinforce or exploit points of weakness of the co-operation area; b) the ability of selected measures to satisfy specific objectives.

(...) *And externally coherent too*

CADSES external coherence has been tested verifying the logical correspondences among the Programme specific objectives and the main interventions provided by the pre-accession strategy and instruments for national and sectorial development (PHARE, SAPARD, ISPA and TACIS instruments), as well as by the Stability Pact for South-eastern Europe. CADSES objectives appear to be largely consistent with the strategic lines of these instruments and strategies. In fact, the programme will contribute to investment support and institution building in the co-operation area; to competitiveness, employment and sustainable development of regional economic systems; to infrastructure efficiency; to the strengthening of membership perspectives for Southeastern countries.

Sustainable development and equal opportunities

Ex ante evaluation has explored the environmental situation in State Members' eligible regions and in Non Member States, with reference to the main relevant issues (water, air quality, nature protection, urban environment, administrative capacity, etc.).

As the Operational Programme reports, the Member States' eligible regions have still to face both *transnational* and *internal* environmental problems and risks. Among the first ones, damages due to natural hazards — as for example floods — and cross-border and trans-border pollution are included. With reference to the other ones, it is recognised that border agglomerations and coastal areas suffer from urban sprawl leading to increased burdens, mainly caused by transport; these zones also run the risk of increasing environmental burdens along transport corridors and of encroachment. Moreover, some eligible regions are affected by deforestation, soil pollution, threat for ground water reserves, retreat of agricultural cultivation and labour force — which leads to a rapid degradation of environment.

On the other hand, countries in transition suffer — as the Programme reports — from negative industrial heritage, high exposure to natural disasters, threatened water resources, etc. In general, it is interesting to note that — in most of the Non Member States — although progresses have been made in transposing the EC environmental *acquis*, many problems remain to be solved. For instance, the administrative capacity to develop and promote policy and strategies in the environmental field is still weak. Progresses are also necessary in the field of waste, nature protection and industrial pollution. Implementation of legislation adopted remains a problem. Investments remain limited. The mechanism for data collection, analysis and reporting is also not well developed. This calls for a stronger co-operation effort in the CADSES areas and further demonstrate the validity of CADSES II objectives and strategies.

CADSES explicitly considers environmental sustainability as a "horizontal" policy field within all the programme priorities, with a particular reference to spatial development and transport issues. More specifically, the third and fourth priority have a direct influence on environmental issues, as they provide for measures devoted to protecting and developing natural heritage and landscape, promoting environmental protection, preventing risk and managing water. These interventions appear to be largely consistent with the SWOT points regarding the environment in the co-operation area, both from the perspective of Member States and the Eastern countries.

Even if CADSES will not presumably have a direct impact to equal opportunities, it may be of interest to underline that it will have a positive influence, with reference to the issues of participation to labour market, education and training, enterprise creation and growth, reconciliation of work and family life. In particular, positive or probably positive effects are likely to be produced by interventions directed to resources and productive activities, where a higher presence of female labour will be present.

CADSES financial plan

The increased amount of financial resources allocated to CADSES, with respect to the past programming period, will have to permit financing of investment projects and not simply studies and exchange of experience. Resources have been fairly distributed to the four priorities. Technical assistance resources have been defined according to EC Regulation n° 1685 on eligibility of expenditure (Rule No 11: costs incurred in managing and implementing the Structural Funds). Finally, it has to be noted that a relevant engagement from Non-Member States is expected, based on co-operation with funds from other EU instruments (PHARE, ISPA, CARDS). A clear-cut framework for harmonising different financial sources and implementation rules will then have to be built or completed.

It has also to be remarked that among final beneficiaries, there presumably will be private institutions, like economic and social partners, chamber of commerce, regional councils as well as private companies (e.g. infrastructure providing enterprises) and NGO in relevant fields. Therefore, it may be assumed that financial private resources will be able to contribute to the programme execution. In particular, CADSES measures will probably finance researches and feasibility studies in the transportation, water management, cultural heritage, urban services and telecommunication sectors. These infrastructures are able to generate revenues and presumably will be co-financed by market resources. Therefore, it seems to be realistic the possibility to obtain private contributions to CADSES financing.

Impacts

Ex-ante evaluation has tried to analyse CADSES impacts, considering the effects generated in the co-operation area through the achievement of the specific objectives that have been assumed. Specifically, for each specific objective a “context” key-indicator is assumed: this means that interventions will contribute to “improve” the key indicators, i.e. to generate positive effects on different economic, social, environmental and institutional variables. Obviously, CADSES interventions will just contribute — through the specific activities, which are implemented by the programme — to the attainment of these goals. For example, CADSES will contribute (through small infrastructures, pilot projects, diffusion of best practices, etc) to reduce structural disparities in the co-operation space, accelerate the rate of growth of sustainable sectors and activities, increase the amount of economic and non economic flows and transactions between strong and weaker regions, etc. It has to be underlined that, at this moment, these indicators appear to be not quantifiable.

Finally, it has to be underlined that ex-ante evaluation has identified a list of indicators at a measure level, through which the effectiveness of the program will be estimated and the implementation will be monitored. Indicators have been selected according to the methodology traced out by European Commission.

Common structures, implementation and management

A wide negotiation among the four CADSES Member States has been handled, to reach a satisfactory agreement — within the framework of EC rules for INTERREG III C — about specific tasks, composition and location of common structures for co-operation. The multilevel programme management system that has been defined is undoubtedly complex. Moreover, as far as a strong and really transnational co-operation approach is not established, a conflict might arise between the management efficiency objectives (in terms of costs, information, support to non-member countries, quality of promoted, assessed and financed projects, homogeneity of procedures, respect of deadlines for payments) and the capacity to work of the agreed institutions settlement. Overlapping of functions and services of transnational and national technical units will also have to be avoided.

In the ex-ante evaluation, the analysis of pertinence and effectiveness of decisions on implementation and common structures has been worked out, by identifying some quality criteria and verifying how the programme choices about

procedures and management structures contribute to meet them. Moreover, appraisal of the procedures for selection criteria has been developed considering the conformity of such criteria with the framework of reference constituted by CADSES specific objectives, strategies and principles of co-operation, efficiency and effectiveness targets.

ANNEX 2: MONITORING INDICATORS

Indicators relevant for this INTERREG Community Initiative Programme are to be distinguished on four different levels:

- Programme- and Priority-level (in the Programme);
- Measure- and Project-level (both contained in the Programme Complement).

Impact / Result indicators - in order to adequately reflect the expected variety - had to be developed “bottom up“, starting from the level of projects. Therefore, indicators on programme- and priority-level are based on aggregate information's derived from the project- and measure-levels. Such a set of consistent indicators will provide the basis for the qualitative evaluation of projects and of the programme-impact as a whole. Thus the monitoring procedure and the information about project impacts collected there, will form a solid basis for mid-term and ex-post evaluations of the programme. The description of the monitoring indicator at the project and measure level will be a part of the Programme Complement.

A basic set of context, programme structure, impact and result indicators to be used in the monitoring procedure, might contain the following information (indicative only, to be further developed during the implementation of the programme):

LIST OF POSSIBLE INDICATORS	POSSIBLE SOURCE*	FREQUENCY OF DATA COLLECTION
CONTEXT INDICATORS		
GENERAL CONTEXT INDICATORS		
• Population in CADSES area (in thousands)	external	ex-ante
• Strand B CADSES area in km ²	external	ex-ante
<i>CONTEXT INDICATORS RELATED TO SOCIAL AND ECONOMIC COHESION</i>		
• GDP per Capita of the poorest three regions of EU-CADSES	External	Per year
• GDP per Capita of the richest three regions of EU-CADSES	External	Per year
• Average GDP per Capita in the EU	External	Per year
• Average GDP per Capita by EU-members involved in CADSES	External	Per year
• Average GDP per Capita by non-EU-members regions in CADSES	External	Per year
• Unemployment rates (number of unemployed/labour force x 100) in EU-members involved in CADSES	External	Ex-ante and ex-post
• Unemployment rates (number of unemployment/labour force x 100) in accession countries	External	Ex-ante and ex-post
CONTEXT INDICATORS RELATED TO SPATIAL DEVELOPMENT OF CITIES		
• Population living in large cities out of the total population (in %)	External	Ex-ante and ex-post
CONTEXT INDICATORS RELATED TO TRANSPORTATION SYSTEMS		
• Number and length of TEN/TINA–Routes crossing the area (by mode of transport)	External	Ex-ante, mid-term and ex-post
CONTEXT INDICATORS RELATED TO SUSTAINABLE NATURAL ENVIRONMENT AND RESSOURCE MANAGEMENT		
• Protected areas (in % and km ²)	Internal /external	Ex-ante and ex-post
• Renewable energy/total energy supply in CADSES	External	Ex-ante and ex post
• Percentage of territories endangered by floods	external	ex-ante
PROGRAMME STRUCTURE INDICATORS		
• Projects by number, title, priority, measure, nationality of lead partner and budget (ERDF, total budget)	Internal	Continuously

• Projects by date of approval, contracting, starting and duration	Internal	Continuously
• Total budget, ERDF–commitments, payments and payment request by priorities and measure	Internal	Continuously
• Number of lead partners by country and region	Internal	Continuously
• Number of project partners by country and region	Internal	Continuously
• Participation in projects by country	Internal	Continuously
• ERDF–commitments by nationality of project partners	Internal	Continuously
• Projects by total budget; share of large and share of small projects	Internal	Continuously
IMPACT INDICATORS AT PROGRAMME LEVEL		
• Number of projects addressing the four strategic objectives	Internal	Continuously
• Number of projects involving non-member states	Internal	Continuously
• Number of projects co-financed from regional and local administrations	Internal	Continuously
RESULT INDICATORS AT PROGRAMME LEVEL		
• Number of Transnational studies	Internal	Continuously
• Number of Transnational networks	Internal	Continuously
• Number of feasibility studies for investment	Internal	Continuously
• Number of people involved in training measures	Internal	Continuously
• Number of workshops	Internal	Continuously
• Number of participants involved in Transnational projects	Internal	Continuously
• Number of pilot actions and demonstration projects	Internal	Continuously
IMPACT/RESULT INDICATORS AT PRIORITY LEVEL		
• Number of best practice examples elaborated in each priority	Survey	Mid-term and ex-post
PRIORITY 1: promoting spatial development approaches and actions for social and economic cohesion		
• Number of co-operations between key actors of spatial development policies	Internal	Continuously
• Number of projects concerning mitigation of disparities between urban and rural areas	Internal	Continuously
• Number of projects promoting polycentric settlement	Internal	Continuously
PRIORITY 2: improvement of access to transportation, infrastructure and the information society		
• Number of projects in access to knowledge and the information society	Internal	Continuously
• Number of multimodal transportation systems	Internal	Continuously
PRIORITY 3: promotion of the protection of the environment and good management of natural and cultural heritage		
• Number of pilot projects which allow to evaluate the effects of human economic activities on conservation on landscape, natural and cultural heritage in order to set up more efficient procedures and methodologies	Survey	Mid-term and ex-post
• Number of projects promoting integrated water management	Internal	Continuously
• Number of projects promoting the prevention of floods	Internal	Continuously
• Number of projects in access to information society, research and development	Internal	Continuously
PRIORITY 4: environment protection, resource management and risk prevention		
• Number of projects in protecting environmental goods, natural heritage and risk prevention (e.g. river regions, coastal zones)	Internal	Continuously
• Number of environmental plans/concepts/studies	Internal	Continuously

*The notation "internal" means that projects are required to deliver the data. "External" are indicators which are consolidated from external sources, like statistical regional authorities or EUROSTAT. The term "survey" contains the data collected by interviews. The term "continuously" means that the data are collected on the basis of the project activity reports submitted every six months by the Lead Partners, that they will be aggregated within the annual reports and be taken into account by the mid-term and ex-post evaluation.

With particular reference to context indicators, a first set of them has been estimated for the regions of the CADSES Member States, using EUROSTAT regional statistical sources (year 1998). The indicators are reported in the following table:

Regional context indicators for Member State (year 1998)

Regions	Population (000)	Area in kmq	Population density	Crude rate of net migration	Old age dependency ratio	GDP per inhabitant	GDP per person employed	Unemployment rate	Portion of women in employment	Employment rates	Long term unemployment
AT11 Burgenland	277,5	3.964	70,00	3,70	42,04	13.911	32.337	3,32	43,80	58,93	24,90
AT12 Niederösterreich	1.534,6	19.183	80,00	3,30	38,17	18.482	42.741	3,09	46,60	60,22	39,10
AT13 Wien	1.598,9	415	3.852,80	1,91	33,06	32.909	73.180	5,86	49,00	61,32	71,50
AT21 Kärnten	564,2	9.530	59,20	- 1,13	36,76	18.506	45.989	4,75	43,70	54,98	14,00
AT22 Steiermark	1.204,2	16.384	73,50	- 0,54	37,03	18.219	43.556	4,14	45,40	55,81	37,50
AT31 Oberösterreich	1.375,4	11.981	114,80	- 1,90	34,34	21.201	48.587	2,66	47,70	61,40	7,70
AT32 Salzburg	513,9	7.157	71,80	- 2,82	30,15	25.233	55.723	3,43	51,80	64,14	4,10
AT33 Tirol	663,9	12.646	52,50	1,34	30,45	22.911	53.070	4,74	47,50	58,80	6,90
AT34 Vorarlberg	346,1	2.600	133,10	- 0,23	28,92	22.591	51.357	3,45	46,00	58,62	18,30
DE11 Stuttgart	3.893,4	10.557	368,80	0,80	37,51	26.271	55.912	4,93	49,20	60,47	55,50
DE12 Karlsruhe	2.663,4	6.920	384,90	1,85	38,71	27.012	59.242	5,81	45,10	59,87	53,60
DE13 Freiburg	2.110,6	9.355	225,60	2,50	39,00	21.322	49.114	5,24	47,50	57,87	52,90
DE14 Tübingen	1.744,0	8.916	195,60	1,11	36,65	22.107	50.695	4,54	49,00	56,89	51,70
DE21 Oberbayern	3.994,0	17.533	227,80	- 0,27	36,59	32.588	66.448	4,02	52,10	56,67	47,20
DE22 Niederbayern	1.160,6	10.326	112,40	3,59	38,57	19.875	46.101	4,76	48,70	54,85	36,00
DE23 Oberpfalz	1.066,9	9.690	110,10	3,49	38,80	19.017	42.520	5,35	47,50	58,04	48,40
DE24 Oberfranken	1.113,7	7.232	154,00	1,54	42,96	21.071	45.780	6,51	48,10	56,06	48,80
DE25 Mittelfranken	1.678,0	7.245	231,60	0,97	39,60	23.954	50.000	6,43	46,50	54,79	52,60
DE26 Unterfranken	1.328,4	8.532	155,70	1,04	39,73	20.118	46.352	5,57	45,70	52,66	48,20
DE27 Schwaben	1.734,8	9.993	173,60	1,48	39,42	20.792	46.864	4,74	49,40	54,55	48,10
DE3 Berlin	3.414,3	890	3.835,40	- 6,23	33,35	20.654	49.228	13,71	45,50	52,19	46,50
DE4 Brandenburg	2.581,7	29.471	87,60	10,21	37,72	14.279	37.270	15,96	46,30	58,51	39,80
DE8 Mecklenburg-Vorpommern	1.803,3	23.179	77,80	- 2,05	36,73	14.289	36.712	17,49	44,00	57,49	39,60
DED1 Chemnitz	1.663,1	6.096	272,80	- 3,37	47,17	12.782	32.426	16,20	44,05	41,01	41,40
DED2 Dresden	1.741,6	7.931	219,60	- 2,82	43,26	14.981	36.637	20,88	40,50	42,37	44,70
DED3 Leipzig	1.101,6	4.385	251,20	- 0,67	41,79	16.055	37.995	20,58	39,60	43,39	42,20
DEE1 Dessau	562,3	4.279	131,40	- 5,29	42,74	12.983	36.077	18,89	42,20	37,01	41,70
DEE2 Halle	890,2	4.429	201,00	- 5,07	42,29	15.093	38.741	7,38	44,90	34,22	45,60
DEE3 Magdeburg	1.237,2	11.738	105,40	- 4,97	41,03	13.242	35.583	14,34	46,50	31,15	40,50
DEG Thüringen	2.470,1	16.176	152,70	- 1,98	40,05	14.137	35.337	11,70	47,00	42,76	37,70
GR11 Anatoliki Makedonia, Thraki	562,1	14.159	39,70	1,04	46,20	11.193	22.032	11,74	27,10	48,58	50,90
GR12 Kentriki Makedonia	1.795,7	18.803	95,50	2,90	39,19	13.654	28.677	14,57	29,10	56,71	47,10
GR13 Dytiki Makedonia	303,3	9.449	32,10	1,19	45,01	12.113	28.725	12,81	28,60	43,82	54,60
GR14 Thessalia	742,9	14.043	52,90	1,17	45,68	11.604	23.451	13,87	39,00	47,91	61,10
GR21 Ipeiros	372,7	9.202	40,50	6,54	47,04	8.452	24.070	5,53	31,60	53,46	64,60
GR22 Ionia Nisia	202,8	2.307	87,90	8,62	50,19	11.267	23.122	11,76	27,40	48,41	33,90
GR23 Dytiki Ellada	737,4	11.345	65,00	3,28	42,15	10.638	25.546	14,24	34,10	48,76	61,30
GR24 Sterea Ellada	662,7	15.556	42,60	1,21	46,23	17.018	47.941	7,56	32,40	55,47	64,40
GR25 Peloponnisos	669,9	15.507	43,20	1,22	52,63	10.648	26.436	12,54	23,20	47,99	55,30
GR3 Attiki	3.449,5	3.808	905,80	- 1,09	37,08	14.920	26.638	11,28	34,80	47,65	57,80
GR41 Voreio Aigaio	183,5	3.839	47,80	1,13	59,51	12.295	28.944	7,32	42,60	48,12	57,50
GR42 Notio Aigaio	270,8	5.289	51,20	1,26	35,71	15.535	32.616	7,26	42,00	38,38	25,30
GR43 Kriti	563,0	8.341	67,50	1,22	41,39	13.496	24.094	5,20	42,00	35,62	47,50
IT2 Lombardia	9.008,9	23.871	377,40	5,26	39,51	27.234	53.262	3,86	40,10	63,18	13,00
IT31 Trentino-Alto Adige	926,9	13.611	68,10	4,07	37,75	27.517	53.916	4,92	36,10	65,66	30,20
IT32 Veneto	4.478,4	18.362	243,90	4,79	39,88	24.031	48.369	5,58	34,60	67,89	32,60
IT33 Friuli-Venezia Giulia	1.184,3	7.843	151,00	4,06	47,58	22.941	48.013	4,84	39,70	63,13	27,00
IT4 Emilia-Romagna	3.953,4	22.123	178,70	7,41	50,29	26.170	49.602	8,18	33,70	64,15	42,60
IT52 Umbria	832,2	8.457	98,40	5,40	52,01	19.715	44.973	6,52	35,70	62,54	47,50
IT53 Marche	1.453,2	9.694	149,90	5,93	50,08	20.317	43.504	13,18	29,00	60,47	68,30
IT71 Abruzzo	1.276,7	10.792	118,30	3,22	46,68	16.879	41.835	16,61	25,10	69,20	65,80
IT72 Molise	329,4	4.439	74,20	- 0,07	49,11	15.886	42.636	23,67	19,10	60,40	73,00
IT91 Puglia	4.088,2	19.357	211,20	- 2,90	35,67	13.153	38.966	17,31	22,80	59,29	56,20
TOTAL	86.079,8	568.932,7	151,30								
Austria	8.078,7	83.860,1									
Germany	39.953,2	214.874,4									
Greece	10.516,3	131.648,4									
Italy	27.531,6	138.549,8									

ANNEX 3: JOINT PROGRAMMING PROCESS

On the basis of the common experiences and co-operation structures of the programme period 1997-1999 in CADSES-INTERREG IIC programme the preparation work for the Community Initiative Programme CADSES-INTERREG III B started in winter 1999. National co-ordinators started the discussion about strategies for future transnational co-operation in the framework of the CIP CADSES-INTERREG IIC Committees.

The most important national, regional and municipal authorities as well as other relevant national institutions responsible for funding have been involved in this discussion process as well as other intuitions and initiatives relevant for spatial development policies issues in CADSES.

This preparation work was the basis for the joint programming process, which started in January 2000 with a Start up meeting of national programme co-ordinator of the MS and AC in Vienna. At the 1st Joint Programming Committee (JPC) meeting in Budapest in April 2000 a Technical Working Group Programming (TWP) was appointed with a mandate to elaborate a draft for the Programme document. This TWP consisted of five members of the Common Secretariat (coming from AT, DE, HU, GR, IT) and four representatives national Secretariat in Non-Member States at that time yet. (CZ, RO, SI, PL).

The joint work on the Programme has to be characterised as a continuous and committed joint discussion. The following table gives an overview of the most important meetings of this joint process.

22 nd January 2000	Transnational Start up meeting of national programme co-ordinators of MS and AC for INTERREG III B CADSES programming in Vienna
6 th April 2000	1 st meeting of Joint Programming Committee (JPC) INTERREG III B CADSES in Budapest
22 nd May 2000	Workshop of national programme co-ordinators of MS and AC for INTERREG III B CADSES and Alpine-Space on "Joint programme management" in Vienna
23 rd May 2000	1 st meeting of the Technical Working group Programming (TWP) in Vienna
6+7 th June 2000	Seminar "INTERREG III B CADSES and the European regions in Trieste" concerning priorities and measures of the programme
19 th June 2000	2 nd meeting of Joint Programming Committee (JPC) INTERREG III B CADSES in Budapest
4 th September 2000	2 nd meeting of the Technical Working group Programming (TWP) in Krakow
5 th September 2000	Meeting of national programme co-ordinators of INTERREG III B CADSES and Baltic Sea and national PHARE institutions about Transnational co-ordination and financing of spatial development project in PHARE countries, in Krakow
11 th - 12 th September 2000	Meeting of national programme co-ordinators of INTERREG III B CADSES about "Joint programme management structures" in Koper
26 th September 2000	3 rd meeting of Joint Programming Committee (JPC) INTERREG III B CADSES in Berlin
30 th - 31 st October 2000	4 th meeting of Joint Programming Committee (JPC) INTERREG III B CADSES in Athens, with participation of the Ex Ante Evaluator
7 th November 2000	Meeting of national INTERREG III B CADSES Programme co-ordinators of Member States in Rome, with participation of the Ex Ante Evaluator
30 th November - 1 st December 2000	Meeting of national INTERREG III B CADSES Programme co-ordinators of in Vienna, with participation of the Ex Ante Evaluator

Besides these workshops, seminars and meetings a lot of discussions have taken place on the level of experts and programme co-ordinators as well as information and co-ordination work on the inter-ministerial level.

Furthermore, a Task Force has been created to the MC in Berlin on 18 March 2003, with the mandate to manage the process of amending the CIP/PC to CADSES Neighbourhood Program, under the chairmanship of the MA. The coordination and drafting work has been effectuated by the TCCP Vienna, by decision of the same MC. The participants of the TF were MC members and national actors from all the MS, the NMS and third counties of the program area. The

European Commission has supported actively this exercise, also by being present to these meetings. The TF has made proposals to the MC concerning the amendment of the CIP according to the Guide for amending INTERREG programs and the Guidance note for the NP preparation.

30 May 2003	1 st Task Force Meeting for the Amendment of CIP CADSES, in Venice-Italy.
21 July 2003	2 nd Task Force Meeting for the Amendment of CIP CADSES, in Ljubljana-Slovenia.
29 October 2003	3 rd Task Force Meeting for the Amendment of CIP CADSES, in Warsaw-Poland.
12 March 2004	4 th Task Force Meeting for the Amendment of CIP CADSES, in Budapest.

ANNEX 4: STATE AID TABLE

The Member States will not grant State aid within the INTERREG III B CADSES NP programme.

OP Measure number	Title of aid measure	State aid number	Reference	Duration

Note:

In conformity with its duties under Article 34(1)(g) of Council Regulation No 1260/1999, the Managing Authority will keep the above State aid table up-to-date and will inform the Commission of any modification of the table. The introduction of a new aid scheme or ad hoc aid requires a modification of the assistance by a formal Commission decision. Suspensive clause concerning State aid applies to measures which contain State aid that is subject to appropriate measures or has not yet been authorised by the Commission.

ANNEX 5 – SYNTHESIS OF CONCLUSIONS AND RECOMMENDATIONS

The following tables give an overview of how far

1. the commission position on the amended CADSES INTERREG III B Neighbourhood Programme;
2. the conclusions and recommendations of the mid-term evaluation, and
3. the amendments requested by the Interservice Consultation 3659 were taken into account for the CIP revision

Table 8: Consideration of the Commission Position on the amended “CADSES INTERREG III B Neighbourhood Programme”

	Considered for		Remarks
	CIP	PC	
I. General Comments			
The “CADSES INTERREG III B programme” should throughout the document normally be the “CADSES INTERREG III B Neighbourhood Programme”.	☺		
It is desirable to receive support letters providing the support of the programme concept and priorities, from the authorities in the CARDS and Tacis countries before the final Commission approval of the programme.			Not relevant to CIP and PC.
II. Programme chapters			
Legal basis			
Please modify the quotations as follows: - <u>Commission Regulation COM (2004) 448 final, 10 March 2004</u> , amending regulation 1685/2000 laying down detailed rules for the implementation of Council regulation 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds (in the following “Eligibility Regulation”) (Please delete the text referring to COM regulation 1685/2000) - <u>Commission Communication COM (2001) 437 final, 25 July 2001</u> , on the external - <u>Commission Communication COM (2003) 104 final, 11 March 2003</u> “Wider Europe” - <u>Commission Communication COM (2003) 393 final, 11 July 2003</u> “Paving the way”- <u>EC Guidance Note</u> concerning	☺		
Introduction chapter			
Cover page: quotation of the correct name “ CADSES INTERREG III B Neighbourhood Programme ”	☺		
Page 2 of the pre-introduction chapter: Please give a heading to this chapter.	☺		
“ Joint Programming Committee ” – this is not an official name of a committee within the CADSES; it should be named: CADSES Monitoring Committee – quoting all the member of the committee.	☺		
Throughout the document: Federal Republic of Yugoslavia (FRY) should be replaced by Serbia and Montenegro, unless it refers to a name of an official document dating from before February 2003.	☺		
Date of application for modification: here the official approval by the Monitoring Committee (MC) on 12 December 2003 in Berlin should be quoted.	☺		
Table of contents: please amend the missing page-numbers	☺		

Introduction:			
Page 1: In the introduction of the document a description of the Neighbourhood Policy framework could be introduced through the insertion of for example the following text: (...)	👍		
It would furthermore be welcomed if the document could briefly describe how the introduction of the Neighbourhood Programme Concept has influenced the development of the programme. This would describe and exemplify how and where the programme has been developed and changed during the process and show how these new policy aspects have been taken into consideration.	👍		
In the analysis of the concerned programme area, a balanced consideration and inclusion of the CARDS and Tacis countries in the programme should be ensured. Taking into consideration the wide range of countries participating in the programme, it is recommended to balance the analysis between the different regions/groupings of countries in a more harmonized way.	👎		Rejected by TF Enlargement
Page 2: From the description of the programme area and SWOT analysis - the administrative boundaries, it should become clear that the CARDS and Tacis countries participate in the programme.	👍		
Page 3: It should be mentioned that the activities to be financed under INTERREG III B should be coherent with the activities set up in the Operational Programmes of the Community Support Frameworks. There is a scope for complementary activities and co-ordination in a number of areas, such as transport, environment, urban regeneration.	👍		
Page 6, Table 1: Countries and regions participating in the CIP CADSES INTERREG III B Neighbourhood Programme The geographical eligibility of the programme should be confirmed. For the CADSES Neighbourhood programme the whole of the Republic of Moldova would be eligible. Any limitation of the scope of the programme in Moldova must be proposed and agreed with the Moldavian counterpart.	👍		
Subject to further confirmation the following areas in Ukraine are eligible: <i>Lutsk, Lviv, Zakarpatsky, Ivano-Frankivsk, Chernivetsk and Odessa Oblasts</i> . In addition regions adjacent to the border regions, e.g. Ternopil oblast may be considered eligible.	👍		
Please note that the Italian region "Basilicata" cannot be considered as eligible, as it is not proposed for the INTERREG III B CADSES programme in the Annex III of the INTERREG guidelines. However, Member States and their regions may submit to the Commission duly justified requests for modifications to these groupings.	👉		Inclusion of Basilicata is subject to confirmation by EU COM. Italy will initiate necessary steps to be taken.
Chapter 3: Strategic concept for INTERREG III			
Page 26, 3.2 "Agenda 2000 and Pre-accession strategy" Please modify the paragraph as follows: PHARE (Bulgaria and Romania Action for the Restructuring of the Economy) (...)	👍		
Page 27 "ISPA" and "SAPARD": ISPA and SAPARD are due to come to an end in the coming years. Therefore it is suggested to redraft section 3.2 in order to reflect this.	👎		Factually still correct. Future of ISPA and SAPARD is not clear yet.

<p>Page 28/ 29 “Stability Pact for South-eastern Europe and CARDS” At page 29 the sub-chapter on the Stability Pact and CARDS should be split into two different sub-chapters: CARDS should come first and it should be presented in the context of the Stabilisation and Association Process – as proposed in the following text : (...)</p>			
<p>Page 29: “Tacis” The section related to Tacis needs to be revised since it contains a number of incorrect statements regarding the programme and its operation. Further information will be given during the Task force meeting in Budapest on 12 March 2004.</p>			
<p>Page 36: “Transport” CADSES work in the area of infrastructures should take into account the work done by the Infrastructure Steering Group, of high relevance for the Western Balkans regions. See site: http://www.seerecon.org/infrastructure/</p>			
<p>Page 37: Point 3.6 “Compliance with EU-policies and programmes”, section “State aid”, should be amended as follows: (...)</p>			
<p>Chapter 4: Priorities and Measures</p>			
<p>In order to meet the objectives of the Neighbourhood Policy and to take the specific characteristics of the Tacis and CARDS funded participants from the WNIS and Balkans into consideration. There are different proposals for doing so, e.g.: to integrate this aspect into the already existing description of the measures and at the same time giving a clearer focus of the activities planned. Another possibility could be to develop one or two separate measures under the programme reflecting the Neighbourhood priorities. These should meet the requirements and objectives of the Neighbourhood Communication and address one or two of the objectives mentioned there under. The measures could for example be “Working together to address common challenges” (areas to be defined - for example environment, health and prevention of crime) and “Ensuring efficient and secure borders”. The separate measures would include the special aspect of always including a partner funded from the Tacis or Cards programmes.</p>			<p>This recommendation will be discussed when revising the PC</p>
<p>Page 47-48: Measure 1.4 “Spatial impact of immigration” It is recommended to redraft this section as indicated below. In particular the following parts, underlined in the text: <i>The development of spatial security policies</i> “ The security needs of immigrants on the one hand and the inhabitants on the other hand will be in most cases different. The expectations and perceptions might even be conflicting, i.e. <u>that security for one group might be considered as a source of insecurity by another group.</u>”</p>			
<p><i>Social inclusion and opportunities</i> “.... It is strategically important to start working with those social groups from the immigrant community which tend to be considered as <u>being harmful for social stability</u>, since they are <u>perceived as being- or actually are involved – in vicious circles of exploitation and organised crime.</u>”</p>			
<p>Page 55, Measure 4.1: “Promoting environmental protection and resource management” The text of the fourth paragraph should be amended as follows: (...)</p>			

Chapter 5: Indicative Financing plan			
Please add the following sentence: <i>“In the case of investments in firms, the contribution of the Funds shall comply with the ceilings on the rate of aid and on combinations of aid set in the field of State aid.”</i>	☺		
If any indexation funds are added to the NP the financing figures should be updated.	☺		
The text after the financial tables has to be amended as follows: “All Non-Member States participating in the CADSES partnership are expected to contribute to the programme by using national, PHARE, Tacis, CARDS or other resources. National sources are contributing to the programme as national co-financing sources to the PHARE or other EU financial instruments from the first Call for Proposal.”	☺		
NOTE: Hungary, Czech Republic and Poland as of 1 May 2004 will be Member States. It has to be stressed that as of 1 January 2004, the participation of new MSs in new CADSES call for proposals can only be supported by INTERREG III B funds (not PHARE). In particular, new MSs cannot use PHARE 2003 (or previous years) funds to replace national co-financing of 2004-2006 CADSES projects.	☞		It is understood that the new MS won't use PHARE to replace national co-financing.
The financial table has to be revised: The original allocation to the CADSES programme has been 126,716,400 Euro ERDF. Due to the additional allocation (36,710,592 Euro ERDF) from the New Member States the total sum of ERDF available should be: 165,426,992 Euro. But in the official version of the amended programme a total sum of 184,041,981 Euro is mentioned.	☺		
Chapter 6: Programme management institutions - common structures for co-operation			
Page 71, 6.9 “Co-operation of Member and Non-Member States in the programme” This chapter has to be modified to be in compliance with the Neighbourhood Approach as expressed in the Communication “Paving the Way for a New Neighbourhood Instrument” and the “Guidance note for the preparation of the Neighbourhood programme”. Specifically the description on the status of the members in the committees has to be reviewed. Due to the documents quoted above all the programme partners have equal status in the committees.	☺		
Chapter 7: Programme Management Procedures			
Page 73: 7.1.2 “Co-ordination of INTERREG and Pre-Accession instruments” As the co-ordination of funding is not only focusing on the pre-accession countries, it is proposed to rename this chapter to “Co-ordination of INTERREG and other EU financial instruments” The description of instruments and its co-ordination should be described in a more coherent and comprehensive way. It should be looked after that the possibilities of CARDS, Tacis and PHARE are mentioned in an adequate way. The issue of each country setting its own national Guidelines is not clear.	☺		

<p>Page 78: 7.2.5: “Project selection criteria” The project selection criteria are given in detail on programme level. In order to match them with the criteria from the Tacis and CARDS programmes, which are based on the PRAG requirements, the selection criteria within the CADSES INTERREG III B Neighbourhood Programme have to be amended. As this will only be possible on the basis of the guidelines for the Neighbourhood approach for the Tacis and CARDS programmes – which are not published yet – it is proposed to reduce the information on this subject to a minimum with the reference that further information will be given in the Programme Complement. It is proposed to amend the text of bullet points 4 and 5 as follows (...)</p>		☞	Project selection criteria will be discussed during PC revision.
<p>Page 79: 7.2.6: “Assessment of the co-financing application” and “7.2.7. “Single co-financing decision regarding ERDF-funds” Please add a specific point on compliance with competition policy under sections 7.2.6 and 7.2.7 of the Neighbourhood Programme stating conformity of project applications with “<i>State aid provisions of Articles 87 and 88 of the EC Treaty</i>”</p>	☑		
<p>Page 81, 7.2.9: “Assessment (interim and final) financial statements” The responsible authorities are reminded that where State aid schemes falling under the SME, training and employment block exemption regulations are used prior to the accession of acceding countries concerned, such schemes should be notified to the Commission under the interim procedure for existing aid. If the responsible authorities decide to grant aid under the de minimis rule in the framework of this programme, they are under an obligation to establish an adequate machinery to facilitate the control of cumulation of such aid by the Commission. In order to control the cumulation of de minimis aid and of other State aid, European Commission requests the negotiation mandate to make mention of the need to establish a monitoring system containing information on all State aid granted under the programme. This information should be broken down by individual enterprise and by individual project.</p>	☑		
Annexes			
<p>Please insert a <u>State aid table</u> to the Programme Complement (the format is given underneath) in order to enable the European Commission to assess the compliance of the measures foreseen under the Programme with EU State aid rules (as required by Article 18(2)(b) of Council Regulation (EC) No1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds). The final version of the documents on structural funds cannot receive the agreement from European Commission until a State aid table is attached to them.</p>	☑		

☑ considered

☞ not considered

☞ see remark

Table 9: Consideration of main conclusions and recommendations given by the mid-term evaluation on CADSES

	Considered for		Remarks
	CIP	PC	
4.1 Assessment of the SWOT Analysis			
1) Modify SWOT analysis of the CIP CADSES in coordination with the requirements of the New Neighbourhood Programme.	☹		Rejected by TF Enlargement
4.2 Programme Strategy Consistency			
1) Modify main strategic concepts of the CIP CADSES in anticipation of the impending accession and coordination with the outcomes of the New Neighbourhood Programme.	☺		
5. QUANTIFICATION OF OBJECTIVES			
1) Urgent action is required by the Managing Authority to address the void in the quantification of the Output, Result and Impact indicators to assure the efficient monitoring of the Programme. Particular attention to linking the quantified indicators at the Measure level directly to the output and result indicators in the projects is required.			Not relevant to CIP and PC
6. PROGRESS OF THE PROGRAMME			
From the available information to the Evaluator about each approved Project (see Annex, Table A1), those Projects approved thus far are consistent with the general aims of CADSES. However, judging by the registered demand at the 2 nd Call, it appears that the particular objectives concerning the spatial impact of immigration (M 1.4), the development of efficient transport systems and access to the information society (M 2.1) and the protection and development of natural heritage (M 3.2) may be quite ambitious and that the set targets will not be reached, therefore if a fundamental reconsideration of the budget allocation takes place, then surplus funds could be allocated towards better supporting the realization of other Programme objectives.	☺		
6.3 Financial & Output Progress of CADSES			
1) Immediately deploy the full resources of the Managing Monitoring System to provide accurate information about the progress of implementation.			n.r.
7. QUALITY OF JOINT IMPLEMENTATION MECHANISMS AND MONITORING ARRANGEMENTS			
7.1.1 Institutional and Regulatory Framework			
1) In the broader context, the existing regulatory framework of the Structural Funds should take into account specific governance problems of trans-national co-operation, versus focusing largely on implementation within national context;			n.r.
2) Accelerate the development of joint standards by the exchange of experiences between CADSES participants and the identification of good practises in different know-how areas (procedures, staffing of units, forms, etc.).			n.r.
7.1.2 Data Collection and Information Flow			
1) Composition by the JTS of a draft handbook of CADSES standard procedures that contains the different forms, agreements, standard letters and administrative procedures for the NCCPs, the TCCPs, and the Project Partners on filing reports, signing agreements and			n.r.

	Considered for		
claiming payments;			
2) Provision of Technical Assistance in the organised form of specialist seminars that would help CADSES participants and to selected LP-staff, particularly from newcomer to the EU countries, to better comprehend the substance of the rules and to assist individual project implementation on a faster and more effective pace.			n.r.
7.1.3 Project Appraisal and Approval			
1) The independence of the JTS in the evaluation of the applications according to the rules and criteria set by the Assessment Manual must be safeguarded and not be allowed to be influenced by outside pressure;			n.r.
2) Even though the SC base their comments on separate assessments making use of inputs of national committees or even independent evaluators, should they decide to overrule selection decisions against the JTS assessment/recommendation, clear arguments must be presented possibly backed up by a second reassessment by an independent evaluator;			n.r.
3) The project selection criteria at the Measure level should be specified and then quantified along with modification of application process.		☞	Will be discussed during PC revision
7.1.4 Programme Managing Monitoring System			
1) Immediate activation of the monitoring system and provision of access and training to all parties involved in the management and implementation of CADSES development and operation;			n.r.
2) The MA must ensure the subsequent monitoring and regular updating of all Programme indicators as part of the monitoring process. Indicate also to LPs and Project Partners which information is required and must be collected, and how it is being used to measure the output and the result of projects. This would enable project monitoring and supervision to take place at an overall Programme level, and not just at the national level.			n.r.
7.1.5 Critical Implementation Paths and “Milestones”			
1) Continuous monitoring of MA and JTS performance via the “process metrics” and persistent overseeing of administrative procedures to improve performance rates and thus to accelerate the pace of Programme implementation.			n.r.
7.2 Programme Management			
7.2.1 Administrative Structures			
With regard to the clarification of programme management structures, the following suggestions are being made: 1) Organisation of a meeting with all units and authorities involved in CIP management & implementation; re-addressing, explanation, re-definition of existing structures and distribution of tasks utilizing lessons learned from experience in trans-national handling of issues;			n.r.

2)	Continuous effort and maintained vigilance by MA and the JTS to secure that existing structures are well understood, rules and regulations observed and followed;			n.r.
3)	More proactive role of PA in raising the awareness level of financial necessities among project partners;			n.r.
4)	Consideration by a Task Force of possible adjustments in the CADSES management and decision-making system, according to other more flexible and effective procedures pertaining to other INTERREG IIIB CIPs (see section 10 of this Report). In addition, review of the structure and role of CCPs and NCs in view of the forthcoming EU enlargement, as well as of the role/powers of countries that will not become EU Member States.			This issue will be considered by the TF MTE, but should be reflected by other documents such as RoP, MoU etc.
5)	In connection with the European Commission, in particular, the following may be considered:			
1.	Sitting anew along with the key parties in CADSES management and implementation and arrive at the model and the structure introduced for the programme management;			n.r.
2.	Imposing additional requirements on the programme management and exercising more restrictions on observance of objectives and application of indicators;			n.r.
7.2.2 Management Co-operation and Co-ordination				
1)	The mobilization of all countries involved on a high level political forum in order to re-assess the Programme and exercise political pressure for its progress, e.g. a "CBSS"-type forum that could support and further promote the CADSES CIP.			n.r.
7.2.3 Joint Implementation Structures				
1)	The joint development and implementation of strategically important projects.			n.r.
7.2.4 Stakeholders				
1)	The addition of more specific and focused Measures and for stronger focus within existing Measures;		☞	Will be discussed during PC revision
2)	The discussion of the issues pertaining to the CIP management and programme implementation on a high-level agenda.			n.r.

☑ considered

☹ not considered

☞ see remark

n.r. not relevant to CIP and PC revision

Table 10: Consideration of amendments requested by the Interservice Consultation 3659

	Considered for		Remarks
	CIP	PC	
Entire CIP			
Please replace throughout the text "Former Yugoslav Republic of Macedonia" with "the former Yugoslav Republic of Macedonia" (small "t", small "r", small "o").	☺		
3. Strategic Concept for INTERREG III			
1. On P. 26 of a reference to Thessaloniki Council should be included. It is suggested the following:..(..)	☺		
2. On the top of page 27, the year should read 1999.	☺		
3. The Cards Regulation number should be corrected to 2666/2000.	☺		
4. The text inserted in this section is referring to the Neighbourhood Programmes in general and the priorities established for these, should be moved to another section of the programme document. The reference refers to and is valid for all funding sources involved in the Neighbourhood Programme - Interreg/Phare/Tacis and CARDS – and should therefore be a reference for all the programmes. We would suggest integrating this section with the text on page 31, under 3.4.	☺		
5. The section referring to Tacis should be updated to include a reference describing the Tacis CBC programmes priorities and funding potential better. A text such as the following could be included (...)	☺		
4. Priorities and Measures			
"This section is under development, the programme partners have been made aware of the need to further develop the policy content of this chapter in March 2004, to align it to the characteristics of the Neighbourhood Programmes, and are now responding to this request. Some comments have already been forwarded and incorporated in the text. Further textual revisions on the draft chapter 4 will be forwarded directly to the project manager in DG REGIO, in a separate document as revision marks."	☺		
On the second paragraph of page 48 we have some difficulties with the distinction between immigration and social security. We do not completely understand the concept of social security as presented. We would prefer to leave out the word 'positive' in the third line. Migration is a phenomenon and the movement of people can bring both positive and negative consequences. ;Would it be possible to explain what is meant by 'security in the formal sense'? You make a distinction between security needs of immigrants and citizens. Could you explain these diferent needs ?	☺		
Under the heading on "Social inclusion and opportunities" on p. 48, DG JHA suggests to rephrase the second sentence along the following lines to ensure that it is made clear that migrants per se are not socially excluded. "It is strategically important (...)."	☺		

Annex 4			
<p>As the responsible authorities of the Member States plan to grant aid under the <i>de minimis</i> rule in the framework of this Programme, DG REGIO should remind them that they are under an obligation to establish an adequate machinery to facilitate the control of cumulation of such aid by the Commission. In order to control the cumulation of <i>de minimis</i> aid and of other State aid, DG Competition requests the negotiation mandate to make mention of the need to establish a monitoring system containing information on all State aid granted under the programme. This information should be broken down by individual enterprise and by individual project.</p>			<p>cancellation of de-minimis aid</p>

 considered

 not considered

 see remark

n.r. not relevant to CIP and PC revision