

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

**4<sup>th</sup> Call for project proposals**

**Version 4.2  
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# Glossary

## **Beneficiary**

As indicated in art. 2 of the Reg. (EC) 1083/06, the beneficiary is an operator, body or firm, whether public or private, responsible for initiating and/or implementing operations. In the context of aid schemes under Article 87 of the Treaty, beneficiaries are public or private firms carrying out an individual action and receiving public aid. Within the current document beneficiary is any ERDF / IPA-I/ ENPI Partner.

## **Candidate countries**

This status currently applies to Croatia, Montenegro, the Former Yugoslav Republic of Macedonia, Island and Turkey.

## **Potential Candidate Countries**

Albania, Bosnia and Herzegovina, Serbia, Kosovo under UNSCR 1244/99, are potential candidates.

## **Control system**

A system for validation of ERDF/ IPA expenditures at a national level (it is the Partner States responsibility to set it up).

## **Controllers**

Private or public bodies responsible for the ERDF/ IPA control activities as designated by the Partner States.

## **De-commitment**

In the SEE Programme 2007- 2013, if the entire ERDF budget commitment for the year N has not been paid to the final beneficiaries and certified by the 31st December of the third year following the year of the annual budget commitment (n+3), the unspent ERDF funds are decommitted by the European Commission from the Programme budget. This rule will be applied from 2008 until 2010 whilst from 2010 till 2013 the rule n+2 will be applied. In order to keep the programme financial performance on schedule, de-commitment may be applied to the approved projects that do not respect the spending forecast. Specific information can be found in section 4.3.3.

## **European Neighbourhood and Partnership Instrument (ENPI)**

From 1 January 2007 onwards, as part of the reform of EC assistance instruments, the MEDA, TACIS and various other programmes have been replaced by a single instrument – the ENPI. The ENPI will provide grants for local development projects that target sustainable development and link to EU policies and standards in countries that are direct neighbours of the enlarged EU (except for candidate and potential candidate countries). This will involve both EU Member states and partner countries. Eligible countries covered by the ENPI that belong to the SEE Programme 2007 – 2013 are the Ukraine and the Republic of Moldova.

## European Regional Development Fund (ERDF)

The ERDF is one of the two Structural Funds and it is intended to help to reduce imbalances between regions of the Community. The Fund grants financial assistance for development projects in the EU regions. In terms of financial resources, the ERDF is by far the largest of the EU's Structural Funds.

### Grant Contract (for ENPI partners)

It is the contract regarding the relations between the Contracting Authority (South East Europe Managing Authority) and the ENPI Financial Lead Partner. It determines the rights and responsibilities of the ENPI Financial Lead Partner and the Contracting Authority, the scope of the activities to be carried out, terms of ENPI funding and the requirements for ENPI reporting and financial control.

### Instruments for Pre-Accession Assistance (IPA)

IPA aims at providing targeted assistance to countries which are candidates and potential candidates for membership of the EU. IPA supersedes the previously existing pre-accession instruments, i.e. Phare, ISPA, SAPARD, the Turkey pre-accession instrument, and CARDS, thus uniting under a single legal basis all pre accession assistance. IPA countries participating in the SEE Programme 2007 – 2013 are: Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia.

### Partners

Any legal entity that commits itself to the implementation a project selected and approved under the SEE Programme 2007 – 2013.

Partners can be distinguished by budget responsibility between:

- **Financing Partners:** directly financed by the Programme and with full responsibility on its budget share;
- **Associated Strategic Partner (ASP):** fully integrated in the project partnership but with no responsibility of its – eventual – budget share that is managed by an ERDF “sponsoring” partner;
- **Observers.**

For further details on partners please check also paragraph 3.2 and section 4.1.8 b) and c).

### Partnership Agreement

The Partnership Agreement is a legal document signed by any project participant receiving funds from the Programme directly or indirectly (Financing Partners, 10% PP, EU Associated and EU Associated 20%), which contains a clear definition of the responsibilities among the partners and a framework for efficient project implementation and governance. The Partnership Agreement allows also the Lead Partner to extend the arrangements of the Subsidy Contract to the level of each partner. It is the responsibility of the partnership to define the contents of the Partnership Agreement as the Programme is providing only a template with the minimum mandatory requirements.

**Project**

The activity for which funding is being sought under a particular priority. Projects are also referred to as “operations”.

**Subsidy Contract**

It is the contract between the Joint Technical Secretariat (on behalf of the Managing Authority) and the ERDF Lead Partner. It determines the rights and responsibilities of the Lead Partner and the Managing Authority (MA), the scope of activities to be carried out, terms of ERDF/ IPA funding, and the requirements for ERDF/ IPA reporting and financial control.

**Verification**

This is the process of control for ERDF/ IPA project expenditures carried out by the national Controllers. Verifications to be carried out shall cover administrative, financial, technical and physical aspects of operations as appropriate. Verification shall include the following procedures: administrative verification of each claim received by beneficiaries and on-the-spot verification.

**Validation of expenditure**

This is the result of verification.

## List of acronyms

<b>AA</b>	Audit Authority
<b>AF</b>	Application Form
<b>AoI</b>	Area of Intervention
<b>ASP</b>	Associated Strategic Partner
<b>CADSES</b>	Central European Adriatic Danubian South Eastern European Space
<b>CARDS</b>	Community Assistance for Reconstruction, Development and Stabilisation
<b>CBC</b>	Cross-border cooperation
<b>CfP</b>	Call for Proposals
<b>EAP</b>	Environmental Action Plan
<b>EC</b>	European Commission
<b>EDF</b>	European Development Fund
<b>EEC</b>	European Economic Community
<b>EIA</b>	Environment Impact Assessment
<b>ENPI</b>	European Neighbourhood and Partnership Instrument
<b>ERA</b>	European Research Area
<b>ERDF</b>	European Regional Development Fund
<b>ESDP</b>	European Spatial Development Perspective
<b>ETC</b>	European Territorial Cooperation
<b>EU</b>	European Union
<b>GHG</b>	Green House Gas
<b>ICT</b>	Information and Communication Technology
<b>IPA</b>	Instruments for Pre-Accession Assistance
<b>ISPA</b>	Instrument for Structural Policies for Pre-accession
<b>JHA</b>	Justice and Home Affairs
<b>JTS</b>	Joint Technical Secretariat
<b>LA</b>	Lead Applicant
<b>LP</b>	Lead Partner

<b>MA</b>	Managing Authority
<b>MC</b>	Monitoring Committee
<b>MoU</b>	Memorandum of Understanding
<b>MS</b>	Member state
<b>NC</b>	National Coordination
<b>OP</b>	Operational Programme
<b>PA</b>	Partnership Agreement
<b>PM</b>	Programme Manual
<b>PP</b>	Project partner
<b>PPP</b>	Public Private Partnership
<b>PRAG</b>	Practical Guide to Contract Procedures for EC External Actions
<b>R&amp;D</b>	Research and Development
<b>R&amp;TD</b>	Research and Technology Development
<b>SC</b>	Subsidy Contract
<b>SCP</b>	SEE Contact Point
<b>SEA</b>	Strategic Environmental Assessment
<b>SEE</b>	South East Europe
<b>SME</b>	Small and Medium Enterprise
<b>TA</b>	Technical Assistance
<b>TEN-T</b>	Trans European Transport Network
<b>TIA</b>	Territorial Impact Assessment
<b>UNSCR</b>	United Nations Security Council Resolution
<b>VAT</b>	Value Added Tax



# 1 Purpose and content of the SEE Programme Manual

## 1.1 Purpose

This Programme Manual (PM) is aimed at providing further information on provisions laid down in the Operational Programme (OP), South East Europe Programme 2007 – 2013. The SEE Programme 2007 – 2013 was adopted by the European Commission on 21<sup>st</sup> December 2007 (Commission decision CCI 2007CB163OP069) and amended on 24<sup>th</sup> March 2011 for the integration of IPA funds.

The focus of the Programme Manual is to give guidance on all phases of project development and application while the implementation phase is tackled separately in the SEE Implementation Manual.

The SEE Transnational Cooperation Programme 2007 – 2013 is characterised by the integrated use of Structural Funds (ERDF), the Instrument for Pre-accession Assistance (IPA) and the European Neighbourhood and Partnership Instrument (ENPI – although not available for the 1st and 2nd Call for Proposals). As a consequence, development and application provisions for the projects have been, as far as possible, harmonised.

**Whenever there are specific provisions set for the IPA-I / ENPI financed project partners these are reflected separately in the respective chapters of this manual. When there is no reference to IPA / ENPI this means that the requirements and procedures described under the respective chapter are the same for all project partners regardless of their source of financing.**

The table of contents of the SEE PM follows the project cycle.

The manual starts with a brief introduction to the general Programme objectives and legal background. For more details on the objectives of the Programme as well as expected content of the projects please refer to the Operational Programme, chapters 1 – 5. The OP can be downloaded on the Programme website at [www.southeast-europe.net](http://www.southeast-europe.net). The main legal framework is referred to in paragraph 2.7 Legal framework of this manual.

Chapter 3 of the Programme Manual starts with requirements and good practises in building of a project as well as writing of project application.

Chapter 4 provides an overview on the costs that are considered eligible for the implementation of the projects.

Chapter 5 gives in-deep information about the ENPI sources use and participation

Chapter 6 explains the procedure of application and selection of projects for financing.

## 1.2 What does the SEE Programme Manual not cover?

The SEE PM does not contain:

- the timeframe and other specific information on the call for proposals – these can be found in the **call for proposals announcement** and on the **Programme's website**;
- the templates used to fill in the detail of your project proposal in order to participate in a call and be assessed for funding – the **Application Form (AF)**;
- the practical information on how to fill in the documents for the calls for proposals (AF) – this piece of information can be found in the **Applicants' Guidelines**;
- information on the obligations and duties of ERDF Lead Partners and MA throughout the implementation of the project – can be found in the draft **Subsidy Contract**;
- information on the obligations and duties of each project partner throughout the implementation of the project – can be found in the draft **Partnership Agreement**;
- any further relevant information at **national level** – can be provided by the SEE Contact Points (SCP).

All the above mentioned information/documents are available in the Application Pack for the AF.

Information on the management and implementation of approved projects are available in the **SEE Implementation Manual** and in the **SEE Control Guidelines**, both available on the **SEE website**.

## 2 General Programme's information

### 2.1 Understanding the scope and purpose of transnational cooperation in South East Europe

The global objective of the SEE Programme 2007 – 2013 is **the improvement of the territorial, economic and social integration process and contribution to cohesion, stability and competitiveness through the development of transnational partnerships and joint actions on matters of strategic importance.**

This global objective is supported by three specific objectives, which aim at:

- facilitating innovation, entrepreneurship, knowledge economy and information society by concrete cooperation action and visible results;
- improving the attractiveness of regions and cities, taking into account sustainable development, physical knowledge accessibility and environmental quality by integrated approaches and concrete cooperation action and visible result;
- fostering integration by supporting balanced capacities for transnational territorial cooperation at all levels.

The global and specific objectives of the SEE Programme 2007 – 2013 will be pursued through five Priority Axes (Innovation, Environment, Accessibility, Sustainable Growth Areas and Technical Assistance), which contribute differently to these objectives.

The SEE Programme 2007 – 2013 supports projects which have a clear transnational focus, high quality partnerships and with appropriate transferable outputs/outcomes.

Applicants should be aware that the evolution of the transnational cooperation from the Community Initiative (INTERREG) to the mainstream calls for an increase in the effectiveness of the operations that will be co-financed. Plain networking exercises or stand-alone feasibility studies (i.e. without a clear link to the financial instrument that will support the subject of the study) will no longer be taken into consideration.

It is important that projects demonstrate a clear need for transnational support and that the problem to be tackled has a clear transnational impact. Operations supporting local, national or cross-border actions only are recommended to apply for other instruments.

### 2.2 Programme's Priority Axes and Areas of Intervention

Detailed descriptions of each Priority Axis and the Areas of Interventions complemented by a number of practical project examples and indicative beneficiaries are to be found in the SEE OP and in the Annex 1 of this SEE PM.

The Priority Axes should not be considered as distinct entities; they follow an integrated approach and show many interfaces. In practice, applications may be closely aligned to one Area of Intervention only or may offer relevance for more than one Priority Axis. In the latter case applicants have to consider which Priority Axis and Area of Intervention best matches the project's focus and apply under that Priority Axis/Area of Intervention only.

## **2.3 Role of the different management bodies of the Programme**

Chapter 7 of the OP, outlines the roles of the transnational and national bodies responsible for the management and implementation of the SEE Programme 2007 – 2013, as follows: Monitoring Committee (MC) - chapter 7.1.1, Managing Authority (MA) -chapter 7.1.2, Certifying Authority (CA) – chapter 7.1.3, Audit Authority (AA) – chapter 7.1.4, Joint Technical Secretariat (JTS) – chapter 7.1.5, SEE Contact Points (SCP) – chapter 7.1.6, National Coordination – chapter 7.1.7.

## **2.4 Contacts at Programme level**

In principle, the JTS gives support to potential partners of the SEE Operational Programme on all transnational issues relevant to both the application and implementation phases.

The JTS can be contacted at the following address:

### **SEE Joint Technical Secretariat**

VÁTI Nonprofit Kft.

H-1016 Budapest, Hungary

Gellérthegy str. 30-32

**Email:** [jts@southeast-europe.net](mailto:jts@southeast-europe.net)

**Phone:** 0036 1 224 3180

Annex I contains the list of all National Contact Points for the SEE Programme (SCPs).

## 2.5 Programme area



Figure 1 SEE eligible area

The SEE cooperation area is defined by the Commissions Decision of 31 October 2006/769/EC (see Fig. 1).

Partners from IPA countries can participate in projects using IPA funds, provided through the IPA cross-border cooperation component as per the Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-accession Assistance (IPA). They can not apply for nor manage ERDF funds.

Italian and Ukrainian<sup>1</sup> public authorities or bodies governed by public law which are competent in their scope of action for certain parts of the eligible area but which are located outside of it (i.e. Ministries) are in effect assimilated, both in terms of rights and of obligations, to partners located in the SEE Programme area.

<sup>1</sup> Ukrainian public authorities or bodies governed by public law which are competent in their scope of action for certain parts of the eligible area but which are located outside of it are eligible provided that the Financing Agreement concluded between the European Commission and the Ukrainian Government explicitly stipulates it.

## 2.6 Financing

The total programme co-financing from ERDF amounts to 206 MEUR. The IPA contribution for the first three years (2007–2009) has been of 10.5 MEUR in total. No ENPI funds were available for the 1<sup>st</sup> and 2<sup>nd</sup> Call for proposals.

Following the integration of the IPA funds additional 16.5 MEUR are available for the IPA countries on a multi-country basis. In addition to the IPA funds, 2 MEUR from ENPI funds will be allocated for the involvement of partners from Ukraine and Moldova into the transnational partnerships.

Indicative budget to be allocated for the 4<sup>th</sup> call for proposals:

- **ERDF contribution**
  - indicative minimum amount available 52,748,558.16 EUR
- **IPA contribution**
  - indicative minimum amount available 10,389,348.47 EUR
- **ENPI contribution**
  - indicative minimum amount available 1,554,750 EUR

*Furthermore the Lead Applicants must bear in mind that the **minimum ENPI contribution to be requested per ENPI project partner is 100.000 EUR (90% of total eligible costs of action).***

## 2.7 Legal Framework

The SEE Programme 2007 – 2013 has been designed under the territorial cooperation objective of the European Community, while integrating the objectives of the cross-border cooperation of the Instrument for Pre-accession Assistance (IPA CBC) and European Neighbourhood and Partnership Instrument (ENPI CBC). In practice this means that the programme combines financing instruments from the EU structural funds/European Regional Development Fund (ERDF), as well as the Instrument for Pre-accession Assistance (IPA) and the European Neighbourhood and Partnership Instrument (ENPI). The programme shall first and foremost be administered according to the ERDF structural funds rules. However, in most cases the IPA financed project partners (IPA-I PPs) are to follow the relevant provisions of the IPA regulations, i.e. the aforementioned Council Regulation (EC) 1085/2006 and the Commission Regulation (EC) 718/2007 of 12 June of 2007, implementing Council Regulation (EC) No. 1085/2006 establishing an instrument for pre-accession assistance (IPA). The ENPI financed project partners are to follow the provisions of the ENPI regulations, i.e. REGULATION (EC) No 1638/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 October 2006

### 2.7.1 Structural Funds/ European Regional Development Fund (ERDF)

For project partners from the EU member states the following regulations apply:

- Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund

and repealing Regulation (EC) No 1260/1999 and its subsequent amendments and modifications.. The “General Regulation” gives general rules and requirements for all structural fund programmes;

- Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999 and its subsequent amendments and modifications. The “ERDF Regulation” lays down specific provisions concerning ERDF co-financed programmes and projects. It defines especially the contents and other provisions for the Objective 3/ Territorial Cooperation Programmes, such as the SEE Programme 2007 - 2013;
- Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund and its subsequent amendments and modifications. The “Implementing Regulation” sets framework rules e.g. on information activities as well as audit and controls. It combines information for programme implementation which was scattered across several separate regulations in the previous programme period 2000 – 2006.

Reference to the respective articles of the regulations is given in this SEE PM where relevant.

## 2.7.2 Instrument for Pre-accession Assistance (IPA)

For project partners from the IPA countries the following regulations apply:

- COUNCIL REGULATION (EC) No. 1085/2006 establishing an Instrument for Pre-Accession Assistance (IPA);
- COMMISSION REGULATION (EC) No. 718/2007 implementing Council Regulation (EC) No. 1085/2006 establishing an instrument for pre-accession assistance (IPA) and its subsequent amendments and modifications.<sup>2</sup>

IPA funds are provided for the participation of Project Partners from candidate and potential candidate countries (i.e. Croatia, the former Yugoslav Republic of Macedonia, Albania, Bosnia and Herzegovina, Montenegro and Serbia)

The main principle of the integration of IPA funds into the SEE program system is to provide the same possibilities and responsibilities to the Partners from the Member States and Partner States. The new system gives a possibility to fully integrate the external partners into the transnational partnerships, thus the whole project can be managed by one single contract under the responsibility of the Lead Partner. During the 2nd phase of the program implementation (“IPA integrated” phase), the Lead Partner of the project bears responsibility for the total Community contribution awarded to the project (i.e. ERDF and IPA contribution); these responsibilities are laid down in the single subsidy contract to

<sup>2</sup> Article 86(4) of this Regulation establishes the legal basis for managing IPA contribution on an integrated manner in the framework of the Programme, stipulating that detailed rules on integrated management shall be laid down in the programme document and in the financing agreements.

be concluded between the MA/JTS and the Lead Partner.

### 2.7.3 European Neighbourhood and Partnership Instrument (ENPI)

ENPI funds **are provided for the participation of project Partners from Ukraine and Republic of Moldova.**

For project partners from the ENPI countries the following regulation apply:

- REGULATION (EC) No 1638/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument<sup>3</sup>

### 2.7.4 Directive on public procurement

According to article 1 of Reg. (EC) 1083/2006 ERDF partners are required, during their procurements related to the projects financed by the SEE, to respect the relevant Community and national public procurement rules.

If the implementation of an Action requires procurement by the IPA-I partner, the procurement for IPA grants shall follow the provisions of Annex IV to the PRAG standard grant contract. The external aid rules for public procurement are also available on the Internet address

[http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm).

If the implementation of an Action requires procurement by the ENPI partner, the procurements will be carried out in accordance with PraG procedures and templates. The procedures and templates are available on the Internet address

[http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm).

### 2.7.5 Horizontal policies

In addition to the regulations mentioned in the previous section, there are several horizontal policies and principles that are promoted by all European Union financed programmes. These include e.g. sustainable development, equal opportunities, partnership, additionality and competition (see also chapter 4.3 of the SEE OP).

#### Sustainable development

Sustainable development means respecting the right of future generations to change the path of development, i.e. to further access resources that are difficult to renew or non renewable and to maintain the elementary natural preconditions for life. In addition to the environmental aspect, sustainable development also covers economical, social and cultural aspects of sustainability. It is thus closely linked to the general objective of the programme to make the SEE area a better place to invest, work and live in.

<sup>3</sup> The ENPI Regulation is considered implementing the ENPI scheme described in 7.3.2.4 sub-chapter



Environment nevertheless remains the most important aspect of sustainable development. In case it seems that a planned project might have significant adverse impact on the environment, an environmental impact assessment must be carried out in accordance with the national legislation before the project is implemented. In the AF applicants are asked to clarify whether the planned project activities might have influence, either neutral or positive, to the environment and to present how the project contributes to environmental objectives at EU, national and local level.

### **Integrated territorial development**

Actions under the transnational cooperation programmes support integrated territorial development (see Art. 3 (2c) of the Council Regulation (EC) No 1083/2006 and Art. 6 (2) of Regulation (EC) No 1080/2006). This means that the projects should take into account territorial conditions, such as infrastructure, resources, settlements, economic, social, ecologic and cultural conditions, as well as impacts on other sectors to the given territory in order to support balanced development. Policies adopted at regional, national (National Strategic Reference Frameworks, Operational Programmes under the Convergence and Competitiveness and Employment Objectives, etc.), SEE and European level, such as European Spatial Development Perspective (ESDP) and Territorial Agenda of the European Union adopted on 25th May 2007, TEN-T, Information Society 2010, ERA and R&D, etc. should also be considered.

### **Equal opportunities**

The Structural Fund programmes, including the SEE Programme 2007 – 2013, aim at ensuring equal opportunities between men and women.

Another objective from the equality point of view is to prevent all kinds of discrimination, e.g. based on sex, racial or ethnic origin, age or disability (see also Art. 16 of Council Regulation (EC) No 1083/2006).

Promotion of equal opportunities will be regarded, among other horizontal policies, as a positive factor when the Monitoring Committee selects projects for funding. All applicants are asked to integrate these issues in their projects, or at least, to consider the project's influence on matters of equal opportunities.

Projects that build structures (e.g. men and women equally presented in project planning, decision-making or in the project target groups) or implement activities that aim at promoting equal opportunities will describe these activities in the application form and their results in the progress reports. Further information can be found in Annex 4 of the SEE Implementation Manual.

### **Partnership**

Projects can fulfil the partnership principle by ensuring that different levels of administration as well as different types of organisations participate in the project activities. This could be, for example, participation of national, regional and local levels or, correspondingly, public authorities, economic and social partners (such as SMEs, associations) and civil society (such as non-governmental organisations, environmental partners) (see also Art. 11 of Council Regulation (EC) No 1083/2006 and Art. 4 of Regulation (EC) No 1638/2006).

However, a broad partnership should not take place by involving too many partners in one project. A large amount of partners often leads to a complicated management structure, contradictory targets between project partners and, thus, difficulties to implement the project successfully.

**Additionality**

The principle of additionality means that EU financing shall not replace national public or equivalent financing of similar activities (see also Art. 15 of Council Regulation (EC) No 1083/2006).

Projects selected for financing are expected to bring value added, something that would not have been possible without the programme financing. In addition, organisations involved in the project activities cannot replace their statutory tasks with the programme financing.

## 3 Project generation

### 3.1 Project generation

The SEE Programme 2007 – 2013 provides useful tools and resources to potential applicants to assist them with project generation. The programme website, [www.southeast-europe.net](http://www.southeast-europe.net), hosts a “Partner Search” section, where all potential applicants can upload their project ideas in order to search for project partners and to facilitate collaboration between similar project ideas.

Transnational thematic workshops related to the programme’s priorities are organised – normally during the Annual Events – in order to steer and inform potential applicants on specific programme needs. On a national level, information days and trainings are organised by the SCPs.

The aim of all the above mentioned support is to encourage the generation of **high quality projects**.

Quality projects are generated and developed with the active contribution of partners and relevant stakeholders. This sharing and collaboration helps to prevent unilateral behaviour and mitigates the risks of operations being planned and drafted by the Lead Partner alone or even by an entity external to the project altogether.

A *bottom-up* approach (applicants’ driven) in project generation is therefore important, coupled with adequate support, including the provision of quality information from higher levels (i.e. programme level structures).

Partners with previous experience in the subject matter of the project as well as previous cooperation experience can add value to the development of a sound project.

A conceptually effective project should also contain sound financial planning that will carry the project through to implementation. To this end, the financial capacity of partners is another key criterion for successful project generation. In addition to that mentioned above, programmes which include new Member states such as the SEE Programme 2007 – 2013, need to effectively manage the transition from previous cooperation instruments to European Territorial Cooperation Programmes.

Importantly, the SEE Programme 2007 – 2013 strives towards generating projects with a deep and widespread impact along with strong political commitment.

Project format should be compliant with the classical principles of project cycle management. Clear objectives, activities (who does what) and results - in terms of quality and quantity - and the means to achieve these results have to be presented and described in the proposal.

*The 4<sup>th</sup> call for proposals is launched with a suspension clause, meaning that no IPA / ENPI contribution will be reimbursed until the Financing Agreement concluded between the European Commission and the concerned SEE Partner State is signed.*

## 3.2 Partners and partnerships

### 3.2.1 Eligibility of ERDF partners

According to Article 2 of Reg. (EC) 1083/2006, a wide range of actors such as public authorities, public equivalent bodies and any legal body governed by public or private law can be beneficiaries of ERDF and therefore are able to participate in the SEE Programme 2007 – 2013 as partners and receive direct financial support. The general criteria defined below are applicable to all the potential partners.

The following types of partners are eligible:

- Public bodies
- Bodies governed by public law
- Bodies governed by private law

Legal entities not falling in one of the three categories are welcome to participate in projects additionally as *Observers* (see 3.2.2).

#### Public bodies

Public bodies are organizations which are founded and governed by public law. Their main purpose is to fulfil the needs of the public.

#### Bodies governed by public law

The definition of a body governed by public law is the following according to Article 1 of Directive 2004/18/EC:

A "body governed by public law" means any body:

- (a) established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character;
- (b) having legal personality; and
- (c) financed, for the most part, by the state, regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies; or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the state, regional or local authorities, or by other bodies governed by public law.

**What to do in case of uncertainty whether a legal entity is a “body governed by public law”?**

In individual cases it might be difficult to ascertain whether a legal entity fulfils the criteria defining a “body governed by public law”. In this respect it can be helpful to first consult Annex XI of Commission Decision 2008/963/EC1 amending the Annex III to Directive 2004/18/EC. For all EU Member states participating in the SEE Programme 2007 – 2013, it sets out non-exhaustive lists of bodies and categories of bodies governed by public law which fulfil the criteria in question. Moreover, lawyers specialised in public procurement law, certified public accountants and national procurement authorities and national programme’s representatives could give advice. They will also be familiar with the national jurisdiction on the term “body governed by public law”. Contact details of SCPs are available at the programme’s website [www.southeast-europe.net](http://www.southeast-europe.net).

Considering the case-law of the European Court of Justice the following can be noted to interpret the three criteria of the term “body governed by public law” correctly on European level. In general, the European Court of Justice held that the term must be interpreted in functional terms and broadly.

a 1)	<i>established under public or private law for the specific purpose of meeting needs in the general interest</i>	<p>The term “needs in the general interest” is an autonomous concept of Community law. If a specific body is not listed in Annex XI of Commission Decision 2008/963/EC, its legal and factual situation must be determined in each individual case in order to assess whether or not it meets a need in the general interest.</p> <p>Needs in the general interest are generally needs which are satisfied otherwise than by the availability of goods and services in the marketplace and which, for reasons associated with the general interest, the State chooses to provide itself or over which it wishes to retain a decisive influence. Account must be taken of relevant legal and factual circumstances, such as those prevailing when the body concerned was formed and the conditions in which it carries on its activity. However, the existence or absence of needs in the general interest not having an industrial or commercial character must be appraised objectively, the legal form of the provisions in which those needs are mentioned being immaterial in that respect.</p> <p>A body which was not established to satisfy specific needs in the general interest not having an industrial or commercial character, but which has subsequently taken responsibility for such needs, which it has since satisfied, fulfils that condition provided that the assumption of responsibility for the satisfaction of those needs can be established objectively. Activities of the body in question linked to public policy can indicate that it meets needs in the general interest.</p> <p>The condition that the body must have been established for the “specific” purpose of meeting needs in the general interest, not having an industrial or commercial character, does not mean that it should be entrusted only with meeting such needs. It is immaterial that such an entity is free to carry out other activities provided that it continues to attend to the needs which it is specifically required to meet</p>
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a 2)	<i>(and) not having an industrial or commercial character</i>	<p>This criterion is intended to clarify the meaning of the term “needs in the general interest”. That means that within the category of needs in the general interest there is a sub-category of needs which are not of an industrial or commercial character.</p> <p>If a body operates in normal market conditions, aims to make a profit, and bears the losses associated with the exercise of its activity, it is unlikely that the needs it aims to meet are not of an industrial or commercial nature.</p> <p>The status of a body governed by public law is not dependent on the relative importance, within that body's activity, of the meeting of needs in the general interest not having an industrial or commercial character</p>
b)	<i>having legal personality</i>	<p>The question whether or not a body has legal personality is to be answered by national law. An entity's private law status does not constitute a criterion for precluding it from being classified as “body governed by public law” within the meaning of Directive 2004/18/EC</p>
c) 1	<i>financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law</i>	<p>Each of the alternative conditions set out in the “c” criterion (c1, c2, c3) reflects the close dependency of a body on the State, regional or local authorities or other bodies governed by public law. Whilst the way in which a particular body is financed may reveal whether it is closely dependent on another public authority, that criterion is not an absolute one. Not all payments made by a public authority have the effect of creating or reinforcing a specific relationship of subordination or dependency.</p> <p>Only payments which go to finance or support the activities of the body concerned without any specific consideration therefore may be described as public financing.</p> <p>The term “for the most part” means more than half. That necessarily implies that a body may also be financed in part in some other way without thereby losing its character as a body governed by public law. In order to determine correctly the percentage of public financing of a particular body account must be taken of all of its income, including that which results from a commercial activity.</p> <p>To decide whether a body is a “body governed by public law” the way in which it is financed must be calculated on the basis of the figures available at the beginning of the budgetary year, even if they are only provisional.</p>
c) 2	<b>Or</b> <i>subject to management supervision of those bodies</i>	<p>The criterion “management supervision” must give rise to the dependence on the public authorities' equivalent to the dependence which exists where one of the other alternative criteria (c1 or c3) is fulfilled. A mere review does not satisfy the criterion of management supervision. That criterion is, however, satisfied where the public authorities supervise not only the annual accounts of the body concerned but also its conduct from the point of view of proper accounting, regularity, economy, efficiency and expediency and where those public authorities are authorised to inspect the business premises and facilities of that body and to report the results of those inspections to other public authorities</p>

c) 3	<i><b>or</b> having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.</i>	
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*Bodies governed by private law*

In the context of this programme, “bodies governed by private law” means all organizations which are founded by private law such as chambers of commerce, trade unions or non-governmental organisations. They may receive ERDF funding if they fulfil the following criteria:

- a) they are established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character;
- b) they have legal personality;
- d) they make available the results of the project to the general public;
- e) they apply the principles of public procurement.

In order to foster the participation of key stakeholders, infrastructure and transport operators can apply as partners *if they are established for the specific purpose of meeting needs in the general interest* (being not relevant the industrial and commercial character); their eligibility shall however be confirmed at national level as stricter rules for funding might apply.

*International organisations* acting under international law are not eligible. However, international organisations acting under the national law of any SEE Partner State can be considered as eligible for ERDF/IPA/ENPI funding if they fulfill the criteria foreseen for the bodies governed by public or private law.

Only legal entities listed in the Application Form eligible for funding may report their costs. In order to ensure a proper audit trail the JTS/MA needs to know which organisations receive programme funding and whether they are eligible according to the programme rules. Therefore, an “umbrella” type of partnership structure, where one partner collects funding and represents other partners without naming them is not possible.

### 3.2.2 Eligibility of the IPA-I Partners

(1) In order to be eligible for IPA contribution, applicants **must**:

- be legal persons **and**
- be non profit making **and**
- be specific types of organisations such as:
  - o Associations: non-governmental organisations, trade unions, employer's associations, professional associations etc.
  - o Institutions: public sector operators, educational and research institutions,<sup>4</sup> etc.
  - o Foundations;
  - o Chambers of commerce, chambers of crafts and trade, public employment service;
  - o Canton, municipalities/towns and the districts;
  - o Regional development agencies, business incubators, entrepreneurship centres, research and development institutes and other business support institutions
  - o International inter-governmental organisations; **and**
- be directly responsible for the preparation and management of the action with their partners, not acting as an intermediary; and
- have stable and sufficient sources of finance to ensure the continuity of their organisation throughout the lifespan of the project and whose financial resources are not exclusively made up of subsidies and grants from EU budget or EDF.

The applicant must be registered or accredited in one IPA country. The aforementioned means that the applicant's organisation in IPA country concerned should be established by or accredited under an instrument governed by the internal law of an IPA country participating in the SEE Programme.

The activities shall be mainly carried out on the territory for which IPA funds are meant. In exceptional cases, expenditure incurred outside the programme area may be eligible, if the project could achieve its objectives only with that expenditure.

### 3.2.3 Eligibility of the ENPI Partners

*See chapter 5 of this SEE PM*

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<sup>4</sup> Private research and educational institutions are eligible to apply if they will not derive profit during implementation of the project. According to article 165 of the Commission Regulation (EC) no 2342/2002 (Implementing rules of the Financial Regulation), profit shall be defined as a surplus of receipts over the costs of the action in question when the request is made for final payment of a grant for an action. Lump-sums and flat-rate financing should be established in such a way as to exclude a priori a profit



### 3.2.4 Sort and role of partners

	Sort of Partner	Location	Does it have a separated budget?	ERDF/IPA budget lines	ENPI budget lines	Partner eligibility rules
Financing Partners	<b>LEAD PARTNER</b>	Only EU part of the Programme area	Yes	All	No	Applicable (see section 3.2.1)
	<b>ERDF PARTNER (Project Partner)</b>	Only EU part of the Programme area	Yes	All	No	Applicable (see section 3.2.1)
	<b>20% ERDF PARTNER (Project Partner)</b>	Only EU outside the Programme area	Yes	All	No	Applicable (see section 3.2.1)
	<b>IPA PARTNER</b>	Only Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia	Yes	All	No	Applicable (see chapter 3.2.2)
	<b>ENPI PARTNER</b>	Only Ukraine and republic of Moldova	Yes	No	Yes	Applicable (see chapter 5.1)
Associated Strategic Partners	<b>EU ASP</b>	Only EU Partners within the Programme area	No (it's part of a "sponsoring" ERDF PARTNER budget)	Only TRAVEL and ACCOMODATION	No	Applicable as ERDF (see section 3.2.1)
	<b>20% ASP</b>	Only EU Partners outside the Programme area	No (it's part of a "sponsoring" ERDF PARTNER budget)	Only TRAVEL and ACCOMODATION	No	Applicable as ERDF (see section 3.2.1)
	<b>10% PP</b>	Only Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Republic of Moldova, Ukraine	No (it's part of a "sponsoring" ERDF PARTNER budget)	Only EXTERNAL EXPERTISE and SERVICES; and TRAVEL and ACCOMODATION	No	Applicable as IPA (see chapter 3.2.1), in case of IPA Ps or ENPI (see chapter 5.1) in case of ENPI Ps
	<b>OBSERVER</b>	No limitation (e.g. international organisations, other bodies outside/ inside the programme area not fulfilling the eligibility rules of the programme)	No (Observers do not receive any financial support)	No	No	Not applicable

Within the SEE Programme 2007 – 2013 three sorts of partners are identified:

- Financing partners: being directly financed by the Programme (by ERDF, IPA-I or ENPI) and bearing full responsibility for their budget;
- Associated Strategic Partners: being **not** directly financed by the Programme but – eventually – “sponsored” by an ERDF Partner that is bearing the responsibility for their participation to the project. Associated Strategic Partners (ASP) in the SEE is an organisation whose participation is considered as crucial for the added value given to the partnership. As an example, ASP can potentially be a Ministry, which does not want to apply and contribute financially because of administrative burdens and financial reasons but it is interested to participate to a project for ensuring the *political sustainability* of delivered outputs and results.

Among ASPs, the following can be further identified:

**EU ASP (EU Associated Strategic Partner)** are actors located in an EU country of the Programme area, not contributing financially to the project. EU ASPs can be only those bodies considered eligible following the rules defined in section 3.2.1. Expenditure is limited to reimbursement of *travel and accommodation* costs related mainly to their participation in project meetings, which shall be finally borne by any of the institutions acting as ERDF “sponsoring” partner in order to be considered as eligible.

**20% ASP (20% Associated Strategic Partner)** are actors located in an EU country outside the Programme area, not contributing financially to the project. 20% ASPs can be only those bodies considered eligible following the rules defined in section 3.2.1. Expenditure is limited to reimbursement of *travel and accommodation* costs related mainly to their participation in project meetings, which shall be finally borne by any of the institutions acting as ERDF “sponsoring” partner in order to be considered as eligible.

**10% PP (10% Associated Strategic Partner, so called 10% Partner)** are actors located in a candidate, potential candidate or neighbouring country inside the Programme area, not contributing financially to the project. 10% PPs can be only those bodies considered eligible following the rules defined in section 3.2.2 and 5.1). Expenditure is limited to reimbursement of *external expertise and services* and *travel and accommodation* costs related mainly to their participation in project meetings, which shall be finally borne by any of the institutions acting as ERDF “sponsoring” partner in order to be considered as eligible. Further information is available in section 4.3.b). However, given the availability of IPA and ENPI funds for the 4<sup>th</sup> call, 10% PPs must be involved only in duly justified case, otherwise, partners coming from non-EU countries within the Programme area should be involved as financing partners.

Observers: are actors invited by the project beneficiaries to take part in the project in an observant role or with advisory capacity and do not contribute to the implementation of the projects in terms of financial contributions. Observers can potentially be also actors not fulfilling the partners’ eligibility rules as set by the SEE Programme 2007 – 2013. The involvement of observers must follow the logic of the partnership (e.g. observers could be international organisations, actors located outside the programme area, or actors not fulfilling the eligibility requirements of the programme, but bringing added value to the partnership).

## Lead Partner principle

Starting with the 3<sup>rd</sup> call for proposals and applying also to the 4<sup>th</sup> one, following the integration of IPA funds into the programme and project level financial implementation, the lead partner shall be responsible for the financial aspects of IPA funds as well.

A Lead Partner (LP) should be nominated by the partners from amongst themselves. The Subsidy Contract will be concluded between the JTS on behalf of the MA and the Lead Partner, being formally the final beneficiary of the ERDF and IPA funding and the only direct link between the project partnership and the programme.

According to Reg. (EC) 1080/2006, article 20, the LP assumes the following responsibilities:

- it shall lay down the arrangements for its relations with the Project Partners participating in the project in a Partnership Agreement comprising, inter alia, provisions guaranteeing the sound financial management of the ERDF and IPA funds allocated to the project, including the arrangements for recovering amounts unduly paid;
- it shall be responsible for ensuring the implementation of the entire project;
- it shall ensure that the expenditure presented by the Project Partners has been incurred for the purpose of implementing the project and corresponds to the activities agreed between those Project Partners;
- it shall verify that the ERDF and IPA expenditure presented by the Project Partners participating in the project has been validated by designated the controllers;
- it shall be responsible for transferring the ERDF and the IPA contribution to the Project Partners;
- the LP is always responsible for securing repayment of the ERDF and IPA contribution unduly paid to the project. The LP is obliged to secure repayments from the ERDF and IPA-I PPs concerned and repay the amount specified by the Managing Authority before the due date.

The LP is the contact institution for the Joint Technical Secretariat on behalf of the partnership.

Based on the formal project approval by the Monitoring Committee the Joint Technical Secretariat (hosted by VÁTI) concludes the subsidy contract with the lead partner on behalf of the Managing Authority. For the projects implemented in the “IPA integrated phase”, one single subsidy contract is concluded per project, meaning that the Lead Partner signs the subsidy contract on behalf of the ERDF and IPA-I Partners as well. The ENPI partners will sign the separate grant contracts with the MA/JTS.

ENPI Grant Contracts will be concluded between the ENPI partners and the JTS/ MA, therefore ENPI partners are responsible for the ENPI contribution awarded.

### 3.2.5 Composition of the partnership

Each project has to involve at least three Financing partners (see 3.2.2) from three different countries of the programme area: the Lead Partner and at least two project partners. Out of these

project partners, at least one, the Lead Partner, has to be located on the territory of a EU Member state of the Programme area (see also chapter 4.2 of OP).

The responsibilities of the project partners are listed below:

- carrying out activities planned in the approved AF and agreed in the Partnership Agreement;
- assuming responsibility of any irregularity in the expenditure which it has declared repaying the lead partner any amounts unduly paid in accordance of the partnership agreement signed between the lead partner and the respective project partner;
- carrying out information and communication measures for the public about the project activities.

The number of partners may considerably vary between the projects depending on the character of the project. The project consortium should be comprised in a strategic manner and well adapted to its purpose. A partnership that is too small might reduce the potential of the project while a partnership which is very large might face significant organisational, communication and co-ordination problems and thus be cost ineffective.

Keeping this in mind, the applicant should always reflect on the optimal number and role of partners to be involved. No maximum limit of partners is fixed. It is not the number of institutions listed in the proposal that makes the project partnership ideal, but rather their expertise necessary to carry out the planned activities. The topics addressed by the project (e.g. common environmental problems) determine the profile of the organisations that could be involved in the project activities.

The composition of project partners should include:

- sufficient transnational representation;
- necessary sectoral expertise (horizontal composition of the partnership);
- necessary expertise at relevant administrative levels (vertical composition of the partnership);
- sufficient financial, technical and human resources to implement project activities.

In order to apply integrated territorial approach (see chapter 2.7.4) the project partnership should not consist only of organisations from one sector (e.g. universities, ports, environmental associations) but include relevant organisations from other sectors affected by the project as well.

The actions that require a transnational or integrated territorial approach (e.g. related to transport, energy, civil protection or environmental pollution) should not be concentrated in only one country, at one administrative level nor focused on only one economic sector but should demonstrate a larger geographic or sectoral perspective.

Political commitment is often crucial for transferring the strategies worked out in the project into real actions or investments. In addition, involvement of public authorities might facilitate the implementation of project results. Otherwise there is a risk that e.g. the strategies developed by the projects are not recognised by the respective decision-makers.

Project partners should be involved already in the project drafting phase in order to incorporate ideas from all partners and to ensure a high level of commitment to the project. In addition, during the preparatory phase partners can test how the cooperation works before the implementation of the project activities is started.

Involvement of permanent staff of the participating organisations helps the network to keep operating after closing the actual project activities and ensures that the knowledge gained during the project implementation stays in the organisation.

### 3.2.6 National contribution

Under the SEE Programme 2007 – 2013, projects are co-financed by ERDF, IPA and ENPI. The co-financing rate per partner is 85% for ERDF and IPA-I partners and 90% for ENPI partners. The remaining budget (15%/ 10% respectively) has to be covered by national contribution, brought in by each project participant.

The ERDF and IPA-I PP's national contribution can be covered by state contribution and/or own public sources of the project participant and/or other public contribution (e.g. regional/local/other public sources). ***State contribution has to be indicated in the AF only in case the Partner State provides by automatic or by specific calls national public contribution at state level for the project selected by the Monitoring Committee, and therefore the amount covered by state contribution will be reimbursed to the project partner.***

Each Partner State applies a different system in providing state public contribution. Some apply an automatic procedure for granting the funds (e.g. Hungary, Italy, Romania) whilst others envisage specific calls (i.e. Slovenia). Others require the project partners to provide the co-financing themselves. An overview on the national co-financing system of the SEE Partner States is available on the Programme website. However, as more detailed information might be available at national level, SCPs should be contacted in order to clarify the position.

As the programme follows the "public costs" principle, private sector expenditure can not generate Community co-financing. In the case whereby ERDF and IPA-I private project participants join a partnership as Project Partners, they have to prove that their national contribution will be provided by public authorities only for the project purposes and that it is therefore ensured that the expenditure co-financed by the ERDF and IPA are financed only by public funds. The regular public funds provided to private bodies for their operation can not be considered as public contribution to the project.

For further information on how the Programme will ensure that each ERDF and IPA-I Partner has secured its own public co-financing please check chapter 6.

Detailed information regarding the national contribution of ENPI Partners is available in Chapter 5 of the present document.

### 3.3 Eligibility of project activities

Activities and related expenditures are eligible according to the eligibility rules set out in the Operational Programme. However, in conjunction with these there are wider considerations for project providers as the SEE Programme 2007 – 2013 is fully integrated within the European Territorial Cooperation Objective of the EU's Cohesion Policy which in turn is strongly linked to the achievement of the Lisbon and Gothenburg objectives. This being the case projects should carefully consider the following aims:

- contribution to sustainable territorial development
- leverage effect on investment, development perspectives and policy development
- facilitation of innovation, entrepreneurship, knowledge economy and information society by concrete cooperation action and visible results (creation of new products, services, development of new markets, improvement of human resources based on the principles of sustainability)
- contribution to integration by supporting balanced capacities for transnational territorial cooperation at all levels (systems building and governance)

The orientation on research, technology and innovation encompasses a significant entrepreneurial development aspect. As a consequence, pure academic research activities cannot be supported under this programme.

Projects could include activities such as studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and development of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. Additional activities could include networking and exchange of information, though not as stand alone activity, as purely networking activities will NOT be supported.

It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, insure the fulfilment of the proposed project objectives and contribute to the programme objectives.

The three dimensions of transferability and sustainability of the project's results are an essential element of the SEE Programme 2007 – 2013 and should be considered at a project level:

- *Financial sustainability*: securing one's own resources or other sources of revenue for covering future operating and maintenance costs after the completion of the project;
- *Institutional sustainability*: identification of the structures that will take over after the end of the project
- *Political sustainability*: the impact of the project on the political choices, leading to improved legislation, codes of conduct, methods etc.

The programme emphasises the importance of building upon past efforts and existing knowledge. This being the case relevant and up-to-date knowledge, tools and partnerships which are appropriate for the development, implementation and dissemination of planned outputs and results are needed to build a solid ground for innovation and to avoid the duplication of efforts. Furthermore, this will allow for existing disparities between regions and uneven development of regions in the cooperation area to be effectively addressed. In this respect, the programme also

invites partnerships to reach out to relevant stakeholders and professionals in order to ensure effective networking beyond the partnerships.

**In order to steer project generation, the SEE JTS, with the support of experts prepared a Background Study to support the strategic project generation process in SEE programme area. The document analyses the programme results so far and also the programme objectives against the main EU trends: Europe 2020, EU Strategy for Danube region etc. The purpose of this document is to steer and guide the project generation towards achieving the programme objectives, without any binding purpose.**

## 4 Eligibility of expenditures

### 4.1 General eligibility criteria

The rules for eligibility of expenditure at programme level are harmonised for ERDF and IPA due to integration of IPA funds to the Programme. In case different rules apply for the 2 funds, it is explicitly stated and highlighted in this chapter.

The rules for eligibility of expenditure for ENPI are described separately in Chapter 5 of this Manual.

#### 4.1.1 Eligibility of Expenditure

Costs are generally eligible for funding if:

- they have been actually incurred and paid by the project beneficiaries, and they can be verified on the basis of original invoices or other accounting documents of equivalent nature;
- they are directly related to the project, necessary for the development starting and/or implementation of the project, and they are planned in the approved project budget;
- they have been incurred and paid within the eligibility period of the project, with exception of costs outlined in 4.1.2.;
- they have been incurred in the eligible area of the SEE Programme 2007 – 2013 (see also section 4.1.3. and 4.3);
- they are in compliance with the principles of efficiency, economy and expediency;
- they are in line with the relevant EC regulations and National legislation<sup>5</sup>.

In all cases, if there is national legislation regarding eligibility of expenditure, project beneficiaries will have to follow the national legislation of their country as well. National legislation applies also whenever stricter than the corresponding EU legislation, and vice versa. The Project Partners are responsible in clarifying which relevant national legislations of their country they may have to apply when implementing the project.

#### 4.1.2 Eligibility in time

All expenditures are eligible from the date of final approval of the project by the Monitoring Committee (date of endorsement of the outcomes of the conditions' clearing exercise in case the project is approved under conditions) and within the eligibility period of the project.

The following rules apply for the eligibility period of the project:

- All project expenditure shall be **incurred and paid within the project period** defined by the starting date and end date of the project according to the approved Application Form with the exception of:
- the Preparation costs, including costs related to fulfilment of conditions' clearing (section 4.1.6. a);

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<sup>5</sup> The relevant EC Regulations are listed in paragraph 4.3.1 and 4.3.2



- the costs related to the Final progress report: costs incurred in the last reporting period and control costs related to the Final progress report must be paid within 60 days from the project end date at the latest.

**Expenditure incurred by IPA-I partners will be eligible according to the same rules under condition that the Financing Agreement is signed by the IPA Partner State of the given partner before the date of approval of the project by the Monitoring Committee. Otherwise, starting date of eligibility of expenditure for IPA-I Partners will be the date of signature of the Financing Agreement by the IPA Partner State of the given partner.**

Since the programme must be finalised by the end of 2015, all activities within the projects must be completed before the end of 2014.

Projects must clearly indicate their intended duration when applying for funding.

**The maximum duration of the projects within the 4<sup>th</sup> call is 24 months.**

When deciding the starting date of the project, partners should take into account the timeframe for the selection process and any potential delays in the start-up phase, even if the programme seeks for an early start of operations soon after approval.

**The earliest starting date foreseen by the Programme (final approval by the Monitoring Committee) is June 2012.**

#### **4.1.3 Eligible area**

As a general rule, eligible costs shall be incurred in the programme area defined by the SEE Operational Programme (see section 1.2).

An exception to the general rule is the case of those public authorities or bodies governed by public law which are competent in their scope of action for certain parts of the eligible area but which are located outside of it (e.g., ministries). Italian and Ukrainian<sup>6</sup> institutions falling under this definition are in effect assimilated, both in terms of rights and of obligations, to partners located in the SEE programme area.

In addition, travel and accommodation costs incurred within the EU but outside the programme area are considered eligible.

#### **4.1.4 Ineligible expenditures ERDF**

The following expenditure is considered as ineligible for ERDF funding. Please, keep in mind that this list is not exhaustive, as additional ineligible expenditures might be included at national level.

- interest on debt (*Article 7 of Regulation (EC) No 1080/2006*);

<sup>6</sup> Ukrainian public authorities or bodies governed by public law which are competent in their scope of action for certain parts of the eligible area but which are located outside of it are eligible provided that the Financing Agreement concluded between the European Commission and the Ukrainian Government explicitly stipulates it.

- decommissioning of nuclear power stations (*Article 7 of Regulation (EC) No 1080/2006*);
- recoverable Value Added Tax (*Article 7 of Regulation (EC) No 1080/2006*);
- expenditures on housing (*Article 7 of Regulation (EC) No 1080/2006*);
- fines, financial penalties and expenditure on legal disputes (*Article 49 of Regulation (EC) No 1828/2006*);
- any forms of double financing of expenditures: expenditure which is already supported by a Community, or other international or national grant;
- unpaid partial amounts of invoices (e.g. discounts, rebates, etc.);
- subcontracting which adds to the cost of execution of the project without adding proportionate value to it;
- subcontracts with intermediaries or consultants in which the payment is defined as a percentage of the total cost of the project unless such payment is justified by the final beneficiary by reference to the actual value of the work or services provided;
- any expenditures invoiced further to third parties and not born by the LP or its partners;
- expenditures not directly associated with the Lead Partner or its partners;
- any costs incurred before or beyond the eligible period of the project, with exception of costs outlined in 4.1.2;
- any costs of services, procurements or investments not directly related to the project and not approved in the Application Form;
- costs of settlement of interest payable, cost of credit overdrawn;
- currency exchange commissions and losses;
- commissions and dividends, profit payments;
- purchase of business shares;
- leasing;
- fringe benefits, rewards, redundancy payments;
- items for entertainment e.g. entrance fees, gifts, flowers, decoration materials, etc, if not necessary for the implementation of the project's activities.
- in kind contributions
- second hand equipment
- purchase of land

#### 4.1.5 Ineligible expenditures IPA

The following expenditure shall not be eligible for IPA contribution under this programme:

- interest on debt;
- taxes, including value added taxes with the followings:
  - o **value added taxes are eligible only if the following conditions are fulfilled:**
    - they are not recoverable by any means
    - it is established that they are borne by the final beneficiary; and
    - they are clearly identified in the project proposal
- fines, financial penalties and expenses of litigation;
- customs and import duties, or any other charges;
- purchase, rent or leasing of land and existing buildings;
- second hand equipment;
- bank charges, costs of guarantees and similar charges except those listed as eligible under 4.2;
- conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;
- contributions in kind<sup>7</sup>
- any forms of double financing of expenditures: expenditure which is already supported by a Community, or other international or national grant;
- any cost incurred prior to the signature of the Financing Agreement with the IPA Partner State of the given partner

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<sup>7</sup> The costs of staff assigned to the project are considered as cash contribution.

## 4.2 Eligibility of expenditures by budget line

Project expenditures are eligible under the following budget lines for ERDF and IPA-I Financing Partners. ENPI project expenditure must be presented in standard External Aid budget tables that are part of the Application Form.

1. **Staff costs**
2. **Overheads**
3. **Travel and accommodation costs**
4. **External expertise and services**
5. **Equipment**
6. **Small scale investments**
7. **Financial charges and guarantee costs**

### 1. Staff costs

The costs of the personnel executing tasks for the project management (project coordinator, project manager, assistant, financial manager, etc.) and/or tasks for the project activities are eligible under the following conditions:

- members of the project team should be directly employed by the project beneficiaries' organisation on the basis of a regular work contract or any similar type of contract according to the national rules between themselves as employees and the project beneficiaries' organisation as employer.
- contribution of civil servants as "employees" of a partner organisation can be considered under budget line "staff costs", if such contribution is allowed by the national legislation and its contractual basis for the appointment to the project is in accordance with national eligibility rules of the Member State/ Partner State where the project partner organisation is located.
- the employee could work full-time or part-time for the project. In instances where the beneficiary's organisation does not have the adequate professionals to perform the tasks related to the project, they can employ/contract external experts for these tasks. However these costs shall be budgeted under the cost category "*external expertise and services*".
- staff costs shall be calculated in hourly rates according to the following rules:
  - o only monthly gross salaries based on payslips or other documentation of similar status can be taken into consideration. This means that staff costs must be calculated on the basis of the real and actual salary of the project staff stated in its regular work contract/ similar type of contract according to the national rules/ designation order of civil servant), including the related social charges;
  - o As exception, only the 13<sup>th</sup>-14<sup>th</sup> month's extra salaries included in the regular working contract or in national legislation are eligible *if* these are proportionally allocated to the

project in a transparent way *and are considered eligible according to national eligibility rules*;

- social contribution charges shall be calculated according to the national legislation concerned. No additional charges besides the social contribution charge can be included in the hourly rate;
- fringe benefits, rewards/ bonuses over the monthly salaries are not eligible in order to exclude ad-hoc additional payments over the monthly salaries and additional payments not related to project specific tasks.
- Overtime is eligible only in case it is directly related to the project and it is contracted and proportionally allocated to the project.

## 2. Overheads

### Overhead costs declared on the basis of real costs

The overhead costs shall be declared only on the basis of real costs (justified with all the supporting documents) up to the limitation of 20% of the staff costs. The same limit has to be applied at project partner level.

In this case, each item declared as overhead cost has to be directly related to the project and justified by receipted invoices or accounting documents having an equivalent probative value.

Eligible costs for this method are the followings:

- Office rental fee, electricity, heating, water and other services related to the maintenance of the office (e.g. cleaning);
- Phone, fax, internet, postal costs, courier;
- Stationery, printing, copying;
- Indirect staff costs or services supporting directly the project implementation and proportionally allocated to the project: administrative staff, book-keeping/accounting, salary administration, IT support.

It is also possible to allocate an invoice partially to the project in case it is demonstrated that a part of the expenditure is directly related to the project. In this case the method for distributing the cost to the project has to be presented for each type of expenditure to the Controller (e.g. the ratio of the number of people working for the project / number of people working in the organisation or department).

*The methods for declaring overhead costs might be changed before the approval date of the projects. For that reason, the JTS may ask for budget reduction before contracting in case the "simplified costs option"<sup>8</sup> with lower programme level flat rate will be available for the Programme and in case this option is chosen by the project partners.*

<sup>8</sup> Overhead costs can be automatically declared using the flat rate defined at programme level without further justification or supporting documents.

### 3. Travel and accommodation costs

Project related travel and accommodation costs, subsistence allowances/per diems are eligible costs under the following conditions:

- only travelling costs of the “project staff”<sup>9</sup> – as defined by the budget line 1. – are eligible. In case the “employees” of the partner’s organisation are civil servants and due to national legislation their staff costs can not be charged to the project, but it is proved that these persons are directly contributing to the project implementation, their travelling costs are considered eligible as well;
- travelling costs of the *Associated Strategic Partners* (EU ASP, 20% ASP and 10% PP) are eligible, where the invoice is addressed to the ERDF “sponsoring” Partner and it is directly paid or reimbursed by the ERDF “sponsoring” Partner before submitting the expenditure for validation to the Controller;
- travels within the programme area and within the EU territory are eligible costs (see also section 4.3 for further details);
- as a general rule the most economical way of transport should be used. Exceptions from this principle must be duly justified in each case;
- *per diems* / travelling allowances are eligible only for ERDF/ IPA-I PPs<sup>10</sup> “project staff” according to the national rules of the partner’s organisation. *Per diems* accounted for in the project include social contributions according to the relevant national rules;
- accommodation costs can be accepted without reservation if they are in the middle price range. Higher price ranges must be duly justified in each case.

### 4. External expertise and services

Services directly related to the project and ordered from an external party are eligible for the cost categories listed below, under the following conditions:

- the work of the external expert is essential to the project;
- rates charged by the external expert are reasonable and are in relation to level of experience and expertise;
- the selection of the external experts shall comply:
  - ERDF Partners: with the relevant National Public Procurement Law in force
  - IPA-I Partners: with the provisions of Annex IV to the PRAG standard grant contract. The external aid rules for public procurement are also available on the Internet address [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

<sup>9</sup> Travelling costs of external experts are eligible in case it is clearly indicated in the service contract that the expert is entitled to be reimbursed for the travel costs. These costs shall be budgeted under the *external expertise and services* budget line

<sup>10</sup> Per diems/ travelling allowances are not eligible for ASPs

- project partners cannot be contracted as an external expert or a subcontractor;
- where allowed by national rules, additional contracts of external expertise nature signed with own staff of the partner institution must strictly apply transparent selection and, where applicable, public procurement procedures. The same person already charged under staff costs can not be contracted under external expertise;
- If applicable, the deliverables respect the information and publicity requirements of the SEE Programme 2007 – 2013 (see Annex 3 SEE Visual Identity Guidelines of the SEE Implementation Manual).

*a) External expertise*

- a. professional expertise (e.g. studies, researches etc.);
- b. experts for project management, assistant, financial manager, etc (in circumstances whereby the Lead Partner or the partner's organisation does not have the adequate professionals to perform the tasks related to the project or for shared activities as specified in section 1. Staff costs);
- c. costs of technical, financial and other special experts if they are directly linked to the project and are necessary for its implementation;
- d. control costs of the project according to national eligibility rules and the specific requirements of the control system at national level.

*b) Organisation of meetings and events*

- a. expenses for organisation of conferences, seminars, meetings, workshops, project events directly related to the project and traceable from the approved Application Form;
- b. documentation of the participants (participant list) shall be provided in each cases of "catering expenses";
- c. renting of premises and equipment for events;
- d. fees for experts/speakers invited to project event. *In case an external expert can not receive a fee for participating in a project event as speaker (e.g. public administration), the contract/agreement with the external expert shall state that only travel costs and accommodation costs supported by invoices will be paid.*
- e. interpretation at events;
- f. printing of materials directly related to events etc.
- g. cost of conference fees, in dully justified cases

*c) Promotion costs*

- a. costs of brochures and leaflets;
- b. press releases, inserts in newspapers;
- c. newsletters;

- d. the design and maintenance of web page for the project;
- e. other publication costs related to the project but not linked to specific events or seminars; etc.

*d) Other services*

Other services concerning costs not linked to specific budget lines, but necessary for the implementation of the project. Examples of eligible costs:

- translations of project documents not linked to specific budget lines;
- reproduction of project documents not linked to specific budget lines etc;

## 5. Equipment

Purchase of equipment is eligible under the following conditions:

- equipment is necessary for the project implementation and is foreseen in the approved Application Form;
- equipment should be exclusively used for the project implementation;
- suppliers should be selected:
  - o ERDF Partners: with the relevant National Public Procurement Law in force
  - o IPA-I Partners: with the provisions of Annex IV to the PRAG standard grant contract. The external aid rules for public procurement are also available on the Internet address  
[http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)
- the full purchase price is only eligible in case the total economic life and depreciation period are shorter than or equal to the project duration.
- In case the total economic life of the equipment is longer than the project duration, either the purchase price shall be proportionally reduced for the project period:

$$\frac{\text{project period}}{\text{total economic life of the equipment}} \times \text{total purchase price}$$

or the depreciation costs shall be declared according to the relevant national rules.

The following costs can be eligible:

- special equipment necessary for the project implementation and foreseen in the Application Form ("content related equipment"), like laboratory equipment and special measurement equipment including transportation and installation costs of these equipments;



- office equipment (e.g. computers, laptops, office furniture, etc.) related to the project management can be eligible in duly justified cases and only if clearly indicated in the approved Application Form.

#### *Depreciation costs:*

According to art. 53 of Regulation (EC) 1828/2006, the depreciation expenditure of depreciable assets directly used for a project, and incurred during the period of its co-financing, shall be eligible, provided that the acquisition of the assets is not declared as eligible expenditure.

The invoice shall be submitted to and checked by the designated controller of the project partner and shall be validated appropriately in order to avoid double financing. The relevant national rules for the depreciation of assets shall be applied and the calculation of depreciation costs shall be submitted to the controllers to verify the eligible depreciation cost.

## **6. Small scale investments**

The SEE Programme 2007 – 2013, as well as the other transnational cooperation programmes, is not intended as an investment programme. This is largely due to its limited budget and its cooperative nature.

For this reason only small scale investments are eligible where the transnational impact of the investment is demonstrated and the activity is approved in the Application Form. **Costs of purchase of land are not eligible** for financing from ERDF and IPA funds within the projects.

Eligible investments:

- **either** follow a transnational physical or functional link over the national border (e.g. transport corridors) which has been analysed from transnational point of view and has a clear impact over the national borders.

#### **EXAMPLES:**

- technical infrastructure improving innovation performance of a transnational network for development of entrepreneurship and research;
- technical infrastructure improving the diffusion of knowledge across the SEE;
- infrastructure and technical investments in ports, railway routes, inland waterways and road junctions improving the operability of a transnational transport corridor etc.

**or**

- create a transferable practical solution through a case study in one area, which is jointly evaluated by the project partners and transferred for testing in at least two other participating countries.

#### **EXAMPLES:**

- new broadly applicable technologies for the development of entrepreneurship;
- ICT solutions unlocking accessibility of peripheral areas;

- solutions reducing land-based river pollution;
- solutions for efficient production and using of bio-mass;
- solutions for energy saving in buildings;
- technical solutions increasing the share of public transportation.

The programme does not finance investments that do not have transnational relevance.

Examples of investments that **are not** eligible under SEE Programme:

- investments not related to each other but driven by the individual local/regional/national needs;
- a selection of investments linked by the need of funding;
- pilot investments that are not jointly evaluated and transferred for testing.

The contractors of investments should be selected

- o ERDF Partners: with the relevant National Public Procurement Law in force
- o IPA-I Partners: with the provisions of Annex IV to the PRAG standard grant contract. The external aid rules for public procurement are also available on the Internet address  
[http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

The contractor cannot be a partner in the project.

For ENPI partners small scale investments are not eligible.

## 7. Financial charges and guarantee costs

Financial charges and guarantee costs are eligible costs according to article 49 of Regulation (EC) 1828/2006 and Article 89 of 718/2007. The following charges and costs shall be eligible for a contribution from the ERDF and IPA:

- charges for transnational financial transactions;
- bank charges for opening and administering the account or accounts where the implementation of a project requires a separate account or accounts to be opened;
- the cost of guarantees provided by a bank or other financial institution to the extent to which the guarantees are required by national or Community legislation;
- legal consultancy fees, notarial fees if they are directly linked to the project and are necessary for its implementation.

These costs are normally related to the project's management and coordination and shall be planned in the project budget accordingly.

As opening of a separate bank account for the project is requested by the SEE Programme 2007 – 2013 only for the Lead partners, the following costs are mainly relevant for the Lead partners:

- bank charges for opening and administering the separate bank account opened for the project;
- charges for transnational financial transactions i.e. transfer of ERDF and IPA contribution to Project Partners.

In case the Partnership Agreement or national rules requires the opening of separate bank account, these costs are also eligible for Project Partners.

In case of public bodies or bodies governed by public law where according to specific national/internal rules of the organisation it is not possible to open a separate EUR bank account or sub-account, only the bank charges incurred to identify, track and report all financial transfers and expenditure related to the project on the LP's single EUR bank account are eligible.

Any other types of financial charges are ineligible.

### 4.3 Special eligibility rules

Special eligibility rules apply additionally to the general rules for project expenditures for the preparation costs, the expenditures incurred outside the EU territory but within the Programme area or by EU Partners outside the Programme area.

#### a) Preparation costs

Costs that have been incurred for the preparation of the project are eligible costs in accordance with the following conditions:

- preparation costs can only be eligible if they were incurred:
  - o For ERDF Partners on or after the 1<sup>st</sup> of January 2007 and before the final approval date of the Application Form by the Monitoring Committee (date of endorsement of the results of the condition clearing exercise in case the application was approved under conditions);
  - o For IPA-I Partners on or after the date of signature of the Financing Agreement by the IPA Partner State of the given partner and before the final approval date of the Application Form (date of endorsement of the results of the condition clearing exercise in case the application was approved under conditions) by the Monitoring Committee. (In order to be assured of eligibility of preparation costs, the IPA-I Partner should consult the respective SCP if the Financing Agreement has been signed).

Preparation costs shall be paid before the end date of the first reporting period;

- Preparation costs should show direct connection to the approved project (costs related to applications submitted for previous call for proposals, or to other programmes are not

considered to be directly connected to the present project) and should be included in the approved Application Form.;

- Costs for the preparation of the approved project cannot exceed **2%** of the total eligible expenditures of the project or **40.000 EUR** whichever is reached earlier.

Eligible costs for preparation are costs under the budget lines staff costs, travel and accommodation costs and external expertise and services, as follows:

- external expertise costs and / or staff costs for the preparation of the application documents;
- joint meetings for the preparation of the project;
- travels directly related to the joint meetings, including participation at the Lead Applicant's seminar;
- preparatory studies, analysis and researches for activities to be carried on within the project;
- travel costs related to participation in Lead Partner seminars;
- external expertise costs and/ or staff costs and travel costs related to fulfilment of conditions clearing, i.e. refining of the project until the final approval by the Monitoring Committee.

Overheads, equipments, small scale investments, and financial charges and guarantee costs are not eligible under preparation costs.

**b) Expenditures according to the “10% ERDF flexibility rule”**

Reg. (EC) 1080/2006, article 21, commas 3 and 4, states:

*ERDF Regulation Article 21*

3. In the context of cross border, transnational and interregional co-operation, the ERDF may finance expenditure incurred in implementing operations or parts of operations on the territory of countries outside the European Community up to a limit of 10% of the amount of its contribution to the operational programme concerned, where they are for the benefit of the regions of the Community.
4. Member states shall ensure the legality and regularity of these expenditures. The managing authority shall confirm the selection of operations outside the eligible areas as referred to under paragraphs 1, 2 and 3.

As a general rule, the “10% ERDF flexibility” rule is available for all projects and is limited to 10% of the ERDF budget of the project.

**Given the availability of IPA and ENPI funds for the 4<sup>th</sup> call, the “10% ERDF flexibility” rule shall be used only in specific cases and justified in the Application Form.**

According to the aforementioned article, under the 10% ERDF flexibility rule expenditure incurred in implementing project activities can be financed. Activities implemented outside the EU but within the programme area by the ERDF Partners or for the involvement of the 10 % Associated Strategic Partners, so called 10% Partners are eligible as follows:

- a) ERDF LP or ERDF PP: in case of expenditure incurred for the implementation of specific activities of the project in countries outside the EU but part of the programme area<sup>11</sup>;
- b) 10% Partners: for the implementation of specific activities of the project for the involvement of the 10% Associated Strategic Partner in countries outside the EU but part of the programme area, in case the given partner is not financed by IPA/ ENPI funds within the same project. The 10% Partner is not financed directly by ERDF funds.

Special conditions and eligible expenditures under the 10% ERDF flexibility rule:

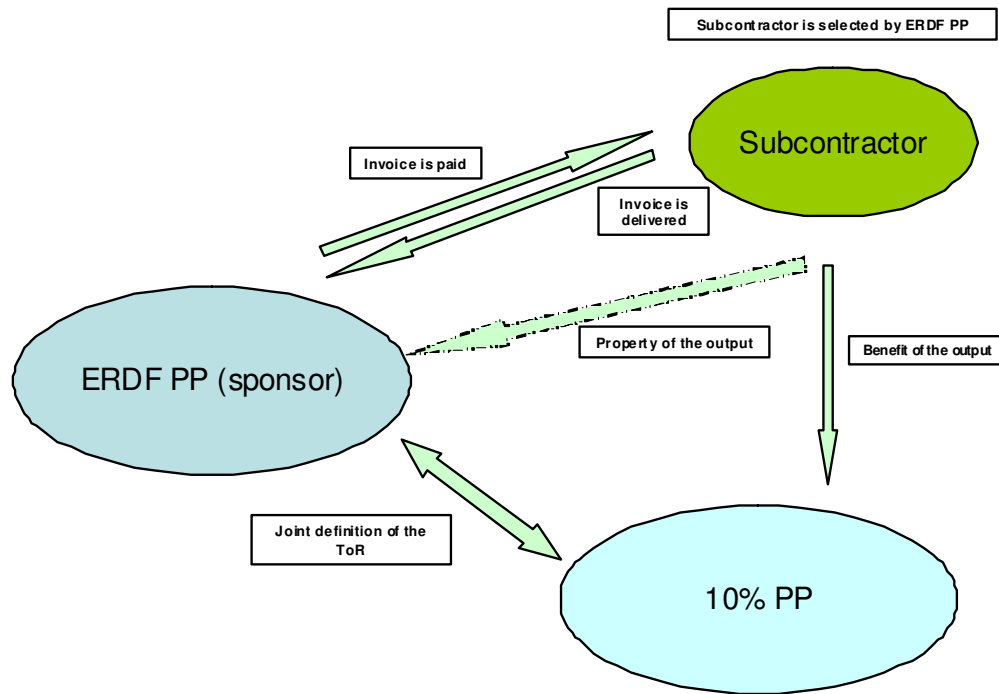
- costs to be spent according to the 10% ERDF flexibility rule must be traceable from the approved Application Form;
- **costs shall be clearly planned in the budget of the ERDF LP or ERDF PP and shall be paid and validated by the ERDF LP or ERDF PP;**
- the need for the activities outside the EU or the involvement of 10% Associated Strategic Partner for the implementation of the project and the achievements of its objectives has to be clearly demonstrated;
- the benefit of the EU territory has to be always demonstrated, in the description of the project proposal and during the implementation.

In case of the 10% Associated Strategic Partner some further conditions apply:

- under the 10% ERDF flexibility rule, each ERDF LP or ERDF PP can sponsor the participation of non EU PPs of the programme area;
- all non EU PPs of the programme area, not financed by IPA/ENPI funds of the SEE Programme for the same project can benefit from the 10% ERDF flexibility rule;
- costs shall be included in the budget of the ERDF LP or ERDF PP that provides the co-financing and is responsible for the validation of these costs;
- only expenditure related to cost categories *travel and accommodation* and *external expertise and services* are allowed;
- the overall financial responsibility lies within the ERDF sponsoring LP/PP; it is its responsibility to regulate the obligations of the “sponsoring” ERDF LP/PP that has to provide the needed co-financing and to account and validate the costs incurred;
- responsibility of the ERDF “sponsoring” LP/PP and the non EU “sponsored” PP towards the project and the programme are detailed in the Partnership Agreement;

<sup>11</sup> Travel and accommodation costs can be considered eligible also outside the EU and outside the Programme area if clearly indicated in the Application Form and fulfil all the mentioned special conditions.

- when subcontracting the procedure shall follow the rules of the ERDF “sponsoring” PP but contents of the Terms of Reference should be agreed with the non EU “sponsored” PP. Controller of the ERDF “sponsoring” LP/PP shall be informed in advance;
- eligible expenditures are only those supported by an invoice clearly addressed to the “sponsoring” ERDF LP/PP;
- the ownership of the outputs such as products delivered by the external expertise and services shall remain at the property of the responsible ERDF “sponsoring” LP/ PP.



Eligible expenditures:

- travel and accommodation costs of the 10% Partners within or outside the Programme area (i.e. participation of Serbian PP to project meetings in Austria);
- costs of the organisation of joint meetings in non-EU countries within the programme area (i.e. organisation of a workshop in the Ukraine);
- costs for the implementation of specific activities of the project in non EU countries within the programme area (i.e. organisation and implementation of training activities in Montenegro).

c) **Expenditure according to the 20% ERDF flexibility rule**

Reg. (EC) 1080/2006, article 21, commas 2 states:

*ERDF Regulation Article 21*

*Special conditions governing the location of operations*

2. *In the context of transnational co-operation and in duly justified cases, the ERDF may finance expenditure incurred by partners located outside the area participating in operations up to a limit of 20% of the amount of its contribution to the operational programme concerned, where such expenditure is for the benefit of the regions in the co-operation objective area.*

EU partners located outside the programme area can be involved in the projects, and financed by ERDF in two different ways, depending on the project structure:

- involvement of the partner as *Financing Partner (20% ERDF Partner)* with separate budget and related financial responsibility;
- involvement of the partner as strategic partner in the form of 20 % *Associated Strategic Partner* (so called **20% ASP**), without separate budget but strategic role within the project.

The sum of the 20% ERDF partners' budgets and the amounts planned for the 20% ASP can not exceed the 20% of the ERDF project partners' budget.

**(1) Financing Partner: 20% ERDF Partner**

**General rules for involvement of the 20% ERDF Partner:**

- The partner from the EU territory but outside the programme area participates directly to the project with a separate budget.
- Partners, as mentioned in this paragraph, are only Project Partners; Lead Partners must compulsorily be located in the SEE cooperation area.
- The same eligibility rules apply for the 20% ERDF partners as for the ERDF partners located in the Programme area.
- The same budget lines are eligible for the 20% ERDF partners.
- National public contribution (state contribution, other public or own public contribution) has to be provided by the 20% ERDF partner. Co-financing statement is requested in the application phase, as for all ERDF partners of the SEE programme 2007 – 2013.
- The expenditure of the 20% ERDF partner is verified by its controller outside the SEE Programme area.
- An official bilateral Agreement ("*MoU*") has to be concluded between the Member state of the 20% ERDF partner and the SEE Programme 2007 – 2013, containing the same responsibilities as for the MSs of the SEE Programme 2007 – 2013.



- The designated controller of the MS shall appoint the controller to the project partner, which has to be communicated to the JTS.
- Coordination of audits out of the Programme area should be also regulated by the Agreement.

*At programme level two types of conditions were defined for the involvement of the 20% ERDF Partners: content and management related.*

#### **1. Content related conditions:**

- The involvement of 20% partners is restricted to the neighbouring regions of the SEE Programme area.
- Involvement in the project of ERDF Partners located outside the Programme area but within the EU territory is to be considered **as an exceptional case** where such expenditure is for the benefit of the regions of the Programme area. The involvement of the 20% partner should be driven by geographic and thematic reasons in the context of strengthening the territorial integration and cohesion and the mutual benefit must be clearly justified. Applicants will also need to demonstrate that the project cannot be implemented without the involvement of the 20% ERDF Partner due to geographical or thematic reasons.

#### **2. Management related conditions for the involvement of 20% ERDF Partner:**

- Condition for the reimbursements to the 20% ERDF Partner is that an Agreement ("MoU") is concluded between the Member State where the partner is located and the programme management bodies (MA, CA, AA). This Agreement shall ensure that the MS's control and audit procedures and the related legal system meet the requirements set up by SEE Programme 2007 – 2013. The MoU will be concluded between the MA and the respective national authorities after approval of the project.

#### **Steps:**

1. The Lead Applicant has to attach to the Application Form a "*Data sheet on the MS Responsible bodies*" of the potential 20% ERDF Partner (provided and signed by the potential 20% ERDF Partner itself), which contains information on its control system, and the data of all responsible bodies at national level involved in other transnational or interregional ETC programmes (responsible body for the verification report, second level auditor, responsible body for irregularities, repayments). If no data sheet is attached (or not complete) the participation of the concerned 20% ERDF Partner will be rejected (see also section 6.3.1).
2. During the assessment of the proposal JTS will check whether the involvement of the 20% ERDF partner in the project proposal is for the "benefit of the regions in the co-operation objective area" and the "need for involvement". If the participation is not fully justified (e.g. clear geographical link, thematic evidence), the JTS will propose to the MC to reject the participation of the concerned 20% ERDF partner (but not the full project proposal – see also section 7.2.2)
3. In case the project is approved, MA/JTS contact the Member state concerned and sends them the Agreement for signing. The Agreement should be signed and received by the JTS within 90 days from the JTS notification on the approval date of the project at the latest;

otherwise, based on MC decision, the 20% ERDF Partner can be debarred from the project.

4. Even if the Subsidy Contract with the LP related to the participation of the concerned 20% ERDF partner is concluded, no reimbursements from ERDF to the 20% ERDF Partner will be made before the MoU is signed.

## **(2) Associated Strategic Partner: 20% ASP**

The expenditure of the 20% *Associated Strategic Partners* from EU Member states outside of the Programme area is eligible under the following conditions:

- Involvement in the project of ERDF partners located outside the Programme area but within the EU Territory is possible, where such it is for the benefit of the regions of the Programme area. This benefit should be clearly demonstrated and justified. In principle the involvement of the 20% ASP is possible if the added value for the project is clearly demonstrated. Cost and benefit of the involvement should be balanced.
- The 20% ASP from the EU territory but outside the programme area contributes to the project without separate budget.
- The expenditure of the 20% ASP is included in the project budget of one ERDF “sponsoring partner” from the SEE Programme area.
- Only travel and accommodation costs are eligible.
- The project expenditure is verified by the controller of the “sponsoring” ERDF partner. The expenditure of the 20% ASP has to be distinguished under the 20% ERDF flexibility rule and summarized for each reporting period by the Lead Partners in the progress report.

### **4.3.1 EC regulations relevant for the eligibility of expenditures – ERDF**

*Article 56 of Regulation (EC) No 1083/2006*

*Article 7 of Regulation (EC) No 1080/2006*

*Article 48-53 of Regulation (EC) No 1828/2006*

*Article 13 of Regulation (EC) No 1080/2006*

The following EC regulations should also be applied during the verification of expenditures:

*Article 2 (5) Regulation (EC) No 1083/2006, and Directive 2004/18/EC (Public procurement)*

*Article 54 Regulation (EC) No 1083/2006, (State Aid)*

*Article 9 Regulation (EC) No 1828/2006, (Publicity)*

*Article 48 (2) Regulation (EC, Euratom) No 1605/2002, (Sound financial management)*

*Article 16 Regulation (EC) No 1083/2006, (Equality between men and women and non-discrimination)*

*Article 17 Regulation (EC) No 1083/2006, (Sustainable development)*

*Article 54 Regulation (EC) No 1083/2006, (Double financing)*

*Article 55 Regulation (EC) No 1083/2006, (Generation of revenue)*

*Article 24 (d) Regulation (EC) No 1828/2006, (Legality and regularity of expenditure paid outside the Community)*

All expenditure has to be in line with the EC regulations and the relevant national rules and legislation. Please note that the list of regulations is not exhaustive and rules and regulations may be amended during the programme implementation period.

#### **4.3.2 EC regulations relevant for the eligibility of expenditures – IPA**

*Article 34 of Regulation (EC) No 718/2007*

*Article 89 of Regulation (EC) No 718/2007*

### 4.3.3 Decommittment Rule

According to the Structural Funds Regulation, programmes may have funds decommitted by the European Commission in case where the allocations set in the financial tables of the Operational Programme are not translated into effective requests for payment within the set timeframe<sup>12</sup>. Should this loss of funds result from operations lagging behind their payment targets (based on the spending forecast included in the final version of the approved Application Form), the programme will be obliged to reduce the budget of these projects. Further details on the financial progress and decommitment of the projects are provided in the 5.3 section of the SEE Implementation Manual.

In order to avoid losing funds both at the project and at the programme level, it is important that:

- applicants carefully prepare a realistic spending forecast;
- approved operations are ready to start implementation quickly after approval;
- financial aspects are effectively monitored during implementation;
- partners ensure regular, timely and full reporting.

## 4.4 Information and publicity requirements for projects

In order to complement and strengthen the measures set up in the programme's general Communication Plan, an important role will be played by the projects themselves. Newsworthy stories about projects need to reach a wide range of media and stakeholders, including representatives from all levels of government, as well as the public. In order to achieve efficient communication, commitment from all projects is necessary.

Project beneficiaries are asked to follow the Information and Publicity Measures for the beneficiaries of ERDF funds mentioned in article 7, 8 and 9 of the Regulation (EC) No 1828/2006. Projects shall inform the public about the assistance obtained from the ERDF and ensure that those who take part in the operation have been informed of the funding source. These requirements will be further explained in seminars for Lead Partners of approved projects, and backed up by information on the programme website.

The regulations require that appropriate information and publicity (I&P) measures at a project and programme level are enacted, as laid down in section 7.4 "Information and publicity" in the Operational Programme.

Projects will be encouraged and supported by the JTS in setting up their own communication plans and delivering their own publicity activities, in order to be able to act as true ambassadors of the programme throughout the region and contribute to the strengthening of management and knowledge within each project.

Projects should ensure that information is tailored to the needs of their specific target groups. Communication measures envisaged at project level should take into account the nature, the size

<sup>12</sup> For the allocations of the years 2008 to 2010 n+3 rule, being 'n' the year of commitment, and for the allocations of the years 2011 to 2013, the n+2 rule applies.

and the capacity of the relevant project. Project teams are advised to appoint a member to be in charge of communication and information activities which should assist in giving more impetus to their communication measures. Projects are recommended to unite their forces and collaborate whenever it is possible in organising their communication activities and thereby benefit from economies of scale. Each Programme can set its own information and publicity requirements, in addition to the ones included in the Regulation (EC) no. 1828/2006. These additional requirements are included in the Subsidy Contract (SC) and in the Partnership Agreement (PA). They are not meant as an additional burden for the projects, but as a means to enhance projects communication, visibility and value. Good communication will work for the benefit of all the parties involved. This will help the promotion of important results and outcomes, which will facilitate further the sharing of knowledge and experience and future collaboration between projects. Thus, the LP shall develop and implement a communication plan which includes the realisation of at least the following mandatory outputs:

- creation and use a project logo;
- setting up of a project website (whereby the respective activities shall start before the submission of the first progress report) and keeping it online for a period of at least two years after project closure;
- publication and dissemination of at least one brochure presenting the project results;
- organisation of a public final event.

More information about information and publicity at both programme and project level is available in the SEE Implementation Manual (Chapter 6 and Annex 3) as well as in the Communication Plan of the SEE Programme 2007 – 2013.

## 5 Relevant information concerning ENPI participation

The SEE Programme 2007 – 2013 is the most complex territorial cooperation programme in Europe. The SEE is an ERDF Programme but half of the countries benefiting from IPA funds (Albania, Bosnia and Herzegovina, Croatia, former Yugoslav Republic of Macedonia, Montenegro and Serbia) and ENPI funds (the Republic of Moldova, Ukraine) were invited to participate. Their involvement confirms the EU political commitment to support these countries on their way to the EU. The Programme applies ERDF rules for EU Member States and thus helps the IPA and ENPI countries to get acquainted with structural funds' rules which will be applicable upon their accession to the EU.

The Programme is challenging for all parties – project partners, management structure of the Programme, National Authorities and EC structures. The evaluation and selection is done according to ERDF rules, based on a Call for Proposals – Application Pack for the implementation of the programme, prepared by the SEE JTS.

To be eligible for financing by ENPI, joint operations shall include beneficiaries from both Member States and ENPI countries. Applications for joint operations shall identify a Lead Partner located in a Member State for the part of the joint operation taking place on the EU side with ERDF funds and overall project coordination, and a ENPI Partner in each of the participating neighbouring country for the part of the joint operation taking place on the ENPI side with ENPI funds. Applications must clearly distinguish between activities – and their costs – taking place on the EU side with ERDF funds, activities in Partner states with IPA funds and those taking place on the neighbouring countries with ENPI funds.

**All applications will be submitted to the JTS which will carry out the assessment of project proposals and the Monitoring Committee is responsible for selecting joint operations in accordance with Structural Funds rules.**

The Lead Partner (ERDF) will submit the application form for the whole project including ENPI Partners and activities, but the LP will sign the subsidy contract with the JTS on behalf of the MA and will act as a direct contact between the project and the joint management bodies of the programme only with regard to the ERDF and IPA funds. **ENPI Grant Contracts will be concluded between the ENPI partners and the JTS/MA, therefore ENPI partners are responsible for the ENPI contribution awarded.**

**Relation between the ERDF LP and the ENPI partners should be established by a partnership agreement** where the responsibilities regarding to the transnational project co-ordination system and reporting will be defined.

Additionally to the direct reporting obligations according to the ENPI grant contract towards the JTS/MA the ENPI partners will have additional obligation – to report to the LP about the project activities.

Where appropriate, the relevant rules and templates of the Practical Guide to contract procedures for EC external actions (PRAG) apply to contracts awarded to ENPI partners.

## 5.1 Eligibility of ENPI Partners

(1) In order to be eligible for a grant, applicants **must**:

- a) be legal persons;
- b) public bodies, public equivalent bodies<sup>13</sup> or non profit private bodies, established for the purposes of public interest or specific purposes of meeting needs of general interest;
- c) non profit making;
- d) be nationals of Ukraine<sup>14</sup> or Republic of Moldova;
- e) be directly responsible for preparation and management of the action, with their partners, not acting as intermediaries;
- f) have stable and sufficient resources of finance to ensure the continuity of their organisation through out project implementation and play a part in financing it;

g) (2) Potential applicants may not participate in calls for proposals or be awarded grants if they are in any of the situations which are listed in Section 2.3.3 of the Practical Guide to contract procedures for EC external actions (available from the following Internet address: [http://ec.europa.eu/europeaid/work/procedures/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/index_en.htm))

1. they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
2. they have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata (i.e. against which no appeal is possible);
3. they have been guilty of grave professional misconduct proven by any means which the Contracting Authority can justify;
4. they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the Contracting Authority or those of the country where the contract is to be performed;
5. they have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to the Communities' financial interests;

<sup>13</sup> Public equivalent body means any legal body governed by public or private law, established for the specific purpose of meeting needs in the general interest, *not having an industrial or commercial character*, and financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies; or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.

<sup>14</sup> Ukrainian public authorities or bodies governed by public law which are competent in their scope of action for certain parts of the eligible area but which are located outside of it are eligible provided that the Financing Agreement concluded between the European Commission and the Ukrainian Government explicitly stipulates it.

6. they are currently subject to an administrative penalty referred to in Article 96(1) of the Financial Regulation.

The cases referred to in point (5) applicable are the following:

- a. cases of fraud as referred to in Article 1 of the Convention on the protection of the European Communities' financial interests drawn up by the Council Act of 26 July 1995;
- b. cases of corruption as referred to in Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member states of the European Union, drawn up by the Council Act of 26 May 1997;
- c. cases of participation in a criminal organization, as defined in Article 2(1) of Joint Action 98/733/JHA of the Council;
- d. cases of money laundering as defined in Article 1 of Council Directive 91/308/EEC.

**ENPI Partners must declare that they do not fall under any of these conditions (“Declaration by the ENPI partner for the SEE Application Form”).**

## 5.2 Public Procurement

If the implementation of an Action requires procurement by the ENPI partner, the procurements will be carried out in accordance to PraG procedures and templates.

The external aid rules for public procurement are also available on the Internet address [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

Furthermore the ENPI Partner should take note of the provision contained in Article 1 (General Obligations) of the General Conditions applicable to European Union-financed grant contracts for external actions (Annex II to the PRAG standard grant contract), which reads: *“The Beneficiary [...] may subcontract a limited portion of the Action. The bulk of the Action must, however, be undertaken by the Beneficiary and, where applicable, his partners.”*

## 5.3 National contribution

The Community co-financing rate for ENPI grant contracts will be **90%** meaning that the grant will not exceed 90 % of the total eligible costs of the action. The remaining **10%** must be financed by national contribution: the ENPI partners' own resources, or from public sources other than the European Community budget.

## 5.4 Eligibility of expenditure

The rules for eligibility of expenditure for ENPI funding are set by the Article 14 of the General Conditions to the Standard Grant Contract which are further detailed and specified for the ENPI component of the SEE Programme. The ENPI Partners shall follow the following eligibility rules when implementing the ENPI Grant Contract.

Costs are generally eligible for funding if:



- a. They are incurred by the Beneficiary during the implementation period of the action as specified by the starting date and end date of the action in the Grant Contract, with the exception of the costs of expenditure verification of the final report:
  - The starting date of the eligibility of expenditure will be the date on which the grant contract is signed by the last party, under condition that the Financing Agreement by the ENPI Partner State of the given partner is signed by that date.
  - On a case by case basis and where the project can demonstrate the need to implement an activity (i.e. participation at kick off meetings) before the Grant contract is signed, the MC may decide to approve the costs of such activities, under condition that the Financing Agreement by the ENPI Partner State of the given partner is signed by that date
- b. They are paid by the Beneficiary within 60 days from the end date of the action defined in the grant contract.
- c. Procedures to award subcontractors for goods/ services/ works used/provided/delivered during the implementation period, may have been initiated but contracts may not be concluded by the Beneficiary or its partners before the start of implementation period of the action, provided the provisions of Annex IV of the grant contract "Procurement by grant beneficiaries in the context of European Community external actions" were respected.
- d. Must be indicated in the estimated overall budget of the action.
- e. Must be necessary for the implementation of the action which is the subject of the grant.
- f. They are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary.
- g. Must be reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

**Eligible direct costs:**

- a. the costs of staff assigned to the Action, corresponding to actual gross salaries including social security charges and other remuneration-related costs; salaries and costs must not exceed those normally borne by the Beneficiary, as the case, unless it is justified that it is essential in order to carry out the action.
- b. travel and subsistence costs for staff and other persons taking part in the Action, provided that they do not exceed those normally born by the Beneficiary, as the case may be. Any flat rate of the reimbursement of the subsistence costs must not exceed the rates which correspond to the scale published by the European Commission at the time of signing the contract. Daily allowance rates (per diem), available at the following address: [http://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm)
- c. Purchase or rental costs of equipments and supplies specifically for the purposes of the Action,
- d. Costs of services directly related to the action, provided that they correspond to the market rates.

- e. costs of consumables (office supplies), provided that they are not included in budget line Administrative costs;
- f. sub-contracting expenditure;
- g. costs deriving directly from the requirements of the Grant Contract, e.g. dissemination of information, evaluation specific to the project part, costs of the verification of expenditure, translation, reproduction, etc.), including financial services costs (in particular the costs of bank transfers).; Costs of expenditures verification should be in line with the normal market rates for this type of services.

**Eligible indirect costs:**

- h. Administrative costs: indirect overheads may be eligible for a flat-rate funding fixed at not more than 7% of the total eligible direct costs. Indirect costs are eligible provided that they do not include costs assigned to another budget line.

**Ineligible expenditure:**

The following costs are not eligible:

- debts and provisions for losses or debts;
- interest owed;
- items already financed in another framework;
- purchase of land or buildings;
- small scale investments;
- exchange-rate losses;
- taxes, including VAT, unless the Beneficiary cannot reclaim them and the applicable regulations do not forbid coverage of taxes;
- loans to third parties;
- fines and penalties;
- contributions in kind. (Contributions in kind are not considered actual expenditure and are not eligible costs. The contributions in kind shall not be treated as co-financing by the Beneficiaries. The cost of staff assigned to the Action is considered cash contribution).
- contingency reserve
- any cost incurred prior to the signature of the Financing Agreement with the ENPI Partner State of the given Partner.

## 5.5 How to apply and procedures to follow

The South East Europe Programme is an ERDF programme, thus the application and selection process follows the ERDF programme rules, while at the contracting and implementation level the ENPI projects will follow external action rules.

The ERDF Lead Partner of the project submits the application form on behalf of all the ERDF/IPA-I/ENPI partners in the project. The ERDF Lead Partner signs a subsidy contract with the JTS / MA on behalf of ERDF / IPA-I partners. Due to the fact that the ENPI funds differ substantially from the ERDF / IPA funds a separate grant application form (PRaG template) for ENPI activities will have to be filled in by ENPI partners.

**In case there is more than one ENPI partner from the same ENPI country in the same project, each ENPI Partner should fill in the grant application form, as separate grant contracts will be signed for each ENPI Partner with the JTS / MA.**

The ENPI partner shall fill in the requested ENPI Application Form and annexes and send it to the Lead Partner, who will upload it along with other requested documents in IMIS 2007-2013 and send them together with the rest of the ERDF / IPA project documents to the JTS within the set timeframe.

The information provided in ENPI application form and its annexes has to be coherent with information in the application form to be filled in by Lead Partner. The ENPI application form should provide detailed description of the action to be performed by the ENPI applicant as it will be used for contracting and on the basis of it, monitoring as well as reporting supporting requests for payments will be done.

**N.B. The ENPI applicant should assure the application form is carefully filled in (Declaration of ENPI partner is an integral part of it, as well as Annex B and Annex C to the application form).**

## 6 Application and assessment

### 6.1 Competitive calls – “One step” procedure

The open competitive call for projects, according to paragraph 7.2 of the Operational Programme, can follow “One” or “Two Steps” application procedure. The 4<sup>th</sup> call for proposals will follow one single step procedure therefore all applicants will have to fill in and submit the whole Applicants’ package – which serves as a basis for evaluation of the project and the decision of the Monitoring Committee – in a single step.

The Application Pack will be available for download on the programme website. The Application Form, which is part of the Application Pack, shall be filled in online on the Front Office of the IMIS 2007-2013 Monitoring and Information System. The Applicants’ Guidelines with detailed technical information for the use of the system will be part of the Application Pack.

In order to access the Front Office of the IMIS 2007-2013 Monitoring and Information System all applicants must register through the SEE Programme website ([http://www.southeast-europe.net/en/downloads\\_section/calls/fourth\\_call](http://www.southeast-europe.net/en/downloads_section/calls/fourth_call)) Once registered they will receive a username and password within the next 48 hours. Only registered applicants can access the Front Office of the IMIS 2007-2013 Monitoring and Information System, fill in the Application Form and submit to the JTS.

The Application Form presents in detail the objectives of the project, the anticipated budget, the type of activities, their location and the cooperation area covered as well as the planned outputs and results and the structure of the partnership. A detailed budget has to be provided as well.

Further to this, applicants will have to submit the following documents both in the electronic and paper version:

#### **Joint documents:**

- the Application Form including the LP Confirmation sheet signed and stamped by the Lead Applicant;

#### **Annexes to the Application Form (ERDF PP, IPA-I PP, ASP, ENPI documents)**

- **Annex 1** - the Partnership Agreement signed and stamped by each partner (observers excluded). The Partnership Agreement has to include in separate single pages the signature of each partner countersigned by the Lead Applicant;
- **Annex 2** - the Declaration of pre-financing and co-financing statement signed and stamped by each ERDF and IPA-I partner (including the Lead Applicant and 20% ERDF, if any);
- **Annex 3** - the State Aid declaration signed and stamped by each ERDF partner (including the Lead Applicant and 20% ERDF, if any)– **IPA-I partners don't have to submit the State Aid declaration;**
- **Annex 4** - the Data sheet on the Member state responsible body signed and stamped by each 20% ERDF partner (if any).
- **Annex 5** - the ASP and Observer Declaration (to be filled in by 10% Partners, Associated EU, Associated 20% as well as observers – if participating) signed and stamped by each ASP (only in case of proposals including ASPs).

**Annex 6 - ENPI PP documents (to be filled in by ENPI partners only)**

- **Application Form:**
  - **Annex B (Budget)**
  - **Annex C (Logical Framework)**
- **Legal entity sheet (sample provided - public / private entity) duly completed, signed and stamped by the Applicant, accompanied by the justifying documents which are requested therein),**
- **Financial identification form** with the EURO account (sample provided), certified by the bank to which the payments will be made. This bank must be located in the country where the Applicant is registered. In case if the Applicant does not have EURO account at the moment of the application the existing account in national currency should be declared in the Financial identification form. However before the Contract signature and after the Applicant receives the Award letter it should provide the Contracting Authority with the Financial identification form with the bank account in Euro. The Applicant must inform the Contracting Authority about any change in the bank requisites,
- **The Statutes or articles of association of the applicant organization** (Where the Applicant is a public body created by a law, the Statutes or articles of association are not required. In such cases the Applicant should submit a statement referring to the relevant legal act).,
 

*The Statutes or articles of association of the applicant and partner organization shall be submitted in original language accompanied with brief English summary (max. 1 page), reflecting the main content as follows:*

  - *name of the organisation*
  - *legal status*
  - *main goals and types of activities*
  - *registration and location of headquarters and,*
  - *if it is the case, of the subsidiary(ies)/branch(es).*
- **The Applicant's latest accounts**
  - a) the profit and loss account or its equivalent and
  - b) the balance sheet for the previous financial year for which the accounts have been closed). If the Applicant cannot provide copy of the Applicant's latest accounts since not having an accomplished previous financial year, declaration with explanation has to be provided.

For the above mentioned documents, **one original and one copy will have to be sent to the JTS.**

The electronic version of the Application Package will have to be uploaded and delivered to the JTS until the deadline. In case of differences the paper version is the binding one.

All packages that will not reach the JTS premises until the deadline will be rejected.

The address is:

**SEE Joint Technical Secretariat**

**in VÁTI Nonprofit Kft.**

**Gellérthegy u. 30-32**

**H-1016 Budapest, Hungary**

A shortlist ranking of proposals will be prepared which will serve as a basis for considering the project decision by the MC. Rejected projects will be informed about the reasons for rejection upon request.

Approved projects are expected to be ready-to-start after the approval.

All the detailed information on how to fill in the documents for the participation to the call are available in the **Applicants' Guidelines**.

The AF will be evaluated by the JTS and external experts with the support of SCPs. To better align the contents of the proposal and to check the compliance with the relevant national and regional regulations, it is highly recommended that the applicants get in contact with the SCP of their country.

Development of the AF is normally coordinated by the Lead applicant. Nevertheless, the proper involvement of project partners should be included and valued. A good understanding of the content and project management arrangements included in the AF by all Project Partners is a key factor in a successful transnational project. Indeed this level of cooperation is already expected at this stage.

## 6.2 The selection procedures and selection criteria

This paragraph illustrates clearly and transparently the project selection system. This system is made public in order to make all stakeholders and project partners aware of the selection procedures and criteria before preparing their applications. Hence they can develop high quality proposals and assist the programme to reach its aims of realising high quality, result-oriented transnational projects relevant to the programme area.

Regulation (EC) 1080/2006, article 19 provides a basic set of project selection criteria for all ERDF funded territorial cooperation programmes. The SEE Operational Programme further specifies project implementation principles (section 4.2) and project development and selection standards (section 6.3). Hence the present SEE PM project selection criteria follow the same logic and visualise to the applicant the principles they should take into account when developing their project idea.

## 6.3 The selection process within the “*One step*” procedure

In course of the selection process, two different sets of criteria are applied to come to the decision of approving an application:

- the **eligibility criteria**;
- the **quality criteria**.

### 6.3.1 Eligibility check

The eligibility check aims at confirming to the applicant that their proposal has arrived within the set deadline, that the Application Form is complete and conforms to the requirements and that the partnership and the projects fulfils the criteria established at programme level. This check will be carried out by the JTS. Eligibility criteria are of “knock-out nature” and should be clearly answered with a **YES or NO** as to a large extent they are not subject to interpretation.

The eligibility check is carried out by the JTS that is supported by the SCPs for the verification of the eligibility of the Lead Applicant and the project partners.

The failure to meet the eligibility requirements leads to the rejection of the proposal or to the rejection of the partner which document is related to.

Eligibility criteria – proposal level	How to assess? Method	Consequence on failure	Who is checking?
Timely submission	Submission within deadline: - electronic version submitted by the deadline; - arrival of the package within the given deadline.	Rejection of the proposal	JTS
Completeness of submitted joint documents ( <b>Annex 1 - Partnership Agreement</b> )	All the financing partners (ERDF, IPA-I and ENPI) and ASPs (observers excluded) have signed and stamped the Partnership Agreement	Rejection of the proposal	JTS
Completeness of submitted joint documents ( <b>Application Form</b> )	It is filled in, signed and stamped by the LP	Rejection of the proposal	JTS
Completeness of submitted ERDF and IPA-I partner documents ( <b>Annex 2 - Declaration of pre-financing and co-financing statement</b> )	It is filled in and signed by the LP/PP	Rejection of ERDF/IPA-I partner (in case of LP rejection of the proposal)	JTS
Completeness of submitted ERDF partner documents ( <b>Annex 3 - State Aid declaration</b> )	It is filled in and signed by the LP/PP	Rejection of ERDF partner (in case of LP rejection of the proposal)	JTS
Completeness of submitted ERDF 20% partner document ( <b>Annex 4 - Data sheet on the Member state responsible body</b> )	It is filled in and signed by the PP	Rejection of 20% ERDF partner	JTS
Submission of the <b>ENPI grant application form</b> and its annexes (annex B and C)	Document submitted	Rejection of the ENPI contract	JTS
Submission of the <b>ENPI Legal Entity Sheets</b>	Document submitted	Rejection of the ENPI contract	JTS
Submission of the <b>ENPI Financial Identification Form</b>	Document submitted	Rejection of the ENPI contract	JTS
Completeness of submitted Associated Strategic Partner document ( <b>Annex 5 – ASP and Observer Declaration</b> )	It is filled in and signed by the PP	Rejection of ASP	JTS



Eligibility criteria – partnership level	How to assess? Method	Consequence on failure	Who is checking?
Financing partners (ERDF/IPA-I) cooperate jointly	<p>ERDF/IPA-I partners cooperate in at least two of the following ways: joint development, joint implementation, joint staffing and joint financing (according Art. 19 ERDF Regulation).</p> <ul style="list-style-type: none"> <li>Joint development of the project: project and application should be jointly developed and agreed on by the partnership.</li> <li>Joint implementation: every partner should play an active role in the project implementation; activities are carried out and coordinated by all beneficiaries (not just run parallel).</li> <li>Joint staffing: there should be a joint core project staff to co-ordinate and manage activities and tasks.</li> <li>Joint financing: the joint project budget should show the commitment by each beneficiary to the joint project.</li> </ul>	Rejection of the proposal	JTS
Project fulfils minimum requirements for transnational partnerships	Minimum three financing partners (ERDF/IPA-I/ENPI) located within the SEE eligible area of three different partner states, of which at least one shall be a Member state	Rejection of the proposal	JTS
Project complies in general with the <i>Priority</i> , the <i>Area of Intervention</i> and the specifications included the <i>Call for Proposals announcement</i>	Project proposal addresses clearly one of the Priority Axes of the OP. The project complies with the goals of the programme and Aol	Rejection of the proposal	JTS
Financing partners (ERDF/IPA-I/ENPI) and ASPs (excluded observers) are eligible	Financing partners (ERDF, IPA-I and ENPI) and ASPs (observers excluded) of the project are eligible according to the eligibility rules set out in the Operational Programme, the Programme Manual and the respective call for proposals	Rejection of ERDF/ IPA-I/ ENPI Partner / ASP	SCPs
Lead Applicant is eligible	Lead Applicant is eligible according to the eligibility rules set out in the OP, the SEE PM and the respective Call for Proposals Announcement. Its eligibility is confirmed at national level (SCP)	Rejection of the proposal	SCPs/ JTS
ERDF/ IPA-I partners have secured <b>public</b> co-financing	Own/national financial means are available and secured from public sources by the ERDF/ IPA-I partners in the appropriate forms (Signed Annex 2 declaration and co-financing Statement)	Rejection of ERDF/ IPA-I/ ENPI Partner	SCPs
Requested ENPI grant is within the fixed thresholds	The ENPI requested grant is respects the minimum amount as identified in the respective call for proposals (if and where applicable)	Rejection of ENPI partner	JTS

### 6.3.2 Quality Check

The purpose of the quality criteria is to assess the quality of the eligible project proposals. Quality criteria are closely linked to the nature and objectives of the SEE OP and are common to all Priority Axes or Areas of Intervention. This phase will be conducted by the JTS under the supervision of the Monitoring Committee according to the specifications of the SEE OP (sections 7.1.1 and 7.1.2).

The assessment is based on an assessment matrix with the following criteria groups:

#### 1. Quality of Transnational Partnership

#### 2. Quality of Content

Each criteria group ("Partnership" and "Content") is assessed on basis of sub-criteria with each being scored from 0 (not present / missing) to 5 (very good).

Score	Significance
0	None
1	Very poor
2	Poor
3	Fair
4	Good
5	Very Good

Sub-criteria to assess the **Quality of Transnational Partnerships** (four sub-criteria)

Sub-criteria	Questions with related guiding questions	Score
	<b>PARTNERSHIP</b>	
<b>1.1 Composition of transnational partnership</b>	<b>Is the partnership composition well justified and able to contribute in a balanced manner to the implementation of the transnational co-operation project?</b>	<b>5 points</b>
	Are types of territories/regions represented by the partners relevant in respect to the project topic?	
	Is the size of the partnership appropriate for the project topic and for implementing the activities and achieving the objectives?	
	Is the partnership balanced and not overly dominated by one partner/country (in terms of number of partners and budget)?	
<b>1.2 Quality of transnational co-operation</b>	<b>Do beneficiaries have the sufficient institutional and technical capacity to achieve the projects aims?</b>	<b>5 points</b>
	Does the partnership have proven experience and competence in the thematic field concerned to achieve the envisaged outputs and expected results?	
	Are key actors involved in the partnership or addressed in a meaningful way? The response should include vertical and horizontal linkages as appropriate.	
	Is the role of the partners detailed, balanced and relevant for achieving the aims of the proposal?	
	Are all partners involved in transnational activities in a balanced way according to the project topic?	
<b>1.3 Project management and coordination</b>	<b>Is the transparency and efficiency of project management and coordination secured?</b>	<b>5 points</b>
	Are the project's operational and management structures well organised and controlled by the partnership?	
	Has the Lead Partner demonstrated that it will have sufficient resources to manage and deliver the project (human resources, equipment, premises etc.)?	
	Does the application include details of risk management provision and plans for change if required?	
	Is the Lead Partner experienced in complex project management and capable of managing the transnational partnership, experience proven by participation in at least two international projects (one of these, transnational cooperation)?	
	Has the project team of the Lead Partner participated in at least one successful territorial cooperation project as a partner?	
	Is there evidence that partners have some experience in transnational partnership? (does not need to be all partners)	

1.4 Internal and external communication / dissemination, know-ledge management	<b>Are internal and external communication / dissemination and knowledge management clearly addressed?</b>	<b>5 points</b>
	Are the communication activities coherently integrated in the overall project strategy? (e.g. clear communication plan outlining the main objectives, etc. ).	
	Does the partnership ensure proper dissemination of information and knowledge transfer between the partners? e.g.: provides measures to consolidate, categorise, and disseminate existing research, expertise and best practices through peer-to-peer learning, transfers and cooperation; promotes and uses tools for knowledge transfer (intranets; common databases via the Internet)	
	Does the partnership plan to develop and consolidate networking resources? (e.g.: is the partnership sufficiently embedded in relevant networks and associations in the Partner states and internationally?)	
	Are the proposed information and dissemination activities able to achieve visibility among relevant target groups? (E.g. the target groups relevant clearly defined and cover the entire project area. The general approach towards each group is described through relevant channels, tailored activities, etc.)	
	Does the project makes provisions for feedback mechanisms and evaluation measures for the communication activities?	
<b>Maximum total score</b>		<b>20 points</b>

Sub-criteria to assess the **Quality of Content** (six sub-criteria)

Sub-criteria	Questions with related guiding questions	Score
<b>CONTENTS</b>		
2.1 Project's contribution to the overall objectives of the programme and to EU principles	<b>To what extent is the project expected to provide a significant contribution to the overall objectives of the programme?</b>	<b>5 points</b>
	Has the project a clear transnational dimension and transnational impact (no mere addition of local actions)?	
	Is the project clearly contributing to: <ul style="list-style-type: none"> <li>the territorial and/or economic and/or social integration process in the programme area through facilitation innovation, entrepreneurship, knowledge economy and information society</li> </ul> and / or <ul style="list-style-type: none"> <li>to the improvement of the attractiveness of regions and cities taking into account physical and knowledge accessibility and environmental quality?</li> </ul>	
	Is the project clearly contributing to the promotion of sustainable development?	
	Is the project clearly contributing to the promotion of equal opportunities and non-discrimination?	
2.2 Project's specific contribution to the Priority Axes and Areas of Intervention of the programme	<b>To what extent is the project expected to provide a significant contribution to Priority Axes and Areas of Intervention of the programme?</b>	<b>5 points</b>
	Will the achievement of the project objectives (outcomes) clearly contribute to the selected Aol and therefore the related Priority Axis?	
	Has the present situation (status quo) related to the project context been thoroughly described and is the proposal addressing this situation? (status quo, should include analysis of the present with a consideration of relevant linked past activities along with planned future activities)	
	Does the project implement priorities already agreed in different papers/strategies/international agreements?	

<b>2.3 Quality of work plan and description of activities</b>	<b>Is the project's conceptual approach and work plan well designed and realistic?</b>	<b>5 points</b>
	Is there a clear and logical link between the problems, objectives, resources, activities outputs and results?	
	Are the described activities detailed (how, where, when and by whom they will be undertaken) and relevant?	
	Does the project include balanced activities at appropriate levels (national, regional and local), if relevant?	
	Is the time plan realistic and have any potential difficulties and delays been correctly assessed?	
<b>2.4 Concreteness and usability of the projects deliverables</b>	<b>Are the projects deliverables clearly defined and are the assumptions on their use realistic?</b>	<b>5 points</b>
	Are the outputs and results foreseen in line with the defined objectives and outlined methodology?	
	Are the target groups/stakeholders clearly defined?	
	Does the project show adequate and realistic provisions for the uptake of deliverables from the target groups/stakeholders and does it include follow-up activities after delivery?	
	Are the indicators proposed appropriate to assess the progress of the project?	
	Is the transferability of the project's results clearly outlined and realistic?	
	Are the three dimensions of sustainability (financial, political and institutional) of the project's results clearly outlined and realistic	
<b>2.5 Value for money</b>	<b>Does the amount of the grant being requested represent value for money?</b>	<b>5 points</b>
	Is the budget allocated to each project activities justified and correctly quantified?	
	Is the budget logically distributed between work packages and budget lines?	
	Are the partner's budgets coherent with the role of partners in project activities for each WP?	
	Are spending forecasts realistic and correctly timed for the project?	
	Is the budget allocated to management and coordination tasks clearly justified?	
	Is the budget allocated to external expertise clearly justified?	
<b>2.6 Synergies with other policies, programmes and projects</b>	<b>Are there synergies and / or complementarities with other territorial cooperation projects or other EU funded policies and programmes?</b>	<b>5 points</b>
	Does the proposal take into consideration the capitalisation of the results of previous INTERREG projects (described in detailed and not just a simple listing)?	
	Does the proposal have synergies with ongoing projects (if relevant) carried out under this or other EU-funded programmes?	
	Does the project make reasonable provisions for interaction with relevant actors to ensure the coordination of activities with other EU funded programmes and initiatives?	
	Is the innovative character of the project clearly described (innovation in the territory, in methodologies, approaches, partnership etc.)?	
	Is there evidence that the SEE transnational cooperation programme is the most appropriate one (by showing the value added stemming from the use of SEE, both for addressing/ tackling the issue and for the Programme area)?	
<b>Maximum total score</b>		<b>30 points</b>

The overall score will be calculated as an average of the score related to the quality of partnership (weighted 45%) and quality of contents (weighted 55%).

Applications receiving a minimum 75% of average score between quality of transnational partnership and the quality of content criteria will be recommended by the JTS for immediate selection by the Monitoring Committee.

Applications receiving between 60% and 74% of average score between quality of transnational partnership and the quality of content criteria will need further discussions and a final decision will be taken by the Monitoring Committee.

Applications receiving less than 60% of average score between quality of transnational partnership and the quality of content criteria will be recommended by the JTS for immediate rejection.

The decision of the Monitoring Committee is threefold:

- a) **approval:** the proposal is considered ready to start, fulfilling the requested quality level and responding to the selection criteria;
- b) **approval under condition:** the proposal is considered worth to be approved if the Lead Partner or one Project Partner satisfies specific conditions within a given deadline;
- c) **rejection:** the proposal is considered not matching a certain readiness and quality level and responding to the selection criteria.

In case of approval under condition the conditions are communicated to the LA in the letter informing on the decision of the MC and setting a deadline for conditions fulfilment.

Applicants are informed about the results of each criteria check after the endorsement by the MC of the JTS findings.

In case one project proposal is approved but the IPA/ ENPI funding requested and available is exhausted for one or more IPA/ ENPI Partners, the AF is approved under condition that the partnership revises the planned project activities, the contribution of partners and the relevant parts of the project budget:

- 1) without requesting additional ERDF contribution;
- 2) ensuring that the achievement of all expected outputs and results described in section 4 of the approved AF is secured.

## Annex 1: Presentation of the Priority Axes and corresponding Areas of Intervention

Summarized descriptions, based on the approved SEE OP, are elaborated for every Area of Intervention of the four Priority Axes (Innovation, Environment, Accessibility, Sustainable Growth Areas) in the SEE OP.

The purpose of the summarized description is to provide potential applicants with details in a concise form about the respective Areas of Intervention, the Operational Objective pursued and indications and suggestions for developing their project idea into a full fledged proposal.

The summarized description is completed by a number of practical project examples, which illustrate the aforementioned elements of each Area of Intervention.

It should be noted that the EU co-financing rate for the four Priority Axes is 85%. Applicants should also be aware that State Aid Rules should be respected in all cases.

Priority Axes and Areas of Intervention (Aol)

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

## Priority Axis 1: Facilitation of innovation and entrepreneurship

The specific objective of Priority Axis 1 is to facilitate innovation, entrepreneurship, the knowledge economy and to enhance integration and economic relations in the cooperation area. Priority Axis 1 shall contribute specifically to the future development of South East Europe as a place of innovation, contributing indirectly to the economic growth and employment in the technology sector.

This Priority Axis seeks in particular to achieve three operational objectives and will support transnational partnerships and action that contribute to:

1. **Develop technology and innovation networks in specific fields** (fostering networking and technological cooperation in specific technology fields e.g. advanced engineering, Information and Communication Technologies)
2. **Develop the enabling environment for innovative entrepreneurship** (addressing structural deficits especially in the SME sector)
3. **Enhance the framework conditions and pave the way for innovation** (strengthening the enabling innovation environment at the governance level and promotion of public awareness for innovation).

Potential Project Partners and stakeholders in the facilitation of innovation and entrepreneurship are all national, regional, local decision-makers and bodies in the fields of education, research, knowledge-transfer, technology, labour-market and regional development, such as local and regional public authorities, regional development agencies, chambers of commerce, SMEs, universities, tertiary education, associations, technology transfer institutions, R&TD facilities, research institutions, regional international centres of R&TD excellence; regional innovation agencies, incubator houses; education and training centres, labour market services, social partners, employers' associations, trade unions, as well as all population groups which are affected by the Areas of Intervention concerned.

The Areas of Intervention (Aoi) are defined in detail in the following descriptions.

### Aoi 1.1: Develop technology and innovation networks in specific fields

#### Purpose

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

The programme area faces many research, technology and innovation facilities and educational infrastructures and potential poles with initial experience in co-operation, but in general sub-critical mass and lack of (international) visibility. So there is a need to foster co-operation of networks, clusters, technology platforms to create critical mass and strengthen specific technology fields, gain (international) visibility, enable research, technology and innovation actors to participate at European programmes more effectively, set up mechanism to allow sharing and dissemination of key technologies, and help to establish supply chains.

The co-operation should – in the ideal case – generate concrete projects in building up technology and innovation capacity for improved products, processes and services in specific technology fields



(e.g. advanced engineering, automotive, ICT, plastics, Life science, urban technologies) and should achieve at longer term a more intensive use of technology and innovation in South East Europe. Therefore attention should be given also to the application of technology and innovation at local and regional level and at integrating cleaner technologies and supporting innovation in public services.

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

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

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

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

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

### **Eligible activities**

The orientation on research, technology and innovation encloses a significant entrepreneurial development aspect. Hence pure academic research activities cannot be supported under this programme.

Projects could include activities such as networking and exchange of information activities (not stand alone, purely networking activities will NOT be supported), studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable.

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

### **Target groups and/ or indicative potential beneficiaries**

Preference should be given to:

- Universities, research centres, scientific institutions, higher education institutions

- Regional and local development agencies focused at technology and innovation (e.g. Regional Innovation Agencies, Technology transfer institutions)
- National, regional and local authorities
- The participation of the private sector, especially SMEs, is encouraged although it is not possible to directly support businesses

It is the task of each project applicant and each proposed intervention to present an adequate partnership, which will produce concrete and tangible results, assure the fulfilment of the proposed project objectives and contribute to the Programme Objectives.

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

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

- Fostering policies to support access to and link between research, technology and innovation facilities.

**Categories (codes for the priority theme dimension) according Annex II Implementation Regulation No 1828/2006, matching potentially the Area of intervention**

<i>Research and technological development (R&amp;TD), innovation and entrepreneurship</i>	3	Technology transfer and improvement of cooperation networks between small businesses (SMEs), between these and other businesses and universities, post-secondary education establishments of all kinds, regional authorities, research centres and scientific and technological poles (scientific and technological parks, technopoles, etc.)
<i>Improving human capital</i>	74	Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses
<i>Strengthening institutional capacity at national, regional and local level</i>	81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.

## **Aol 1.2: Develop the enabling environment for innovative entrepreneurship**

### **Purpose**

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

The need in the programme area seems to be obvious: a SME-based economy with some leading companies as driving forces in innovation and internationalisation, but structural deficits in the SME sector, such as missing access to knowledge, “bad roads” to markets, low levels of co-operation, low level of internationalisation, lacking openness for new technologies and big disparities in economic development throughout the programme area.

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

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

### **Eligible activities**

Projects could include activities such as networking and exchange of information activities (not stand alone, purely networking activities will NOT be supported), studies and operational plans,

capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the Programmes Objectives.

#### **Target groups and/ or indicative potential beneficiaries**

Preference should be given to:

- Business support actors and facilities with a view of the needs of SMEs (e.g. Chambers of commerce, collective business support actors)
- Universities, research centres, scientific institutions, higher education institutions, tertiary education institutions
- Regional and local development agencies focused at technology and innovation
- National, regional and local authorities
- The participation of the private sector, especially SMEs, is encouraged although it is not possible to directly support businesses

It is the task of each project applicant and each proposed intervention to present an adequate partnership, which will produce concrete and tangible results, assure the fulfilment of the proposed project objectives and contribute to the Programmes Objectives.

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

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

**Categories (codes for the priority theme dimension) according Annex II Implementation Regulation No 1828/2006, matching the Area of intervention**

<i>Research and technological development (R&amp;TD), innovation and entrepreneurship</i>	5	Advanced support services for firms and groups of firms
<i>Research and technological development (R&amp;TD), innovation and entrepreneurship</i>	9	Other measures to stimulate research and innovation and entrepreneurship in SMEs
<i>Improving human capital</i>	74	Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses
<i>Strengthening institutional capacity at national, regional and local level</i>	81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.

**Aol 1.3: Enhance the framework conditions and pave the way for innovation**

**Purpose**

The purpose of this Aol is primarily to set up exchange and coordination mechanisms for research, technology and innovation approaches and policies (governance aspect) and to increase public awareness on the importance of technological progress and innovation developed through transnational actions in the area (awareness aspect).

*The governance aspect*

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

*The awareness aspect*

A modern system of promoting innovation requires the understanding of a majority of citizens. The image and success of technology locations also depends on the extent that the general social climate for new developments is open minded. In a society, which positively faces the "new", innovative ideas will more easily become generally accepted; this will be attractive for researchers and enterprises. As regards the long term impact of interventions, special attention should be paid to young people, especially in conjunction with educational schemes.

Activities should support the image formation of South East Europe as a place of innovation and growth, encourage young people to develop entrepreneurial spirit, mobilise existing institutions in contacting and communicating with the population, wake enthusiasm for scientific education, tackle

information lacks in the area of technology and innovation, diminish fears concerning new technologies. Special attention should be paid to gender issues to increase the participation of women in technology and innovation.

### **Eligible activities**

Projects could include activities such as networking and exchange of information activities (not stand alone purely networking activities, as these will NOT be supported), studies and operational plans, capacity building activities, promotion actions, set up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the programme objectives.

### **Target groups and/ or indicative potential beneficiaries**

Preference should be given to:

- Universities, higher education institutions, research centres, scientific institutions, colleges, tertiary education institutions
- Regional and local development agencies focused on technology and innovation;
- National, regional and local authorities;
- Chambers of commerce, collective business support actors;
- Non governmental organisations / public like organisations

It is the task of each project applicant and each proposed intervention to present an adequate partnership, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the programme objectives.

### **Examples of (multilevel) activities within transnational partnerships that can be supported under this Area of Intervention:**

- Setting up exchange and coordination mechanisms for research, technology and innovation approaches and policies across South East Europe between key players of the innovation system (including exchange schemes);
- Improving the common governance at regional and local level with respect to innovative entrepreneurship. Activities can support the development of “innovation management”, “innovation support” and “innovation governance” through analysis and monitoring of innovation performance and the development and coordination of innovation policy
- Networking between regions sharing an interest in a specific economic field /sector, aimed at strengthening the economic profile of respective regions
- Promoting the image formation of South East Europe as a place of innovation and growth. Actions should maximise the use of ICT where appropriate
- Mobilising existing institutions (e.g. research institutes, education centres, media) in contacting and communicating with citizen to promote innovation. Actions should maximise the use of ICT where appropriate

- Using ICT tools of the evolving information society to encouraging young people to develop entrepreneurial spirit and wake enthusiasm for scientific education (e.g. open labs for pupils accessible by ICT)
- Taking the chance to explain and experiment with the potential of Environmental Technologies Innovation.

**Categories (codes for the priority theme dimension) according to Annex II Implementation Regulation (EC) 1828/2006, matching the AoI**

<i>Improving human capital</i>	74	Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses
<i>Strengthening institutional capacity at national, regional and local level</i>	81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.
<i>Information society</i>	11	Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content, etc.)
<i>Information society</i>	13	Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion, etc.)

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

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

This Priority Axis seeks in particular to achieve four operational objectives and will support transnational partnerships and action that:

1. **Improve integrated water management and flood risk prevention** (development of transnational structures and systems/tools for an integrated management of water resources and flood risk prevention)
2. **Improve prevention of environmental and technological risks** (development of transnational structures and systems/tools for environmental risk protection, and comprehensive policy development to reduce risks and impacts on human health, biodiversity and other environmental issues)
3. **Promote cooperation in the management of natural assets and protected areas** (cooperation and know-how transfer in managing natural assets – e.g. vulnerable ecosystems, natural/semi natural areas, protected areas – and support of transnational awareness building on the importance of natural assets as a development factor)
4. **Promote energy and resource efficiency** (establish coordination and transfer of know-how on energy and resource efficiency policies, to cooperate in the adoption and adaptation of EU policies and directives in the relevant fields and the preparation of the area to cover the expected rise in energy demand and resources consumption through environmental friendly approaches).

For the programme area, the 6<sup>th</sup> Environment Action Programme<sup>15</sup> of the European Community 2002-2012 (6. EAP) and the derived seven thematic strategies (e.g. Thematic Strategy on Air, Waste prevention and recycling, Marine Environment, Soil, Pesticides, Natural resources and Urban Environment) offer a usable guideline for transnational action. Transnational action could primarily serve to overcome the area fragmentation and to provide the framework for the adoption and development of the required methods and structures.

Potential Project Partners and stakeholders in the protection and improvement of the environment are national, regional, local decision makers and bodies in the field of the environment, natural resources management, water management, environmental risk management and energy efficiency. Such Project Partners and stakeholders could be local and regional authorities, environmental interest groups, regional associations, regional innovation agencies, applied environmental research institutes, associations, energy suppliers, SMEs, interest groups as well as all population groups, which are affected by the Areas of Intervention concerned.

The corresponding Areas of Intervention (AoI) are defined in detail in the following description.

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<sup>15</sup> <http://ec.europa.eu/environment/>



## **Aol 2.1: Improve integrated water management and transnational flood risk prevention**

### **Purpose**

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

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

Integrated water management and transnational flood risk prevention should contribute to addressing **climate change**. Moreover, it is important that flood protection is developed in a way that is coherent with the **Water Framework Directive** and the **Directive on the assessment and management of floods** (e.g. integrated management plan covering the two Directives).

### **Eligible activities**

Projects could include activities such as networking and exchange of information activities (not stand alone, purely networking activities will NOT be supported), studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the Programme Objectives.

### **Target groups and/ or indicative potential beneficiaries**

- National, regional and local authorities
- Universities, research centres, scientific institutions
- Non-governmental organisations / public-like organisations
- International organisations and bodies (acting under national laws – read pag. 24)

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

- Elaborating integrated development and management plans of river basins, catchments areas and coastal areas, seas, lakes and fresh-water resources including sustainable land use policies, agriculture and forest development supporting and intensifying an integrated approach of landscape and land use management
- Integrated flood risk management including management plans, harmonisation of different standards; improved institutional co-operation and better integration of national and regional administrative structures
- Elaborating foresight studies and analyses about impacts of climate change on meteorology, hydrology, erosion etc.

- Coordinating, harmonising and developing joint water management activities
- Coordinating, harmonising and developing of monitoring systems and alert mechanisms
- Coordinating, harmonising and developing integrated reaction systems for flood protection
- Coordinating, harmonising and developing common civil protection systems
- Developing alternative methods and systems of water quality protection and wastewater treatment
- Strengthening the institutional capacity and human resources at national, regional and local level for the development of integrated water management and transnational flood risk prevention especially in the implementation of the Water Framework Directive and other related acts.

**Categories (codes for the priority theme dimension) according Annex II Implementation Regulation No 1828/2006, matching the Area of intervention**

<i>Environmental protection and risk prevention</i>	53	Risk prevention (including the drafting and implementation of plans and measures to prevent and manage natural and technological risks)
<i>Improving human capital</i>	74	Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses
<i>Strengthening institutional capacity at national, regional and local level</i>	81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.

## **Aol 2.2: Improve prevention of environmental risks**

### **Purpose**

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

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

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

The transnational cooperation should generate concrete projects, which will develop policies, plans and systems for the joint prevention of environmental risks while facilitating the exchange of

information and coordination of activities in cases of emergency along with the rehabilitation of affected areas and risk sources.

### **Eligible activities**

Projects could include activities such as networking and exchange of information activities (not stand alone purely networking activities, as these will NOT be supported), studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the programme objectives.

### **Target groups and/ or indicative potential beneficiaries**

- National, regional and local authorities;
- Regional and local development agencies;
- Universities, higher education institutions, research centres, scientific institutions;
- Non governmental organisations / public like organisations;
- Voluntary sector organisations;
- International organisations and bodies (acting under national laws – read pag. 24).

### **Examples of (multilevel) activities within transnational partnerships that can be supported under this Area of Intervention:**

- Developing integrated policies for coordinated risk prevention and reaction to environmental risks;
- Developing plans, measures and systems, including spatial and land use planning to prevent and cope with natural risks (especially fires, floods, desertification, droughts, earthquakes) and technological risks;
- Developing monitoring systems (e.g. emission control, dataset about potential sources of pollution, emission monitoring systems for air quality, pollutants etc.) and alert mechanisms on potential natural and industrial hazards, forest fires as well as chemical and biological contamination of water, soil and air;
- Applying alert mechanisms on potential hazards (floods, coastal hazards, forest fires; chemical and biological contamination of water, soil and air; industrial accidents, safety control of nuclear power plants etc.);
- Developing information systems concerning the transport of dangerous goods and identification of relevant actions to inform the relevant groups;
- Developing regional “risks foresights” including future risk potentials, e.g. along transport corridors, economic activity zones etc;
- Identifying and managing risk sources (information policies, exchange of data and reports etc.);

- Promoting transnational actions on environmental objectives like reducing air emissions, protection of soil etc;
- Implementing awareness raising and emergency planning for the population located in very sensitive areas;
- Implementing strategies for rehabilitation of brownfields;
- Facilitating common procurement and/or operation of risk prevention infrastructure.

**Categories (codes for the priority theme dimension) according to Annex II Implementation Regulation (EC) 1828/2006, matching the Aol**

<i>Environmental protection and risk prevention</i>	44	Management of household and industrial waste
<i>Environmental protection and risk prevention</i>	53	Risk prevention (including the drafting and implementation of plans and measures to prevent and manage natural and technological risks)
<i>Environmental protection and risk prevention</i>	54	Other measures to preserve the environment and prevent risks
<i>Improving human capital</i>	74	Developing human potential in the field of research and innovation, in particular through postgraduate studies and training of researchers, and networking activities between universities, research centres and businesses
<i>Strengthening institutional capacity at national, regional and local level</i>	81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.
<i>Information society</i>	11	Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content, etc.)

**Aol 2.3: Promote cooperation in management of natural assets and protected areas**

**Purpose**

The purpose of this Area of Intervention is the cooperation and know-how transfer in managing natural assets (e.g. vulnerable ecosystems, natural/semi-natural areas, protected areas) and support of transnational awareness building on the importance of natural assets as a development factor.

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

The EU offers an extensive framework of directives, guidelines and tools for the management of natural assets and protected areas. In most of the cases this framework underlines the importance for transboundary and transnational action. In the “congested” programme area, with the expected rise in economic activity and correlated land use changes, this importance becomes a necessity.

**Eligible activities**

Projects could include activities such as networking and exchange of information activities (not stand alone purely networking activities, as these will NOT be supported), studies and operational

plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the programme objectives.

#### **Target groups and/ or indicative potential beneficiaries**

- National, regional and local authorities;
- Regional and local development agencies;
- Universities, research centres, scientific institutions;
- Non governmental organisations / public like organisations (e.g. environmental interest groups);
- International organisations and bodies (acting under national laws – read pag. 24).

#### **Examples of (multilevel) activities within transnational partnerships that can be supported under this Area of Intervention:**

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

**Categories (codes for the priority theme dimension) according to Annex II Implementation Regulation (EC) 1828/2006, matching the Area of Intervention**

<i>Environmental protection and risk prevention</i>	51	Promotion of biodiversity and nature protection
<i>Tourism</i>	55	Promotion of natural assets
<i>Tourism</i>	56	Protection and development of natural heritage
<i>Improving human capital</i>	74	Developing human potential in the field of research and innovation, in particular through postgraduate studies and training of researchers, and networking activities between universities, research centres and businesses
<i>Strengthening institutional capacity at national, regional and local level</i>	81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.

## **Aol 2.4: Promote energy and resource efficiency**

### **Purpose**

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

The EU Environmental Policies set clear objectives e.g. regarding climate change and reduction of greenhouse gas emissions. Other initiatives and in particular the Competitiveness and Innovation Framework Programme (CIP) 2007-2013 and its sub programme "Intelligent Energy for Europe" emphasize the promotion of energy and resources efficiency. Transnational action in this area contains a significant element of the transfer of know-how from the most experienced zones to those with still unutilised resources.

The transnational cooperation should generate concrete projects, which will support the adoption of energy and resource efficiency policies and technologies. Projects should also facilitate the coordination among relevant stakeholders and raise the awareness for resource efficiency policies and technologies in the programme area.

### **Eligible activities**

Projects could include activities such as networking and exchange of information activities (not stand alone purely networking activities, as these will NOT be supported), studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the programme objectives.

### **Target groups and/ or indicative potential beneficiaries**

- National, regional and local authorities;

- Regional and local development agencies;
- Energy agencies;
- Chambers of commerce, collective business support actors;
- Transport authorities, (public) transport operators;
- Universities, research centres, scientific institutions;
- Non governmental organisations / public like organisations;
- Voluntary sector organisations;
- Associations for renewable energies.

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

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

- Promoting the development of sustainable waste management activities and the movement to a recycling society;
- Stimulating energy efficiency and the development of renewable energies as well as better co-ordinated efficient energy management systems and promoting sustainable transport including information to industrial customers, service providers and citizens on issues such as how to reduce energy consumption.

**Categories (codes for the priority theme dimension) according to Annex II Implementation Regulation (EC) 1828/2006, matching the Area of intervention**

<i>Research and technological development (R&amp;TD), innovation and entrepreneurship</i>	6	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (introduction of effective environment managing system, adoption and use of pollution prevention technologies, integration of clean technologies into firm)
<i>Energy</i>	39	Renewable energy: wind
<i>Energy</i>	40	Renewable energy: solar
<i>Energy</i>	41	Renewable energy: biomass
<i>Energy</i>	42	Renewable energy: hydroelectric, geothermal and other
<i>Energy</i>	43	Energy efficiency, co-generation, energy management
<i>Environmental protection and risk prevention</i>	44	Management of household and industrial waste
<i>Environmental protection and risk prevention</i>	45	Management and distribution of water (drinking water)
<i>Environmental protection and risk prevention</i>	46	Water treatment (waste water)
<i>Environmental protection and risk prevention</i>	47	Air quality
<i>Environmental protection and risk prevention</i>	48	Integrated prevention and pollution control
<i>Environmental protection and risk prevention</i>	49	Mitigation and adaptation to climate change
<i>Environmental protection and risk prevention</i>	50	Rehabilitation of industrial sites and contaminated land
<i>Environmental protection and risk prevention</i>	52	Promotion of clean urban transport
<i>Strengthening institutional capacity at national, regional and local level</i>	81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.



### Priority Axis 3: Improvement of the accessibility

The specific objective of Priority Axis 3 is to promote coordinated preparation for the development of accessibility networks and the support of multi-modality.

This Priority Axis seeks in particular to achieve three operational objectives and will support transnational partnerships and activity that contribute to:

1. **Improve coordination in promoting, planning and operation for primary and secondary transportation networks** (physical accessibility - provision of tools and space for coordinated promoting, planning and operation for primary and secondary transportation networks);
2. **Develop strategies to tackle the “digital divide”** (virtual accessibility - access to ICT networks and services - joint initiatives to lessen the “digital divide” among states and regions especially where market failure is evident or expected);
3. **Improve framework conditions for multi-modal platforms** (support of multi-modal platforms and the promotion of alternative transport means, e.g. rail and or sea compared to road – from the view of the public interest).

The programme is challenged with a large number of issues and areas and limited funds. The transnational cooperation programme cannot substitute the existing programmes and plans. However, it can provide a platform for co-ordination and agreement among states, as well as a forum for negotiations with international financing institutions, donors etc.

Potential Project Partners and stakeholders in the improvement of the accessibility are national, regional, local decision makers and bodies in the field of transport, logistics, transport safety and ICT. Project Partners and stakeholders such as national, regional and local authorities; public transport associations; transport operators; infrastructure operators; logistic centres; logistics platforms; institutes for applied research in transport and mobility; regional associations; regional innovation agencies; transport alliances; SMEs; interest groups; all population groups, which are affected by the Priorities concerned.

The corresponding Areas of Intervention (Aoi) are defined in detail in the following description.

#### Aoi 3.1: Improve coordination in promoting, planning and operation for primary and secondary transportation networks

##### Purpose

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

The programme cannot finance large infrastructure investments. However, significant financing could be expected towards mobilising stakeholders, conducting feasibility studies and action plans and coordinating operations that are financed on other budgets.

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

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

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

### **Eligible activities**

Projects could include activities such as networking and exchange of information activities (not stand alone purely networking activities, as these will NOT be supported), studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the programme objectives.

### **Target groups and/ or indicative potential beneficiaries**

- National, regional and local authorities;
- Transport authorities, (public) transport operator, infrastructure operator;
- Regional and local development agencies;
- Universities, higher education institutions, research centres, scientific institutions;
- Non governmental organisations / public like organisations;
- International organisations and bodies (acting under national laws – read pag. 24)

### **Examples of (multilevel) activities within transnational partnerships that can be supported under this Area of Intervention:**

- Promoting policy coordination among competent partners and elaborating coordinated strategies for infrastructure investments, promoting complementarities between various types of investments and mobilising various financial instruments;
- Developing joint action plans for the realisation of physical infrastructure financed by other programmes;
- Promoting transnational environmental assessment (EIA-SEA) and transnational territorial impact assessments (TIA) in co-ordination with the realisation of physical infrastructure financed by other programmes;
- Increasing the transparency of ongoing corridor related programmes and projects;
- Elaborating public private partnership (PPP) schemes for parts of the transportation infrastructure;
- Establishing joint transportation networks management bodies;

- Creating transnational facilities for maintenance and road pricing of physical infrastructure;
- Fostering transnational public participation in consultations over infrastructure network development;
- Strengthening coordinated development of regional airports;
- Creating intelligent traffic information systems for agglomerations;
- Developing solutions for the flexible public transport tackling the mobility needs;
- Analysing and maximising the effects of changed/improved accessibility on regional/location development opportunities;
- Tackling specific problems of peripheral and sensible regions (e.g. traffic in mountainous regions);
- Improving access to international maritime and river ports to achieve future strategic advantage in global freight competition;
- Joint promotional campaigns for maritime and river transport and raising awareness about its environmental and economic advantages.

**Categories (codes for the priority theme dimension) according to Annex II Implementation Regulation (EC) 1828/2006, matching the Aol**

Transport	16	Railways
Transport	17	Railways (TEN-T)
Transport	19	Mobile rail assets (TEN-T)
Transport	20	Motorways
Transport	21	Motorways (TEN-T)
Transport	24	Cycle tracks
Transport	25	Urban transport
Transport	29	Airports
Transport	30	Ports
Transport	32	Inland waterways (TEN-T)

### **Aol 3.2: Develop strategies to tackle the “digital divide”**

#### **Purpose**

In the concept of virtual accessibility, ICT solutions reduce the need for travel and transportation to access services and information and the territories or ease the travelling. The “digital divide” is the gap between those territories with regular, effective access to information and services via ICT, and those without. Purpose of this Aol is the support of joint initiatives to lessen the “digital divide” among states and regions especially where market failure is evident or expected.

Transnational cooperation should generate concrete projects which will contribute to the accessibility of territories, information and services via ICT, as substitute for and supplementing physical accessibility, for local and regional authorities and public services, through concepts of public and private partnerships, the collaboration of public authorities and scientific institutions in the development of public services, the interoperability and the harmonisation of information systems .

### **Eligible activities**

Projects could include activities such as networking and development and exchange of information activities (not stand alone purely networking activities, as these will NOT be supported), studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the programme objectives.

### **Target groups and/ or indicative potential beneficiaries**

- National, regional and local authorities;
- Regional and local development agencies;
- Transport authorities, infrastructure operators;
- Chambers of commerce, collective business support actors;
- Universities, higher education institutions, research centres, scientific institutions;
- Non governmental organisations / public like organisations;
- Voluntary sector organisations.

### **Examples of (multilevel) activities within transnational partnerships that can be supported under this Area of Intervention:**

- Fostering the use of advanced ICT to reduce the need to travel and to replace physical mobility through virtual exchanges;
- Raising awareness of ICT opportunities in regions where development of the information society is lagging behind;
- Developing public private partnerships for the development of accessibility solutions to and via ICT;
- Enhancing the role of regional and local administrations in the implementation of the ICT solutions especially in remote areas;
- Developing public services using e-government solutions and tools with the collaboration of public authorities and scientific institutions;
- Establishing common standards in ICT development in relation to support services and training courses;
- Promoting the interoperability of information systems e.g. in transport, business support or government.

**Categories (codes for the priority theme dimension) according to Annex II Implementation Regulation (EC) 1828/2006, matching the AoI**

Information society	11	Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content, etc.)
Information society	12	Information and communication technologies (TEN-ICT)
Information society	13	Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion, etc.)
Transport	28	Intelligent transport systems

### **AoI 3.3: Improve framework conditions for multi-modal platforms**

#### **Purpose**

The purpose of this AoI is the support of multi-modal platforms and the promotion of alternative transport means (e.g. rail and or sea compared to road) from the view of public interest point of view. Multi-modal platforms can make existing transport more efficient and also stimulate the shift to environmentally friendly systems. Activities should go beyond singular interests and show a real cooperative character and offer mutual benefits.

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

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

#### **Eligible activities**

Projects could include activities such as networking and exchange of information activities (not stand alone purely networking activities, as these will NOT be supported), studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the programme objectives.

#### **Target groups and/ or indicative potential beneficiaries**

- National, regional and local authorities;
- Regional and local development agencies;
- Chambers of commerce, collective business support actors;
- Transport authorities, infrastructure operators;

- Universities, higher education institutions, research centres, scientific institutions;
- Non governmental organisations / public like organisations;
- Voluntary sector organisations;
- International organisations and bodies (acting under national laws – read pag. 24)

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

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

**Categories (codes for the priority theme dimension) according to Annex II Implementation Regulation (EC) 1828/2006, matching the Area of Intervention**

<i>Transport</i>	27	Multimodal transport (TEN-T)
<i>Transport</i>	28	Intelligent transport systems

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

The specific objective of Priority Axis 4 is to develop and implement integrated strategies for metropolitan areas and regional systems of settlements, work towards optimal polycentric structures in the programme area and use cultural values for sustainable development. The Priority Axis 4 shall contribute specifically to the future development of South East Europe as a place of sustainable and polycentric development of metropolitan areas and regional settlement systems.

As the objective indicates, the priority of sustainable urban and regional settlement development takes different forms of preventive measures AND development factors, showing a specific cross-sectoral character strongly interlinking economic, environmental, social and governance issues.

This Priority Axis seeks in particular to achieve three operational objectives and will support transnational partnerships and activities that:

- **Tackle crucial problems affecting metropolitan areas and regional systems of settlements** (tackling the high concentration of economic, environmental, social and governance<sup>16</sup> problems such as social segregation, growing poverty, lack of investments in certain areas, insufficient provision of public services, overburdening traffic capacities);
- **Promote a balanced pattern of attractive and accessible growth areas** (further increase of coordinated strategic planning, co-ordinated marketing and lobbying, and functional division and complementarity to achieve competitiveness, (international) visibility and ensure a sufficient level of public services);
- **Promote the use of cultural values for development** (further utilisation of the wide cultural diversity as a development factor and as an asset in global competition and to promote creativity, cultural identity and generate income and employment).

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

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

Potential Project Partners and stakeholders in the development of transnational synergies for sustainable growth areas are national, regional, local decision makers and bodies in the field of urban and regional development, transport, housing, culture, tourism. Project Partners and stakeholders such as local and regional authorities, SMEs, planning and applied research institutions, development agencies, regional innovation agencies, interest groups, public transport operators, housing cooperatives and housing corporations, cultural initiative groups, institutions connected with health services sector, transnational organisations in the field of culture, as well as all population groups which are affected by the Areas of Intervention concerned.

The corresponding Areas of Intervention (AoI) are defined in detail in the following description.

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<sup>16</sup> The planning, influencing and conducting of the policy and affairs of an organisation



#### **Aol 4.1: Tackle crucial problems affecting metropolitan areas and regional systems of settlements**

##### **Purpose**

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

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

Joint expertise and pilot co-operation projects could be developed in a **wide spectrum of issues of common interest**. Transnational co-operation should combine the exchange of experience with appropriate pilot projects in urban and settlement areas to apply strategies, skills and knowledge. The co-operation programme supports joint action serving as a booster for national or regional strategies. Co-operation partners, who work on similar or complementary problems, can use a transnational partnership within the co-operation area as boosters for local action. Co-operation partners can use a transnational partnership also in terms of „**agenda setting**“, in order to receive external support for innovative ideas and approaches. Co-operation partners could **pool their resources** to implement trainings and pilot action. Partnership projects implemented at local and regional level can achieve a **pronounced visibility** for citizens.

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

##### **Eligible activities**

Projects could include activities such as networking and exchange of information activities (not stand alone, purely networking activities will NOT be supported), studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the Programme Objectives.

##### **Target groups and/ or indicative potential beneficiaries**

- National, regional and local authorities
- Regional and local development agencies
- Chambers of commerce, collective business support actors
- Universities, higher education institutions, research centres, scientific institutions
- Non-governmental organisations / public-like organisations
- Voluntary sector organisations

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

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

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

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

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

**Developing transnational synergies in social issues<sup>17</sup> (in the context of Integrated projects for urban and regional regeneration), e.g.:**

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

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<sup>17</sup> Special care should be taken for project activities related to social problems (e.g. migration, integration of disadvantaged people etc.) and ESF Operational Programmes in order to exploit potential complementarities.

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

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

**Categories (codes for the priority theme dimension) according Annex II Implementation Regulation No 1828/2006, matching the Area of intervention**

<i>Urban and rural regeneration</i>	61	Integrated projects for urban and rural regeneration
<i>Improving access to employment and sustainability</i>	70	Specific action to increase migrants' participation in employment and thereby strengthen their social integration
<i>Improving the social inclusion of less-favoured persons</i>	71	Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity at the workplace
<i>Strengthening institutional capacity at national, regional and local level</i>	81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.
<i>Transport</i>	25	Urban transport
<i>Transport</i>	28	Intelligent transport systems
<i>Information society</i>	11	Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content, etc.)
<i>Information society</i>	13	Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion, etc.)

**Aol 4.2: Promote a balanced pattern of attractive and accessible growth areas**

**Purpose**

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

Transnational action can contribute to overcome the dilemma between a high-ranking goal: *promoting viable polycentrism* and the restricted availability of common awareness, joint strategies and pooled resources to achieve that demanding goal. Transnational action can serve **as the framework** and **protecting shell** for the development of the **partnership** for local/regional activities in advanced and experimental development strategies to develop **viable polycentrism** and consequently strengthen territorial cohesion in South East Europe against the emerging divides.

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

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

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

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

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

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

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

Public bodies are increasingly aware of the question: What is happening outside the traditional administrative borders (jurisdictional boundaries), but within the functional linkages? Governance can be seen as the participatory process to engage relevant stakeholders for the identification and development of functional areas. Co-operation is an option for retaining control of development processes and regaining power in development planning. In fact there is a large number of practical constraints for effective institutionalised or informal co-operation to be tackled such as indistinct legal framework for co-operation, low degree of co-operation between economic development agencies and regional development agencies; not fully developed mechanism of inter-communal financial compensations and contracting mechanisms and lack of common land use management. The governance aspect could be an additional asset for rural and suburban communities, which usually lack the possibility to express and defend their interests towards metropolitan zones.

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

## **Eligible activities**

Projects could include activities such as networking and exchange of information activities (not stand alone, purely networking activities will NOT be supported), studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the Programme Objectives.

## **Target groups and/ or indicative potential beneficiaries**

- National, regional and local authorities
- Regional and local development agencies
- Chambers of commerce, collective business support actors
- Universities, research centres, scientific institutions

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

- Developing Joint Action Plans for functional regions, e.g. in combination with extensive and participative planning processes, for better co-ordination between municipal authorities (both central and suburban) and rural and regional authorities, which are encouraged to pool their resources. "Hard core issues" of regional development (like transport and business location development) should be complemented by quality of life interventions e.g. in the field of culture, tourism or leisure. Attention should be paid to the knowledge based economy and qualification issues
- Strengthening co-operative marketing activities to support economic and regional development, attracting investments in a transnational network of regions
- Integrated business location concept for functional economic regions: presenting and co-ordinating disperse business location offers that cover a functional region of small communes, development of business zones located at the best suitable and accessible locations
- Developing better administrative procedures for business location development.

Optimise and standardise public decision making procedures within an economic calculable time frame; transparency of the obligations and conditions for private investors (e.g. binding handbook of the administration addressing investors explaining clearly defined, reliable requirements for development); define "key area programmes" as a basis for the implementation of project management methods; introduce "action planning" which means the elaboration of "regional business plans"

- Creating public funds or other relevant tools for interventions in the land market and as an instrument of public land policy, to "protect" areas for the intended use
- Intensifying the involvement of private money in the implementation process of urban and regional development projects by using appropriate forms of PPP, development of bodies for the management of renewal funds and development of resource centres

- Developing networks and other forms of co-operation between public bodies to save investment costs (e.g. inter-communal industrial parks)
- Promoting public participation and empowerment, establishment of ombudsmen and facilitators of polycentricity, development of decentralisation capacities (financial, managerial, political), establishment of “suburbs management” as urban-rural interfaces
- Creating networks of regional development agencies promoting integrated approaches for improving the partners capabilities
- Taking full advantage of modern information and communications technologies to support good urban governance and sustainable urban development
- Developing co-operation focused not only on economic and infrastructure issues but on all urban functions, such as culture, education, knowledge and social infrastructure

**Categories (codes for the priority theme dimension) according Annex II Implementation Regulation No 1828/2006, matching the Area of intervention**

<i>Urban and rural regeneration</i>	61	Integrated projects for urban and rural regeneration
<i>Strengthening institutional capacity at national, regional and local level</i>	81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.
<i>Information society</i>	13	Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion, etc.)
<i>Transport</i>	25	Urban transport
<i>Information society</i>	11	Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content, etc.)

### **Aol 4.3: Promote the use of cultural values for development**

#### **Purpose**

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

The programme area is rich in cultural values (from prehistoric times and beyond to the ancient Greek civilization, Hellenistic times, the Roman and Byzantine Empires, the Ottoman Empire, Habsburg Monarchy and Communist period) and tourism potential. Urban development cannot take place in a “cultural vacuum” but should respect the cultural landscapes in which it is embedded. Hence the mobilisation of cultural values in the urban development context presents an opportunity for promoting local identities, bridging urban centres and rural periphery and making South East European cities an attractive place to live and work.

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

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

#### **Eligible activities**

Projects could include activities such as networking and exchange of information activities (not stand alone purely networking activities, as these will NOT be supported), studies and operational plans, capacity building activities, promotion actions, set-up of services, preparation and conduction of investments proposed by transnational strategic concepts, including infrastructure investment if appropriate and justifiable. It is the task of each project applicant and each proposed intervention to present an adequate activity mix, which will produce visible outputs, assure the fulfilment of the proposed project objectives and contribute to the programme objectives.

#### **Target groups and/ or indicative potential beneficiaries**

- National, regional and local authorities;
- Regional and local development agencies;
- Chambers of commerce, collective business support actors, tourist associations;
- Universities, higher education institutions, research centres, scientific institutions
- Non governmental organisations / public like organisations (e.g. cultural initiative group).

#### **Examples of (multilevel) activities within transnational partnerships that can be supported under this Area of Intervention:**

- Improving good policy, programme design and capacity building with respect to joint conservation and the utilisation of cultural values;
- Enhancing joint promotion of historic places, joint labelling and communication strategies, development of transnational city marketing concepts for historical centres;
- Transnational pooling of specific expertise, e.g. for better management of archaeological sites;

- Coordinated approaches in cultural heritage conservation in combination with common professional training (database creation, mapping and monitoring the sites of cultural interest, restoring techniques, also utilizing ICT tools);
- Promoting cultural tourism, e.g. through the developing of cultural routes;
- Supporting education both in the field of traditional materials and cultural resources management;
- Developing public private civil society partnerships for the restoration of prominent sites;
- Improving the perception of heritage with the help of new media tools.

**Categories (codes for the priority theme dimension) according to Annex II Implementation Regulation (EC) 1828/2006, matching the Aol**

<i>Culture</i>	58	Protection and preservation of the cultural heritage
<i>Culture</i>	59	Development of cultural infrastructure
<i>Culture</i>	60	Other assistance to improve cultural services
<i>Strengthening institutional capacity at national, regional and local level</i>	81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.
<i>Tourism</i>	57	Other assistance to improve tourist services



## Annex 2: State Aid Guidelines

In order to ensure undistorted competition on the internal market, the European Commission laid down a set of rules, called state aid rules, to cover those operations that are related to a transfer of State resources aiming at providing financial assistance, such as funds, loan guarantees, capital injections, etc.

*“(...) any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market.”*

According to art. 107 and 108 of the Treaty on the Functioning of the European Union (TFEU), as well as art. 54 of Regulation (EC) 1080/2006<sup>18</sup> aid can only be granted to applications that comply with state aid rules. The following criteria of the TFEU must be met simultaneously in order to apply the regulation in case of activities that fall under this rule:

- shall be granted from State Resources;
- shall confer an advantage;
- shall be selective;
- shall have effect on trade between Member States;
- shall distort or threaten to distort competition by favouring certain undertakings.

### Transfer of State resources:

The aid shall be from State resources, in which belong the following sources: the central budget, the detached state funds, the social insurance funds, and the material appliance of the local and minority governments, and the financing influenced by State or through state companies. According to the rules of the Council Regulation (EC) No 1083/2006 on laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, in case of aids according to the Article 87 (1) EC Treaty the maximum intensity of aid shall be observed (Article 54 (4)) and all the documents for control shall be preserved by the Managing Authority.

### Beneficiated undertaking:

The definition of undertaking includes not only economic actors, but all actors, independently of their legal character that participates on the market and has effective economical activity on it, independently of their financing. Here can churches, associations, and foundations and also public companies can belong, as well.

<sup>18</sup> Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999 (OJ L 210 31. 07. 2006)

### **Economic advantage:**

The aid should constitute such an economic advantage that the undertaking would not have received on equal terms in the market. The advantage can be a grant, but also for example:

- tax allowance
- tax immunity
- deduction from tax base
- tax credit
- interest subsidy
- capital grant
- flat credit
- act of honour
- non-reimbursable subsidy etc.

### **Selectivity:**

State aid must be selective and thus affect the balance between certain firms and their competitors, because it does not escalate to any participants of the economy, only just to one region, sector, or certain companies' etc., meaning and offering economic advantage.

"Selectivity" is what differentiates State aid from so-called "general measures" (which are such measures of the politics on economy, which regards to the whole country, and all those undertakings, that fulfil the prescribed requirements, automatically will be subsidized).

The selectivity criterion is also satisfied if the scheme applies to only part of the territory of a Member State (this is the case for all regional and sectoral aid schemes).

### **Effect on competition and trade:**

The affected undertakings have to be active on such a market, where is or can be competition between undertakings. This condition will be pre-supposed by the Commission, the opposite must be attested by the Member State. The trade between Member States is obtained in most of the cases.

An activity, which has effect only on the internal competitors, or its effect locally restricted, or rather has effect on very small segment of the market does not affect on trade.

### **The most important state aid rules applicable in case of the present call are:**

- Article 107. and 108. of **TFEU**
- **Commission Regulation (EC) No 1998/2006** on the application of Articles 87 and 88 of the Treaty to de minimis aid (OJ L 379/5 15. 12. 2006);
- **Commission Decision 2005/842/EC** on the application of Article 86 (2) of the EC Treaty to State aid in the form of public service compensation granted to certain undertakings

entrusted with the operation of services of general economic interest (OJ L 312/67 29. 11. 2005.)

- **Regulation (EC) No 1370/2007 of the European Parliament and of the Council** on public passenger transport services by rail and by road and repealing Council Regulations (EEC) Nos 1191/69 and 1107/70 (OJ L 315 1. 03. 12. 2007.).

#### **De minimis aid:**

The total de minimis aid granted to any one undertaking shall not exceed EUR 200 000 over any period of three fiscal years. The total de minimis aid granted to any one undertaking active in the road transport sector shall not exceed EUR 100 000 over any period of three fiscal years.

These ceilings shall apply irrespective of the form of the de minimis aid or the objective pursued and regardless of whether the aid granted by the Member State is financed entirely or partly by resources of Community origin. The period shall be determined by reference to the fiscal years used by the undertaking in the Member State concerned.

Aid payable in several instalments shall be discounted to its value at the moment of its being granted. The interest rate to be used for discounting purposes and to calculate the gross grant equivalent shall be the reference rate applicable at the time of grant.

De minimis aid shall not be cumulated with State aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding that fixed in the specific circumstances of each case by a block exemption Regulation or Decision adopted by the Commission.

The Regulation applies to aid granted to undertakings in all sectors, with the exception of:

- (a) aid granted to undertakings active in the fishery and aquaculture sectors, as covered by Council Regulation (EC) No 104/2000;
- (b) aid granted to undertakings active in the primary production of agricultural products as listed in Annex I to the Treaty;
- (c) aid granted to undertakings active in the processing and marketing of agricultural products as listed in Annex I to the Treaty, in the following cases:
  - (i) when the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned,
  - (ii) when the aid is conditional on being partly or entirely passed on to primary producers;
- (d) aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;
- (e) aid contingent upon the use of domestic over imported goods;

(f) aid granted to undertakings active in the coal sector, as defined in Regulation (EC) No 1407/2002;

(g) aid for the acquisition of road freight transport vehicles granted to undertakings performing road freight transport for hire or reward;

(h) aid granted to undertakings in difficulty.

Records regarding de minimis aid shall be maintained for 10 years from the date on which it was granted, and such invitation of the granter the beneficiary is obliged to present all the documents. On request of the European Commission information shall be provided on de minimis aid within 20 work days.

### **State aid in the form of public service compensation**

#### **Altmark Judgment**

In its judgment in Altmark, the Court laid down the conditions under which public service compensation does not constitute State aid as follows:

„[...] First, the recipient undertaking must actually have public service obligations to discharge, and the obligations must be clearly defined. [...].

[...] Second, the parameters on the basis of which the compensation is calculated must be established in advance in an objective and transparent manner, to avoid it conferring an economic advantage which may favour the recipient undertaking over competing undertakings.

[...] Payment by a Member State of compensation for the loss incurred by an undertaking without the parameters of such compensation having been established beforehand, where it turns out after the event that the operation of certain services in connection with the discharge of public service obligations was not economically viable, therefore constitutes a financial measure which falls within the concept of State aid within the meaning of Article 107(1) of the TFEU.

[...] Third, the compensation cannot exceed what is necessary to cover all or part of the costs incurred in the discharge of public service obligations, taking into account the relevant receipts and a reasonable profit [...].

[...] Fourth, where the undertaking which is to discharge public service obligations, in a specific case, is not chosen pursuant to a public procurement procedure which would allow for the selection of the tenderer capable of providing those services at the least cost to the community, the level of compensation needed must be determined on the basis of an analysis of the costs which a typical undertaking, well run and adequately provided with means of transport so as to be able to meet the necessary public service requirements, would have incurred in discharging those obligations, taking into account the relevant receipts and a reasonable profit for discharging the obligations.”

Where these four criteria are met, public service compensation does not constitute State aid, and Articles 107 and 108 of the TFEU do not apply. If the Member States do not respect these criteria and if the general criteria for the applicability of Article 107(1) of the TFEU are met, public service compensation constitutes State aid.

### **Commission Decision 2005/842/EC:**

Commission Decision 2005/842/EC on the application of Article 86 (2) of the EC Treaty to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (OJ L 312/67; 29.11. 2005.)

The Decision applies to State aid in the form of public service compensation granted to undertakings in connection with services of general economic interest as referred to in Article 106(2) of the Treaty.

### **Entrustment:**

The Commission decision can be used if the undertaking will be assigned with an official act (the form of the entrustment is defined by the Member State) to operate services of general economic interest. The official act should contain the following:

- the nature and the duration of the obligation
- the exclusive / special rights assigned to the undertaking
- the parameters of the calculation, control and the review of the compensation
- measures to avoid overcompensation
- arrangements for avoiding and repaying any overcompensation

### **Compensation:**

The amount of the compensation cannot exceed all the costs related to the implementation of the public service obligation, also the reasonable profit and relevant receipts shall be taken into account. The amount of the compensation contains the advantages granted in any form from state or from state resources. The compensation can be used only for the operation of the certain services of general economic interests.

### **Costs:**

The costs that should be taken into account, are all the costs of the operation of the public service obligation (if the undertaking carries out only such activities, than all of the costs, if carries out other activities, then just those which belong to SGEI).

### **Revenues:**

The revenues that should be taken into account mean all the revenues from the services of general economic interests. If the undertaking has exclusive or special rights or becomes other advantages from the state, these should be also calculated to the revenues. The Member State can decide that the profits that are not from SGEI, the whole or a part of it should be appropriate on financing the SGEI activities.

Reasonable profit means a rate of return on own capital that takes account of the risk, or absence of risk, incurred by the undertaking by virtue of the intervention by the Member State, particularly if the latter grants exclusive or special rights. This rate shall not normally exceed the average rate for the sector concerned in recent years. In sectors where there is no undertaking comparable to the undertaking entrusted with the operation of the service of general economic interest, a comparison may be made with undertakings situated in other Member States, or if necessary, in other sectors, provided that the particular characteristics of each sector are taken into account. In determining what constitutes a reasonable profit, the Member States may introduce incentive criteria relating, in particular, to the quality of service provided and gains in productive efficiency

If the undertaking carries out activity belong into SGEI or also other activities as SGEI in its internal accountancy the revenues and costs should be represented and the parameters of its distribution.

### **State aid in the form of compensation of public service obligations in inland transport**

Regulation (EC) No 1370/2007 establishes rules applicable to the compensation of public service obligations in inland transport.

### **Mandatory content of public service contracts and general rules**

Public service contracts and general rules shall:

- (a) clearly define the public service obligations with which the public service operator is to comply, and the geographical areas concerned;
- (b) establish in advance, in an objective and transparent manner,
  - (i) the parameters on the basis of which the compensation payment, if any, is to be calculated, and
  - (ii) the nature and extent of any exclusive rights granted,

in a way that prevents overcompensation. In the case of public service contracts awarded in accordance with Article 5(2), (4), (5) and (6) of the Regulation, these parameters shall be determined in such a way that no compensation payment may exceed the amount required to cover the net financial effect on costs incurred and revenues generated in discharging the public service obligations, taking account of revenue relating thereto kept by the public service operator and a reasonable profit;

- (c) determine the arrangements for the allocation of costs connected with the provision of services. These costs may include in particular the costs of staff, energy, infrastructure charges, maintenance and repair of public transport vehicles, rolling stock and installations necessary for operating the passenger transport services, fixed costs and a suitable return on capital.

**Public service contracts should be awarded in line with Article 5 of the Regulation.**

**Public service compensation:**

All compensation connected with a general rule or a public service contract shall comply with the provisions laid down in Article 4, irrespective of how the contract was awarded. All compensation, of whatever nature, connected with a public service contract awarded directly in accordance with Article 5(2), (4), (5) or (6) or connected with a general rule shall also comply with the provisions laid down in the Annex.

**ANNEX:**

Rules applicable to compensation in the cases referred to in Article 6(1).

1. The compensation connected with public service contracts awarded directly in accordance with Article 5(2), (4), (5) or (6) or with a general rule must be calculated in accordance with the rules laid down in this Annex.

2. The compensation may not exceed an amount corresponding to the net financial effect equivalent to the total of the effects, positive or negative, of compliance with the public service obligation on the costs and revenue of the public service operator. The effects shall be assessed by comparing the situation where the public service obligation is met with the situation which would have existed if the obligation had not been met. In order to calculate the net financial effect, the competent authority shall be guided by the following scheme:

- costs incurred in relation to a public service obligation or a bundle of public service obligations imposed by the competent authority/authorities, contained in a public service contract and/or in a general rule,
- minus any positive financial effects generated within the network operated under the public service obligation(s) in question,
- minus receipts from tariff or any other revenue generated while fulfilling the public service obligation(s) in question,
- plus a reasonable profit,
- equals net financial effect.

3. Compliance with the public service obligation may have an impact on possible transport activities of an operator beyond the public service obligation(s) in question. In order to avoid overcompensation or lack of compensation, quantifiable financial effects on the operator's networks concerned shall therefore be taken into account when calculating the net financial effect.

4. Costs and revenue must be calculated in accordance with the accounting and tax rules in force.

5. In order to increase transparency and avoid cross-subsidies, where a public service operator not only operates compensated services subject to public transport service obligations, but also engages in other activities, the accounts of the said public services must be separated so as to meet at least the following conditions:

- the operating accounts corresponding to each of these activities must be separate and the proportion of the corresponding assets and the fixed costs must be allocated in accordance with the accounting and tax rules in force,

- all variable costs, an appropriate contribution to the fixed costs and a reasonable profit connected with any other activity of the public service operator may under no circumstances be charged to the public service in question,

- the costs of the public service must be balanced by operating revenue and payments from public authorities, without any possibility of transfer of revenue to another sector of the public service operator's activity.

6. "Reasonable profit" must be taken to mean a rate of return on capital that is normal for the sector in a given Member State and that takes account of the risk, or absence of risk, incurred by the public service operator by virtue of public authority intervention.

7. The method of compensation must promote the maintenance or development of:

- effective management by the public service operator, which can be the subject of an objective assessment, and

- the provision of passenger transport services of a sufficiently high standard.

### **Compliance with the competition rules**

The analysis on the State Aid compliance will be performed by the State Aid expert appointed by the Managing Authority during the project evaluation and will be based on the examination of the Application Form and the information provided by the partners (Lead Applicant and ERDF Project Partners) in the *"Declaration on the status in relation to the State Aid discipline"*.

Community rules on State aid limit the grant, which may be provided from public funding to assist projects involving public or private actors that do economic activities on the market.

Should project activities be State aid relevant, funding limitations deriving thereof will apply not only to private companies but also to those public equivalent bodies acting as undertakings in the project.

The Applicants have to fill-in the above mentioned declaration on state aid to inform about the compliance of the activities they intend to perform with the State aid discipline.

The Lead Partner and the ERDF Project Partners have to ensure that the planned activities are in compliance with the competition legislation of their country. This should be clarified with the responsible national authorities already during the project preparation phase.



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