



EUROPEAN UNION

European Neighbourhood and Partnership Instrument

**Hungary-Slovakia-Romania-Ukraine
Cross-border Cooperation Programme
2007-2013**

Joint Operational Programme

Adopted on 23 September 2008

TABLE OF CONTENTS

Introduction	3
1. Description, Objectives and Priorities.....	3
1.1. Summary of the programme	3
1.1.1. The process of programming.....	3
1.1.2. Summary of the programme's content	3
1.2. Description and analysis of the geographical areas concerned by the programme	3
1.2.1. General information	3
1.2.2. Population.....	3
1.2.3. Environment and nature	3
1.2.4. Economic structure.....	3
1.2.5. Infrastructure	3
1.2.6. Education and R&D	3
1.3. Coherence with other programmes and existing strategies	3
1.3.1. Coherence with EU policies and programmes	3
1.3.2. Experience of previous programmes	3
1.3.3. Conclusions of the coherence analysis for the Hungary-Slovakia-Romania-Ukraine JOP strategy and implementation.....	3
1.3.4. Cross-Cutting Themes of the Programme	3
1.3.5. Measuring the performance of the programme	3
1.4. Objectives, priorities and measures of the programme.....	3
1.4.1. Overall objective	3
1.4.2. Identification of aims for priorities	3
1.4.3. Identification of relevant ENPI Objectives.....	3
1.4.4. Priorities of the programme.....	3
1.4.5. Indicative allocation of funds.....	3
1.5. Environmental Assessment.....	3
1.6. Indicative financing plan	3
2. Programme management structure.....	3
2.1. Participating Countries.....	3
2.2. Reference to the previous programmes.....	3
2.2.1. Phare CBC programmes.....	3
2.2.2. Neighbourhood Programmes 2004-2006	3
2.2.3. Differences and continuity	3
2.3. Management and Implementation Structures.....	3
2.3.1. Joint Monitoring Committee (JMC).....	3
2.3.2. Joint Managing Authority (JMA).....	3
2.3.3. Joint Technical Secretariat (JTS)	3
2.3.4. National Authorities	3
2.3.5. Management capacity.....	3
3. Project development and selection.....	3
3.1. Project development.....	3
3.2. Project selection.....	3
3.3. Eligible applicants	3
4. Information and publicity	3
4.1. Objectives.....	3

4.2. Target groups.....	3
4.3. Information and publicity measures, channels and tools	3
4.4. Responsibilities	3
4.5. Implementing bodies	3
4.6. Indicative Budget.....	3
4.7. Monitoring and evaluation of the Communication Plan	3
5. Project level implementation and programme level financial management	3
5.1. Project level implementation	3
5.1.1. The Beneficiary	3
5.1.2. Contractual procedures.....	3
5.1.4. Project reporting.....	3
5.1.5. Project level financial management and control	3
5.2. National co-financing	3
5.3. Programme level financial management (ENPI).....	3
6. Monitoring and Evaluation	3
6.1. Monitoring	3
6.1.1. Programme level monitoring.....	3
6.1.2. Monitoring the impact on environment.....	3
6.1.3. Programme Monitoring and Information System	3
6.2. Evaluation	3
7. Specific implementation rules of the programme TA budget	3
8. Use of languages	3
Annexes	3
Annex 1. – Basic characteristics	3
Annex 2. – Natural population fluctuation and distribution of inhabitants by age (2005)	3
Annex 3. – Settlement structure by population size (2005)	3
Annex 4. – Statistics on Economy (2004).....	3
Annex 5. – Employment (2005).....	3
Annex 6. – SMEs (2005).....	3
Annex 7. – Tourism (2005)	3
Annex 8. – Environmental structures (2005)	3
Annex 9. – ICT technologies (2005).....	3
Annex 10. – SWOT analysis of the geographical areas concerned	3
Annex 11 – Provisional Indicative Timetable.....	3

LIST OF ABBREVIATIONS

B	Beneficiary
CBC	Cross-border cooperation
ENPI	European Neighbourhood and Partnership Instrument
EU	European Union
FTU	Financial Transfer Unit of MSD
HU	Hungary
IFAC	International Federation of Accountants
JMA	Joint Managing Authority
JMC	Joint Monitoring Committee
JOP	Joint Operational Programme
JTF	Joint Task Force
JTS	Joint Technical Secretariat
MS	Member States
MSD	Management Services Department of VÁTI
NA	National Authority
PPs	Project Partners
PRAG	Practical Guide to contract procedures for EC external actions
QA	Quality Assurance
RO	Romania
SEA	Strategic Environmental Assessment
SK	Slovakia
SMEs	Small and Medium-sized Enterprises
TA	Technical Assistance
UA	Ukraine
VÁTI	VÁTI Hungarian Public Nonprofit Company for Regional Development and Town Planning

Introduction

The Hungary-Slovakia-Romania-Ukraine ENPI Cross-border Cooperation Programme 2007-2013 will be implemented during the programming period 2007-2013 of the European Union. The Joint Operational Programme (JOP) is based on the joint planning effort of all four participating countries and is aimed to provide a framework for the activities which will lead to a more intense and deeper social and economic cooperation between regions of Ukraine and regions of Member States sharing common border.

The JOP was prepared on the legal basis of the 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 (ENPI Regulation), including the criteria determining the territorial units of Member States and partner countries that will be covered by cross-border cooperation programmes. The Article also states that the participation of regions adjoining the programme core area is allowed under certain conditions such as the continuation of existing cooperation or other justified cases, as it is the case of various regions of the Neighbourhood Programme 2004-2006. Important other provisions – such as European Neighbourhood and Partnership Instrument Cross-Border Cooperation Strategy Paper 2007-2013, Financing Agreement with the partner countries in accordance with the relevant provisions of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, Commission Regulation (EC) No 951/2007 of 9 August 2007 laying down the implementing rules for CBC programmes financed under ENPI Regulation (ENPI CBC Implementing Rules) as well as Commission's Practical Guide to contract procedures for EU external actions ("PRAG" provisions) – have been taken into consideration in the planning process and incorporated in the current JOP.

The 2007 ENPI CBC Strategy Paper 2007-2013 sets out the EU's general policy and objectives for the cross border cooperation activities. These are:

- To promote sustainable economic and social development in the border areas;
- To work together to address common challenges, in fields such as environment, public health, and the prevention and fight against organized crime;
- To ensure efficient and secure borders;
- To promote local "people-to-people" type actions.

Objectives of current JOP, as proposed by the partners, have been formulated in full accordance with the above-listed objectives and also take into account the specific needs and opportunities of the programme area.

The elaboration of the JOP was governed and controlled by the Joint Task Force composed of central governmental organisations and NUTS III level units of each participating country. The programming process was coordinated by the Joint Managing Authority and the Joint Technical Secretariat.

1. Description, Objectives and Priorities

1.1. Summary of the programme

1.1.1. The process of programming

The programming process started in July 2006 and concluded by the final discussion and approval of the JOP by the meeting of the Task Force in Prešov, the 5th of September 2007. In parallel to the process of programme design the Strategic Environmental Assessment (SEA) of the programme was carried out. The SEA process followed standard EU regulations in the Member States and also encompassed formal consultations with the relevant Ukrainian authorities.

The draft programme has then been endorsed by national authorities of the participating countries. Final document has been again approved by the Joint Task Force within a written procedure on 31 of March 2008.

During the process the various interests of the participating actors – such as national and regional authorities and representatives of the civil society – were harmonised in the framework of the Task Force. The partners within the Task Force regularly discussed and negotiated the strategy of the programme. A Regional Workshop to facilitate the expression of views and ideas of an increased partnership for the Ukrainian partners was also organised and its results were channelled into the process via the Task Force. This way the meetings of the Task Force provided the most important fora for shaping the strategy of the programme for all regional and local actors from the eligible regions under the programme.

The main steps of the process were the followings:

Date/Place	Milestones
19 May 2006 Kiev, Ukraine	Preliminary meeting of the Hungarian-Slovak-Ukrainian working group concerning tasks related to the programming process and preliminary schedule of the process
20 June 2006 Bucharest, Romania	Bilateral technical meeting between Romania-Ukraine to present the activities made by the Romanian partner in order to start programming activities
13 July 2006 Uzhgorod, Ukraine	1st Joint Task Force meeting for organisational issues
21 September 2006 Nyíregyháza, Hungary	2nd Joint Task Force meeting
5 October 2006 Budapest, Hungary	International expert-team meeting
14 November 2006 Uzhgorod, Ukraine	Regional consultation Workshop
14 November 2006 Košice, Slovakia	Working Group Technical meeting on implementation
15 November 2006 Košice, Slovakia	3rd Joint Task Force meeting
17 January 2007 Satu-Mare, Romania	4th Joint Task Force meeting
27 March 2007 Uzhgorod, Ukraine	5th Joint Task Force meeting
18 June 2007	Public announcement of SEA process

Hungary, Slovakia, Romania and Ukraine	
19 July 2007 Miskolc, Hungary	6th Joint Task Force meeting
31 July 2007 Uzhgorod, Ukraine	Consultation workshop on SEA
5 September 2007 Prešov, Slovakia	7th Joint Task Force meeting

Meetings of the Task Force regularly discussed and endorsed various versions of both the strategy of the programme as well as implementing provisions, results of which has been incorporated in the current JOP.

After approval of the JOP by the European Commission, the Joint Monitoring Committee (JMC) of the programme will be formed on the basis of the JTF, but extended to a wider partnership, mainly by the involvement of the civil society.. In line with Article 11 of the *ENPI CBC Implementing Rules* preliminary consultations will be held by the JMA prior to the JMC in order to ensure proper involvement of the civil society. The JMC will be playing the most important role in the project selection and the granting of support as the highest decision making body of the Programme. Decisions will be made by consensus in the implementation phase as it was made during the programming process. Joint system of call for proposals will be set up applying the same conditions in the four participating countries.

1.1.2. Summary of the programme's content

The Joint Operational Programme (JOP) consists of the following main parts:

- the description of the programme area;
- the strategy including the objectives and priorities of the programme and the planned activities which are eligible for support, indicative financing and indicators;
- recommendation of the Strategic Environmental Assessment;
- the management, implementation and monitoring system of the programme.

In the first part the whole programme area is described using available socio-economic and geographical data of the participating countries. Analysis concentrates on the following issues: population and society, economy (GDP, SMEs, infrastructure, and tourism), environment and nature, education and research. Based on the local needs, problems and opportunities identified, a SWOT analysis has been carried out and presented, considering also the specific nature of the programme, i.e. the aims of the ENPI. Experiences of past programmes as well as traditions of cooperation were also taken into account.

On this basis the overall objective of the programme was formulated as follows:

"to intensify and deepen the cooperation in an environmentally, socially and economically sustainable way between Zakarpatska, Ivano-Frankivska and Chernivetska regions of Ukraine and eligible and adjacent areas of Hungary, Romania and Slovakia"

The achievement of the overall objective of the proposed strategy is envisaged by implementing measures that contribute to the achievement of the objective by their expected results. Foreseen measures are grouped into priorities., The aim of each priority has been established, as follows:

Priority 1.: Promote economic and social development

Knowledge transfer and practice-sharing to promote joint developments of businesses and increase turistic attractiveness of the area.

The measures grouped to address the aim of the priority are the following ones:

- Harmonised development of tourism
- Create better conditions for SMEs and business development

Priority 2.: Enhance environmental quality

To enhance the quality of air, waters, soil and forestry resources and reduce risks of damages on natural environment

The measures grouped to address the aim of the priority are the following ones:

- Environmental protection, sustainable use and management of natural resources
- Emergency preparedness

Priority 3.: Increase border efficiency

To increase efficiency of border management on the Ukrainian border

The measure that addresses the aim of the priority is the following one:

- Improvement of border-crossing transport infrastructure and equipment at border controls

Priority 4.: Support people to people cooperation

To improve the effectiveness of public services and increase mutual understanding of various groups of the society

The measures grouped to address the aim of the priority are the following ones:

- Institutional cooperation
- Small scale “people to people” cooperation

Each measure of a priority is expected to contribute to the achievement of the aim of the priority and, through this, to the attainment of the overall objective of the programme.

Financial allocations among the various priorities of the programme seeks a relatively balanced approach regarding the ENPI's priorities and reflect, on one hand, the relative importance of the various problems as expressed by the partners involved. In general, fund distribution among the priorities follows a balanced approach, however, border management – mainly border accessibility – issues have been considered as most crucial conditions for further development and cooperation, therefore related priority enjoys the highest allocation of resources.

In the second part of the Joint Operational Programme the programme management structure and the implementation system is defined.

Contrary to the previous systems of the EU support for CBC on the European Union's external border with practically separated financial implementation on project level and performing the tasks related to the external funding by the services of the European Commission, the ENPI foresees a new approach. In case of ENPI CBC programmes the internal and external funding is combined, the Joint Managing Authority (JMA) is bearing the overall responsibility for the management and the implementation of the programme vis-à-vis the European Commission, the practical application of the Lead Partner principle is required and the funding is now assured by the JMA on both sides of the EU border.

The countries participating in the Hungary-Slovakia-Romania-Ukraine ENPI CBC Programme 2007-2013 appointed the *National Development Agency* of Hungary as the JMA for the programme.

The JMA is directly assisted by the Joint Technical Secretariat (JTS) with the day-to-day management of the activities under the Joint Operational Programme. The JTS is located at and operated by *VÁTI Public Non-profit Company*, performing the delegated tasks of the JMA.

The main joint decision making structure of the Programme is the Joint Monitoring Committee (JMC), which is supervising and monitoring the programme implementation, responsible for project selection.

The implementation system of the Programme is established in accordance with the ENPI regulatory framework, integrating the experience of the implementation of the previous Neighbourhood Programmes and considering the PRAG rules.

1.2. Description and analysis of the geographical areas concerned by the programme

1.2.1. General information

The programme area is located on the Hungarian-Slovak-Romanian-Ukrainian border, and includes the following territorial units: Szabolcs-Szatmár-Bereg and Borsod-Abaúj-Zemplén (Hungary), Košický and Prešovský (Slovakia), Maramureş, Satu-Mare and Suceava (Romania), Zakarpatska, Ivano-Frankiv'ska and Chernivets'ka (Ukraine). Suceava and Chernivets'ka are included on the basis of special rules. The programming area covers 32% of Slovak Republic, 14% of Hungary, 8% of Romania and 6% of Ukraine.

The programme area includes approximately 598.9 km joint border with Ukraine which covers fully the Slovak-Ukrainian (97.9 km) the Hungarian-Ukrainian (134.6 km) and partially the Romanian-Ukrainian (366.4 km) border lines.



1. Map: The programme area

Related European legislation – as referred to in “Introduction” to current programme, with special regard to ENPI Cross-border Cooperation Strategy Paper – sets out programme area, taking strongly into consideration past experiences and programmes as well as the strategic purpose of providing stronger geographic character to the programme, promoting this way more effective local cooperation. The programme area, in reality, features strong historical and cultural connections. It is also characterised by many common geographical and ecological features, such as importance of rivers as well as the presence of ecological corridors crossing administrative borders. This cooperation programme – like some other as well – has been introduced with the aim to eliminate social and economic disparities and to bring the

population of these neighbouring countries closer to each other. The inhabitants of the separate regions are linked by common cultural heritage and common religious traditions as well.

Nonetheless, unquestionable existence of common traditions as well as problems and challenges do not lend themselves to be justified by currently available statistical data, due to different availability and structure of statistics in the participating countries and territories. However, all available and comparable statistics have been delivered by representatives of participating countries for the purpose of planning, in order to support the analysis as effectively as possible.

Statistical data supporting the analysis as well as summarised SWOT analysis, both justifying the chosen strategy for the JOP are attached in Annexes.

Based on strong historical links and having in mind the concern that the EU border should not become a barrier, the ENPI objectives promoting cooperation and development along the EU's external borders offer great opportunities for enhancing the economic and social cooperation of this area.

1. Table: Participants and type of eligibility

Countries	Territorial Units	Referred to as	Type of eligibility
Hungary	Szabolcs-Szatmár-Bereg megye	Szabolcs-Szatmár-Bereg county	Eligible area
	Borsod-Abaúj-Zemplén megye	Borsod-Abaúj-Zemplén county	Adjacent area with full participation
Slovakia	Košický kraj	Košice region	Eligible area
	Prešovský kraj	Prešov region	Eligible area
Romania	Județul Maramureș	Maramureș county	Eligible area
	Județul Satu-Mare	Satu-Mare county	Eligible area
	Județul Suceava	Suceava county	Adjacent area with limited participation
Ukraine	Zakarpatska oblast	Zakarpatska region	Eligible area
	Ivano-Frankivska oblast	Ivano-Frankivska region	Eligible area
	Chernivetska oblast	Chernivetska region	Adjacent area with limited participation

Type of eligibility has been set on the basis of the relevant regulation of ENPI and the decision of the JTF as described below:

- “*Adjacent area with full participation*” means that any organisation located there are able to cooperate within the programme without any restriction,
- “*Adjacent areas with limited participation*” means that any organisation located in the concerned areas is able to cooperate with restriction as follows:
 - *In order to avoid any overlap with the Romania-Ukraine-Republic of Moldova Programme where Suceava and Chernivetska are also eligible, projects involving “Adjacent areas with limited participation” should include at least one partner from one of the two EU Member States Hungary and Slovakia.*

1.2.2. Population

The programme area is inhabited by 8,012,259 people. More than 44% of the total population is Ukrainian citizens, 16% is Hungarian, 19% Slovak and almost 20% Romanian. The average population density varies from 82 per/sq km (Maramureş), to 114 person/q km (Koşice region). This means 94 person/sq km in an average which does not differ significantly from the European average.

The average data shows only insignificant majority of the rural population (51.4%) in the whole region. Looking at the statistics more in details, it can be stated that the population structure of the area is balanced. The majority of the population lives in rural areas in the Ukrainian regions (average amounting till 60%) and in Suceava (56.7%), and lives in cities in Maramureş (58.8%), Koşice region and Borsod-Abaúj-Zemplén County (56.2% each).

Age structure

As for the age structure of the population it can be stated that in most of the programme area the ratio of inhabitants of pre-productive age is higher than the ratio of inhabitants of post-productive age (see in Annex 2). The only exceptions are Chernivetska and Ivano-Frankivska where more people of post-productive age live than of pre-productive age. However, the population ageing index of the programme area is relatively high (81.2% on an average, varying from 59.4% up to 114.2%) which shows that the ratio of the pre-productive population is hardly higher than the ratio of the post-productive population. The lowest proportion of post-productive population is in Koşice, Prešov, Maramureş and Satu-Mare regions (11-12%).

The highest ratio of pre-productive age population is noticed in Zakarpatska and the lowest in Prešov region and all together 18.17% of the total population of the programme area is of pre-productive age. There is a relatively low diversity in the ratio of productive population between the ranges of 59% (Ivano-Frankivska) to almost 71% (Koşice, Maramureş and Satu-Mare).

The most of the programme area can be characterized by a falling population trend (see Annex 2), caused by natural loss and a very high share of migration loss (69.7% of total loss). Extremely high level of migration loss can be noticed in Maramureş (83% of the total loss) and Zakarpatska (77% of the total loss). The only exceptions are the Slovak regions and Suceava where the natural growth index achieves high positive level, but even in these regions migration loss is noticed. High level of out-sourcing migration is dangerous as most of the people leaving the border area are of productive age. It can cause shortage in working force and significant ageing of the society in the future.

Nationality

As for the national identity in Hungary more than 90% of the population is Hungarian. The largest minority group is the Roma (5.36% of the total population considers themselves to be Roma in the Hungarian part of the programming area).

On the Slovak side 86% of inhabitants are Slovaks. The major minorities are Hungarian 6.37%, Roma 5.02%, Ruthenians 1.71%, Ukrainian 0.65%.

On the Romanian side of the programme area 83% of the population is Romanian on an average (96% in Suceava). The most important minority group is the Hungarian 11.2% (in Satu-Mare 35.2%), the others having high importance are Ukrainian 2.8% and Roma 2%.

The Ukrainian part of the programming area is inhabited mostly by Ukrainians; 86% of the population is Ukrainian. Important minorities are Hungarian 4.26%, Romanian 4.14% and Russian 2.62%. Ukrainian regions differ significantly with regard to the minorities. Two out of the three regions participating in the programme are inhabited by minorities in high proportion: Zakarpatska (Hungarian 12.1 %, Romanian 2.6%) and Chernivetska (Romanian 12.5%).

The language barriers may affect the cross border contacts and cooperation in the eligible area of the programme. Sometimes foreign languages (most frequently English) are used for communication.

Settlement structure

The main centres of the cross-border region are Košice, Prešov, Miskolc, Nyíregyháza, Satu-Mare, Suceava and Baia Mare, Uzhgorod, Chernivtsy and Ivano-Frankivsk. These main cities play important role on national level as well, and they also have cross-border impact on consumption, culture, traffic and employment.

On regional level there are several centres. These towns supply different functions to the micro regions. However, the level of services provided by them is lower and the institutional and economic environment is poorer than in bigger Western-European cities.

Small towns have not developed in the same way and pace as the more significant towns on county level during the last decade. In the 90's, most of them lost their economic base; nowadays their labour market depends on the economic condition of larger cities, or on the future of the local SMEs. A lot of these towns have a potential for tourism development: mountains and thermal sources offer outstanding opportunities for the tourism sector.

As for settlements, small villages (500 – 2,000 inhabitants) are typical in the cross border region: more than 77% of the settlements have less than two thousand inhabitants (see Annex 3). Several of them are situated in peripheral territory, in the mountains or along the border. These settlements are gradually losing their population; and witness the segregation of poor people. Their economic, social, and employment situation is very problematic.

As a conclusion it can be stated that the trend of aging population and the high proportion of rural population, aggravated by a general peripheral situation of participating territories within their countries represents serious obstacle to the development while the existence of common cultural heritage and the traditions of peaceful cooperation of diverse nationalities provides for unique opportunities in the same time.

1.2.3. Environment and nature

In geographical terms some parts of the programming area, i.e. parts of Szabolcs-Szatmár-Bereg, Ivano-Frankivska and Zakarpatska regions are lowlands, the central area and the eastern parts are hilly or mountainous.

The water reservoirs of the described territory belong to the Danube and the Tisa basins. The annual average flow of most of the rivers show significant differences during a year and the flood is a real danger for the population of the region which could not be prevented several times in the last years, as a supposed consequence of, inter alia, the non-sustainable use of mainly forestry resources in the catchment area. Thus, flood control remains one of the major problems in the eastern part of Tisza/Tisa basin (Hungarian–Ukrainian border region). In Romania, besides the flood problem, landslides are considered as the main source of emergency. As result of high floods erosion of riverbanks endangers inhabited land several cases.

Mining activities – both current and abandoned mines - also represent serious threat mainly on water quality both locally as well stretching out in impact to a regional scale too.

The programme area has rich bio-diversity with relatively well-preserved ecosystems. Protected areas on a multilevel system can be found with significant natural and cultural values. Several parks are situated in the described area. The Carpathian Mountains covering the most of the territory present a unique natural ecosystem that is of very important European value. Several park systems were created for preserving and protecting beautiful landscapes. The Aggtelek National Park situated in Borsod-Abaúj-Zemplén county was primarily

created for protecting geomorphological formations; surface karst phenomena and caves. The karst cave of Aggtelek together with the Slovak karsts is part of the World heritage. The Tokaj-Hegyalja cultural landscape – located in Borsod-Abaúj-Zemplén county - is included into the UNESCO international network from 2002 as historical wine-district. The Carpathians host the greatest in the European primeval forest sites, unique alpine zone groups of flora and fauna, etc. The Carpathian Biosphere Reserve (Zakarpatska) ecosystem is referred to the most valuable ecosystems on the Earth and included into the UNESCO international network of biosphere reserves. At the same time the region is characterized by a high level of dangerous geological processes, such as shifts, lodge, lateral fluvial and planar erosion, karsts, etc.

The programme area is covered by the Danube River Protection Convention that provides wider framework for cooperation in the environmental and nature protection sector.

Three biogeographical regions are concerned within the programme area: the Pannonian, the Continental and the Alpine.¹

In the participating Member States the “Birds” and “Habitats” Directives for the NATURA 2000 areas constitute a solid legal basis for the protection of rare and endangered species and natural habitats. In the programme area several special protection areas (SPA) and important bird areas as well as Sites of Community Interest (SCI) are designated in order to protect plants and animals and their habitats.

Additionally, relative isolation of immediate border zones provided favourable, undisturbed living conditions for a number of rare and vulnerable species. By today the only habitats for a number of those endangered plants or animal species are the areas where the movement of goods and people was restricted. (“borderzone-effect”).

Agricultural use of land is characteristic in the area. The prospects and actual scenarios of the development of the agricultural sector therefore heavily impacts the quality of the natural environment, thus the attractiveness of the area in general.

As a conclusion, it can be stated that the region is endowed with unique natural resources whose exploitation may considerably contribute to the economic development of the area, mainly by a developing tourism industry. However, the vulnerability of the systems requires cautious approach and the strict application of the sustainability principles.

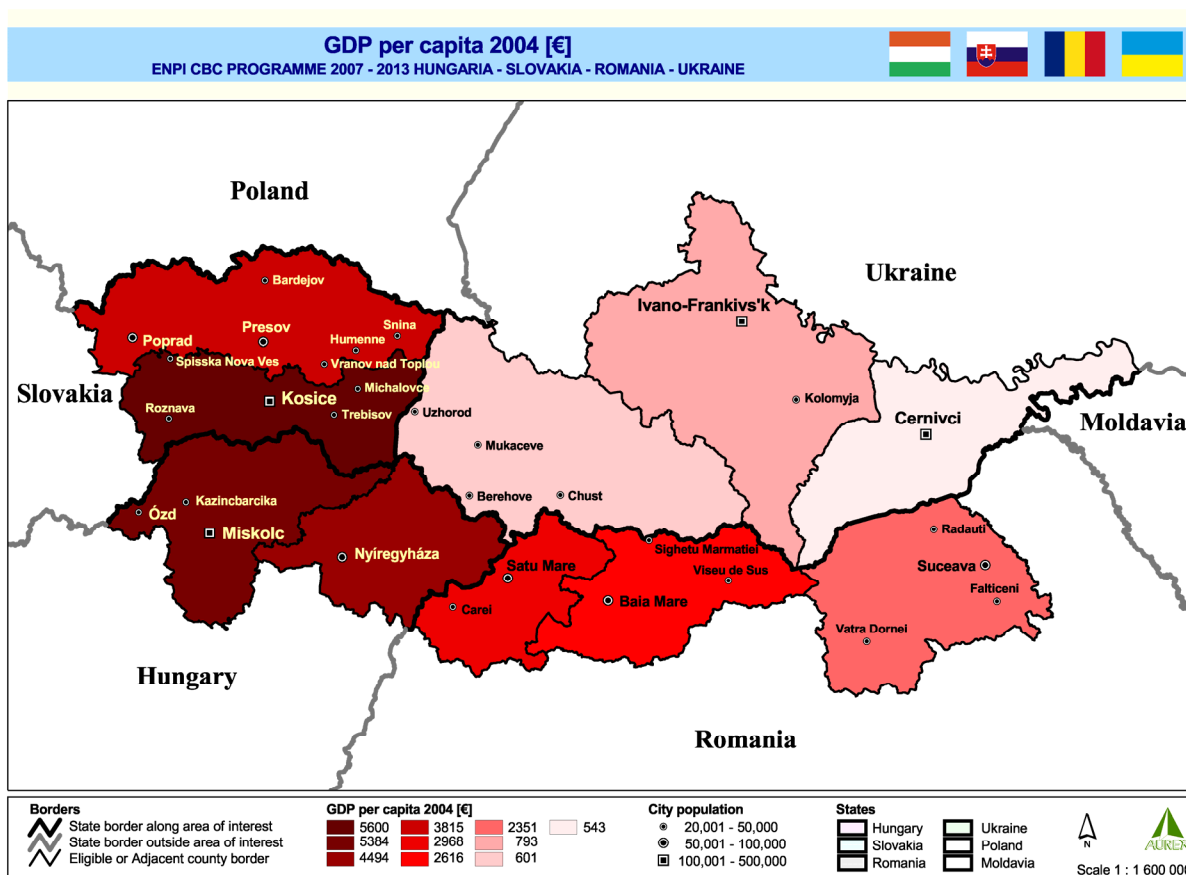
1.2.4. Economic structure

GDP

In general, the economic development of the programme area is lagging behind. Statistics shows that the GDP in each of the regions is below the national average and the GDP per capita is below the 30% of that of the EU27 (see Annex 4). The highest level of GDP per capita was measured in Košice region, 26% of the EU average. Extremely low level is noticed in the Ukrainian regions with data amounting only to 3.7% of the EU average (Ivano-Frankivska). Košice and Prešov regions jointly contribute 21.9% of the national GDP of the Slovak Republic. The other partner regions’ contribution to their national GDP is rather marginal (8.1% in Hungary, 4.7% in Ukraine and 5.5% in Romania).

The economic structure varies depending on the different regions. The breakdown of market sectors gross value added compared to the GDP shows that the services sector has the highest share within the GDP of the participating areas, varying from 41.8% (Suceava) up to 55.2% (Zakarpatska). The industrial sector gross value added is around 30% of the GDP of each participant except for Zakarpatska where the ratio is 18.5%. The agricultural sector gross value added is varying from 2.7% of the GDP (Ivano-Frankivska) up to 21.4% (Suceava).

¹ (Indicative map of pan-European biogeographic regions can be found under the following link: <http://www.natura.org/biogeographicregions.html>)



2. Map: GDP / capita in the programme area, 2004

Labour market

The employment situation in the area is not balanced: the level of employment is higher in the bigger cities of the region. The structure of employment in the Hungarian counties, Slovak regions and Suceava county suits to the modern economic structures, more than 50% of the employees represent the tertiary sector (see Annex 5). However, there are some regions where the ratio of people employed in the industrial sector is still relatively high: from 37.5% in Prešov region up to 48.4% in Satu-Mare county. Regarding the employment in agriculture, the average figures for the majority of the area are close to the EU15 and EU25 average – Romanian part (3%), Slovak (5.2%), Hungarian (3.6%), Ivano-Frankivska in Ukraine (5.1%). The only exceptions are Zakarpatska and Chernivetska where the figures reach respectively 28.6% and 29.2%.

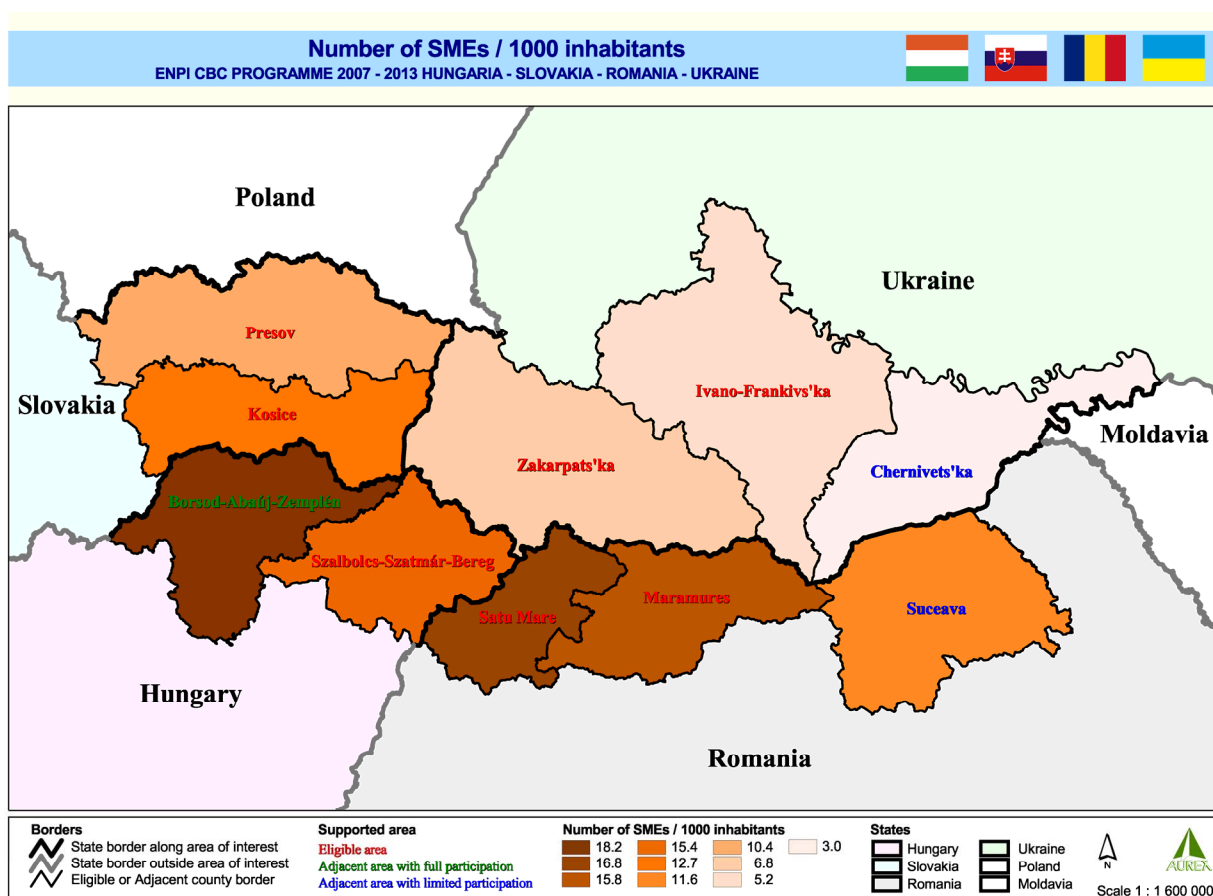
The unemployment in the area concerned has evolved during the transition period. The traditional industrial production has collapsed; therefore the unemployment has increased rapidly. The average unemployment rate for the programming area is about 10-11%. There are large differences in terms of unemployment rate between the participants. High rate of unemployment still denotes one of the major problems of the Hungarian and the Slovak side of the border and in parts of the Ukrainian regions (average respectively 11.6% and 23.1% and 10.2% and 9.8% in Ivano-Frankivska and in Chernivetska). The unemployment in these regions creates the real problem. The situation in Romania and in Ukraine in this prospect is quite different. In the three Romanian counties and Zakarpatska, the unemployment rate shows a lower level of 7.8% and 7% in Suceava and in Zakarpatska, going down to 4.6% in Maramureş and only 2% in Satu-Mare.

Main industries, products and company structure

Profit oriented and private organisations of the programme area represent high share in the national income. Regions differ significantly taking into consideration the number of the enterprises per 1,000 inhabitants. In Hungarian regions can be found the highest number of SMEs, the lowest is noticed in the Ukrainian ones. In the Slovak region the number of SMEs per 1,000 inhabitants varies from 13 in Košice to 11 in Prešov. In the Romanian regions the number of SMEs per 1,000 inhabitants varies from 17 in Satu-Mare to 12 in Suceava (see Annex 6).

The number and activity of SMEs play an important role in local employment and indirectly in the local economic development of the regions concerned. However, there are some barriers, i.e. poorly developed business support infrastructure, lack of partnership between economic actors, and low level of investment.

The most frequent fields of activity of the enterprises on the Hungarian side are agriculture, tourism and industry. In the Slovak border region one of the basic elements supporting economic development is the dynamic increase of small and medium-sized enterprises. Activities of enterprises, on the Romanian side, are directed to tourism, transport and industry. High number of manual workers proves the potential and increasing role of small and medium-sized enterprises in local employment.



3. Map: Number of SMEs per 1,000 inhabitants

Tourism

The main tourist attractions of the border region are the natural landscapes. Along Tisza/Tisa river the water tourism is popular. Each side of the programme region has tourist destinations in the mountains (Carpathians and Oaş mountains). The beautiful protected areas situated on the Romanian side of the

programme, area as Natural Park Rodna Mountains (46,399 ha) and Natural Park Maramureş Mountains (148,850 ha), are considered as attractive destinations for tourism.

Besides these, there is a significant cultural heritage. The Romanian wooden churches of Maramureş have been listed by the UNESCO as World Heritage Site in 1999. Suceava has the largest surface covered with forest in Romania. The programme area is very rich in thermal and mineral water resources. There are numerous health-resorts in Hungary and in Slovakia. Slovakia and Ukraine are rich in mineral water (e.g. Solotvyno mines). The Tokaj-Hegyalja cultural landscape in Hungary is one of the most popular wine-tourism destinations.

The natural landscape such as the mountains, rivers, forests, karst caves; the rich biodiversity, the cultural heritage and the numerous health resorts located in the programme area serve as a good basis for developing various types of tourism, e.g. eco-tourism, thermal tourism, rural tourism, etc. The karst cave of Aggtelek together with the Slovak karsts is part of the World heritage and both are popular tourist sights. As for the accommodation capacity, more than 60% of the total accommodation capacity of the area is located in three (Borsod-Abaúj-Zemplén, Prešov and Ivano-Frankivska) out of the ten participants. Low number of accommodation capacity is noticed in the remaining area.

The total number of overnight stays compared to the accommodation capacity shows that the capacity utilisation is under the potential, varying from 8.4% in Szabolcs-Szatmár-Bereg county up to 67.8% in Chernivetska. The average number of the overnight in the area is 2.3 nights per capita which is under the potential as well. The highest average figure noticed in Ivano-Fankisvka (5.6 overnight staying) and the lowest figure was measured in Satu-Mare (1.6 overnight staying). The underutilised potentials are partly due to the weak marketing promotion of the border area as a tourist destination and the underdeveloped tourism information system (see Annex 7).

Since developing the tourism sector has a great potential for decreasing the ratio of migration via job creation and increasing income, it would be important to meet tourists' expectations and attract more visitors in the area.

As a conclusion, it can be stated that the main feature of the economic structure is its unbalanced nature. In this respect the great difference in GDP is to be noticed primarily. Lack of innovation, unemployment in many areas as well as the high share of agriculture in general represent serious bottlenecks to development while the existence of great tourism potential, some developing towns and the availability of workforce may provide a basis for a gradual improvement of the general economic performance of the region.

1.2.5. Infrastructure

Transport

Due to the geographic location of the border area, its accessibility depends on the number and quality of roads. The road networks are relatively well-developed, but the quality of major and minor roads is differing. There is no built transport connection at high quality level (highway or high speed road) in west-east direction on the Slovak and Romanian side. In Hungary the accessibility is better. The M3 motorway between Budapest and Debrecen ensures the East-West accessibility of the eastern part of the region. This highway is part of the Corridor No. V (Venice-Triest-Ljubljana-Uzhgorod-Lvov). In the whole area the condition of roads does not meet European standards. Road conditions on Ukrainian side of the border, particularly in mountainous areas and in the winter season, are inadequate.

The railway accessibility of bigger towns is sufficient, but the population of several small settlements in Slovakia and Hungary does not have railway connection. The railway transport connection of the

Ukrainian-Slovak, Hungarian-Ukrainian and Romanian-Ukrainian borders can be characterised by two railway systems with different track gauge, which is extended up to Košice on the Slovak side.

On the Romanian side, Satu-Mare has road access to Hungary and Ukraine by European road E81 and Suceava to Ukraine by European road E85. Secondary roads in Maramureş allow access to Ukraine and Hungary by European road E81 and E85. Whereas main railway links Suceava to Ukraine, secondary railways links Satu-Mare and Maramureş to Hungary and Ukraine.

Air transport in the region is based on the international airport in Košice and important airports at regional-level in Uzhgorod, Ivano-Frankivsk, Chernivtsy, Miskolc, Nyíregyhaza, Satu-Mare and Baia Mare. The Satu-Mare international airport is located in a "high density" airports area, with many airports on an 150 km radius and is situated 60 km from Baia Mare airport that is under modernisation to become international; the Suceava airport's facilities have been improved to accommodate international flights. The number of flights and passengers depends on the regional traffic.

Border crossings

On average the density of the border crossing points seems to be relatively good at the Ukrainian border and among the member states as well (on an average one border-crossing point per each 28 km). However, the density of border-crossing points differs a lot in relation to the separate borders. On the Hungarian-Ukrainian border for instance there is a border-crossing point (railway, road or pedestrian point) each 22.4 km but on the Hungarian-Slovak border the same figure is only 49.6 km. On country level between Romania and Ukraine one can find every 31 km an opportunity for crossing the border. If we take a look at on county level, in Suceava on each 15.9 km there is a border-crossing point, while in Maramureş only on each 54.4 km. At the Slovak-Ukrainian border (97.6 km long) all together five border station are available for passengers (each 19.6 km). Internal border control between Hungary and Slovakia has been abolished since December 2007. However, an important traffic still flows through the roads of these abolished border crossings, showing thus the lack of suitable road network in the cross-border region. The number of the public roads accessing the borders and pedestrian points, and their capacity still leaves a lot to be desired (1 per 48 km). Their technical condition and the capacity available for custom clearance are inadequate to handle the traffic volume. Queuing and awaiting hours at the borders interfere significantly the tourism development of the programming area and the cooperation between its inhabitants. Although a visa facilitation agreement entered into force on the 1st of January 2008, the administrative burden connected to the visa regime still represents an extra difficulty for the Ukrainian partners to participate in this programme. EU citizens are exempted from the visa requirement by Ukraine.

On 18 September 2007 Hungary and Ukraine concluded a bilateral agreement for the purpose of implementing the local border traffic regime established by the relevant EC Regulation. Poland, Romania and Slovakia also declared their willingness to sign identical bilateral agreements with Ukraine, although the EC expressed its concerns on the full compatibility of these agreements with the Local Border Traffic Regulation.

Environmental infrastructure

The most decisive factors that affect the environmental situation in the programme area are the following:

- insufficient water management (insufficient capacity of sewage system and waste-water treatment plants),
- inadequate waste management,
- road transport,
- industrial emission (coal-heated power plants).

In the Hungarian border region the connection of settlements to drinking water networks is almost complete. However, the sewage system is poorly developed. The situation of rural areas, especially in the villages, is even worse. Conditions are alarming especially in the small villages located along the borders. Even in settlements where drainpipes are built, the number of households, which are connected to the system, is very low.

The Romanian part does not differ significantly. Whereas, almost 80 % of the urban population has access to drinking water and sewage public networks; the situation in the rural areas is really critical. The system of public utilities is in a bad condition, with regard to the drinking water supply (average accessibility 20%) and to the sewage system as well, in Satu-Mare only 2.4%, in Suceava 3.1% and in Maramureş 5.6% of the rural population is connected to public services. Investments are required in order to preserve the ecosystem since the waste produced by households and public institutions, the wide deforestation actions and pollution are factors, which still deteriorate the environment.

In the Slovak border region the development of public sewage system significantly lags behind the development public water supply. A large number of big towns have built only partial sewage system or a sewage system without a wastewater treatment plant, therefore hardly more than half of the population is connected to the public sewage system.

In Zakarpatska, Ivano-Frankivska and Chernivetska the water conduit and the wastewater treatment are provided only in towns and in some communes. In rural settlements the most common problem is the lack of both water conduit and wastewater treatment. In the field of drinking water supply the basic task is the protection of water resources and the building of public water supply infrastructure. Besides, in Chernivetska and Ivano-Frankivska the industrial pollution prevails. In Zakarpatska industrial pollution decreases, but the communal waste-water pollution is significant in the main cities. Ground waters are highly contaminated which endanger the tourism potential.

The waste management of extensive areas is still unsolved in the programme area. The small villages along the border are in the worst situation in terms of waste management. However a positive trend is evolving by the implementation of the recycling system of communal waste, the problem is still unsolved as there are still problems connected to the processing.

The quality of air varies a lot in the cross-border region. Where vast unspoilt forests in the mountainous areas provide good quality of air and is part of the natural attractions of the region, pollution of the air is considered as a serious problem in urban areas as well as the high emission of old coal heated power plants with and ineffective filters.

Telecommunication networks

In the programme area the situation in telecommunications has been improving very fast in the last decade. Recently, the use of mobile phones and of Internet services is considerably increasing in the region.

On an average in the Hungarian areas around 250 out of 1,000 inhabitants are equipped with fixed telephone line. In Prešov and Košice similar statistics can be found, respectively 180 and 220 out of 1,000 inhabitants have telephone subscription while in the Romanian counties only 140. Despite of the statistics of Szabolcs-Szatmár-Bereg, Borsod-Abaúj-Zemplén and Romania (respectively 14, 13.8 and 15 internet subscribers per 100 inhabitants), the access to the internet significantly differs from EU standards. On the remaining area the access to internet is remarkably low (1.41 persons per 100 in Slovakia and less than 1 per 100 in Ukraine).

As conclusion, it can be stated that

- while great mainly “east-west” traffic flows through the area that could boost certain kind of economic development, the most important obstacle to a better cooperation is the overloaded and underdeveloped transport infrastructure, mainly the serious bottlenecks on the Ukrainian border
- provision of all types of environmental infrastructure seriously lags behind European standards

Both above-stated factors are of extreme importance assessing those against the region’s ambition in tourism industry

1.2.6. Education and R&D

As for the highest completed level of education, the majority of the population of the programme area has finished secondary education. About 7% of inhabitants graduated universities.

The most important Ukrainian universities in the area are located in Chernivtsy and Ivano-Frankivsk.. Beside them, Mukachevo and Uzhgorod, each with 2 higher educational institutions are located on the Ukrainian side.

In the Romanian area higher education is ensured by “Vasile Goldis West University” in Satu-Mare county, 3 centres of higher education (“Spiru Haret” University, “North” University, “Vasile Goldis” University) in Maramureş county and “Stefan cel Mare” University in Suceava county.

Pavol Jozef Šafárik University in Košice, Technical University in Košice, University of Veterinary Medicine in Košice, and Prešov University in Prešov are important higher educational and research centres of eastern Slovakia.

The most important higher educational centre of the Hungarian part of the programme area is the University of Miskolc. Beside the traditional departments (technical, industrial) new courses (economics, law) have been introduced to meet the challenges of the new era. Apart from Miskolc other traditional educational centre of the region is Nyíregyháza, where a Teacher’s Training College is located. Both institutions offer degrees in environmental sciences too.

Several R&D centres are located in Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg (respectively 24 and 21). The expenditures from R&D activity in Borsod-Abaúj-Zemplén county and Košice region are over the average of the programme area: more than 16 million euros were spent on R&D activities in both areas in 2005.

The highest number of persons are employed in the field of R&D in Košice (2990 persons) and nine R&D centres are situated in Ivano-Frankivska, Chernivetska and Suceava employing also a high number of scientists and engineers, and functioning with high level of capital expenditures. There are several ongoing R&D projects in the Romanian border area: 333 in Suceava, 103 in Satu-Mare and 71 in Maramureş. Chernivetska is the most advanced in implementation of the R&D projects (726 units). These data show that there is a real potential to develop cross border cooperation in R&D sector.

As a conclusion it can be stated that the existence of prospering universities and projects in the region may provide a base for a gradually improving performance of this sector, even if current innovation capabilities are weak. Additionally, the fit between the output of the educational system and the needs of the economy is far from being perfect. Therefore, the improvement of the links between the industry and the educational system could bring tangible benefits for the economy of the region.

1.3. Coherence with other programmes and existing strategies

The Hungary-Slovakia-Romania-Ukraine ENPI CBC Joint Operational Programme is closely related to a wide range of strategies currently operating at EU, national, regional and local levels within the Programme Area. The JOP, in the definition of its strategy, therefore takes into account the relevant policy orientations, as well as activities supported by other programmes and initiatives, in order to ensure the coherence of its priorities with the wider regional cooperation framework.

During the implementation phase of the JOP the JMA/JTS will look for complementarities and opportunities of synergy with other initiatives and pay attention to concentrate the available funds on providing the greatest added value.

1.3.1. Coherence with EU policies and programmes

a) Other cross-border and regional cooperation programmes in the programme area

In the eligible area for the ENPI CBC Hungary-Slovakia-Romania-Ukraine JOP, the EU supports also other programmes of cross-border and regional cooperation on a larger regional scale (Eastern regional, Interreg IVC, South-East Europe), and still supports projects implemented under the Neighbourhood programmes. Particular attention will be paid to these programmes in the implementation of the JOP, to take into account the potential for synergy and to avoid overlapping.

▪ *Neighbourhood Programme Hungary-Slovakia-Ukraine 2004-2006*

The Hungary-Slovakia-Ukraine Neighbourhood Programme 2004-2006 is being implemented presently with a budget of nearly EUR 32 Million from the European Regional Development Fund in Hungary and Slovakia, in addition, funded by the TACIS in Ukraine. This Joint Operational Programme serves as a basis for efficiently using EU funds allocated for cross-border cooperation in the border area concerned.

The strategic global objective of the Programme was to strengthen the level of economical and social integration of the cross border region.

The aim of the Hungary-Slovakia-Ukraine NP 2004-2006 has been to promote development of the trilateral border area to become a common, future-oriented economic and living space, to improve its competitiveness within European context, to improve sustainable living conditions of the residents in the eligible area and to help to overcome regional development disadvantages caused by separation through national borders. Therefore all projects financed from the Neighbourhood Programme must have proved cooperation among cross-border partners and must have demonstrated cross-border impact on the eligible area.

Although some changes have taken place since the preparation of this programme, its main objectives remain valid even today. Therefore the strategy proposed for the period 2007-2013 can be considered as an evolution of the strategy underpinning the Neighbourhood Programme for Hungary-Slovakia-Ukraine 2004-2006.

▪ *PHARE/TACIS Neighbourhood Programme Romania-Ukraine 2004-2006*

The Romania-Ukraine Neighbourhood Programme finances projects targeting social and economic development, the development of an integrated infrastructure system in the border area, as well as 'people to people' cooperation.

These two bilateral/trilateral cross-border cooperation programmes are the forerunner of the JOP outlined in this text and are important because the implementation will continue until 2010. The JMA and JMC will therefore pay a particular attention to the risk of duplication, overlapping or double funding of projects during this period, in particular in the timing and definition of the priorities for the call for proposals.

The JOP will also build upon the Neighbourhood Programmes experience. The evaluation carried out in August 2006 stressed the importance of projects developed locally, based on local initiatives and in line with national and regional development programmes. Lessons learnt from future evaluations will be taken into account in the JOP implementation.

▪ ***ENPI Eastern Regional Programme 2007-2013***

The ENPI Eastern Regional Programme covers seven Eastern European and Southern Caucasus countries, including Ukraine. It will support cooperation on key regional issues, identified in the Strategy Paper 2007-2013 and indicative programme 2007-2010. It builds upon the Tacis Regional Programmes (2004-2006), which focused on different thematic areas such as sustainable management of natural resources, promoting trade and investment (in particular transport - through the TRACECA programme - and energy - through INOGATE programme) and justice and internal affairs.

Complementary between the support provided by the ENPI Eastern Regional Programme and the JOP is similar in most of the Regional programme priorities: Priority 1, focusing on networks for transport, energy and SME regional cooperation; Priority 2 focusing on environment; Priority 3 focusing on border, migration management and customs; and Priority 4 on support to people to people contacts.

▪ ***Interreg IV/C Interregional Programme 2007-2013***

The eligible area of the Hungary-Slovakia-Romania-Ukraine is also included in the Interreg IV/C Interregional Cooperation Programme, an EU programme for supporting the territorial cooperation that will be implemented during the same period. Considering that priorities and type of eligible projects, which are similar to the JOP, but taking into account that the Interreg programme concentrates its support on the EU partners, the potential for synergy between the Interreg programme and the JOP is high.

The Interreg IV/C Interregional programme targets its support on local and regional authorities and bodies governed by public law. Projects should involve partners from at least three different countries, from which at least two should be EU Member States. The programme is organised around two thematic priorities: innovation and the knowledge economy, and environment and risk prevention. Some measures (e.g. promotion of SME development, R&D and innovation, human resources development, environment protection, water management, waste management) can therefore be supported by a complementary way, in the eligible area, under both the Interreg IV/C and the JOP programmes.

▪ ***South East Europe Transnational Cooperation Programme 2007-2013***

The eligible JOP programme area is also part of the South East Europe (SEE) Transnational Cooperation Programme eligible area, which includes regions from sixteen countries. Some measures (e.g. facilitating the innovation, environmental protection and improvement of accessibility) can be supported by the SEE and the JOP programmes. Synergy of actions may therefore be achieved and double-funding should be avoided.

b) Coherence with national strategies and programmes

The JOP focusing on local and regional actors and on cross-border issues is coherent with and complementary to EU funds to Hungarian, Slovak and Romanian strategies and programmes.

The three EU Member States have elaborated their National Strategic Reference Framework that serves as a basis for structural funds support, while EU support to Ukraine is allocated within the framework of the European Neighbourhood Policy and jointly agreed Action Plans.

▪ ***The National Strategic Reference Framework of Hungary 2007-2013***

The overall objective of The New Hungary Development Plan considered as the Hungarian National Strategic Reference Framework is „to expand employment and to create the conditions for long term growth”. In order to achieve this objective, six priority axes have been identified for the next seven years:

- Economic development

- Transport development
- Renewal of the society
- Environment and energy development
- Regional development
- State reform

The NSRF of Hungary aims to strengthen the regional and social cohesion eliminating inequalities that is considered as main conditions for the renewal of the country. This may be achieved through a multi-level cohesion. Differences in the level of development need to be reduced between the regions; the Hungarian NSRF has to contribute to the cohesion of the European region as a whole by deepening contacts between Hungarian and other European regions and promoting cooperation among them and harmonising measures of neighbouring regions.

▪ ***The National Strategic Reference Framework of Romania 2007-2013***

The key aims of the Romanian National Strategic Reference Framework 2007-2013 (NSRF) are to strengthen economic and social cohesion in Romania and to reduce regional disparities and to make the correct and appropriate linkages to the European Commission policies, notably the Lisbon Strategy, which builds policies for economic growth and the creation of jobs. The NSRF bases its genesis on the National Development Plan (NDP), which was developed as a tool to guide national, European Union's funds (EU) and other funding sources available for Romania.

NSRF Objective aims "to reduce the economic and social development disparities between Romania and the EU Member States, by generating a 15-20% additional growth of the GDP".

The following four thematic priorities have been identified:

- Development of basic infrastructure to European standards;
- Increasing the long term competitiveness of the Romanian economy;
- Development and more efficient use of Romania's human capital;
- Building an effective administrative capacity.

Integrated planning and the coordinated implementation of these priorities through the sectoral and regional operational programmes aim to achieve the highest impact of the Structural and Cohesion Funds and will promote a balanced territorial development, as a territorial priority.

The close links and cooperation in various activities with the border regions of the neighbouring countries, with the view of addressing joint challenges, were taken into consideration. NUTS III level authorities pursued to ensure coherence and clear delimitation between objectives of this programme and objectives financed under the European Territorial Cooperation Objective and those under the Convergence Objective, as well as those under the National Rural Development Programme and Fisheries OP.

The correlation between the strategy of the Joint Operational Programme and other CBC OP strategies, targeting parts of the Romanian eligible area, was checked by the Romanian National Authority. In order to achieve coherence, the strategy was developed in partnership with key actors at national and local level, analyzed during consultations with the OP Managing Authorities for Objectives Coherence and ETC and line ministries and debated in a public consultation exercise.

▪ ***National Strategic Reference Framework of the Slovak Republic 2007-2013***

The National Strategic Reference Framework of the Slovak Republic provides the framework for drawing up development operational programmes reflecting the Lisbon and the Gothenburg objectives.

The NSRF of the Slovak Republic for the programming period 2007-2013 is covering the EU objectives of 'Convergence' and 'Regional competitiveness and employment'.

The strategic objective of Slovakia for the 2007-2013 programming period is formulated as follows:

‘To increase significantly competitiveness and efficiency of the regions and the Slovak economy and to achieve employment growth in a sustainable way by the year 2013’

With regard to the identified disparities and development factors, the NSRF focuses on the following thematic strategic priorities:

- Infrastructure and regional accessibility
- Knowledge-based economy
- Human resources

▪ ***The National Strategy of the Regional Development of Ukraine 2004 – 2015***

The JOP is consistent with Ukrainian national policies. Notably, the Ukrainian Government has passed a law on trans-border co-operation to remove institutional, legal and financial barriers to co-operation. It has also produced a National Strategy for the Regional Development of Ukraine 2004-2015.

The geographical situation of Ukraine is favourable for the development of inter-state political, trade, economic and cultural links with the neighbouring countries. Strategies of regional and socio-economic development with specific cross border components have been developed by the regional administrations responsible for cross-border programmes.

The aim of the National Strategy of the Regional Development of Ukraine is the establishment of the conditions for competitive ability of the regions, the maintenance of constant development based on new technologies, high productive ability of the industry and the employment of the population.

Creation of the prerequisites for Ukraine to acquire the membership in the European Union, ensuring of the sustainable economic growth, establishment of the innovative development model and social re-orientation of the economic policy is the strategic objective.

Priority directions for strategic development are as follows:

1. Creating and upgrading the infrastructure to improve investment appeal of Ukraine and its regions;
2. Restructuring economic resources of individual regions and promoting their diversification based on new technologies;
3. Human resource development;
4. Regional cooperation development.

▪ ***Supports under the European Agricultural Fund for Rural Development to Hungary, Slovakia and Romania***

All EU Member States have elaborated their National Strategic Plan (NSP) for Rural Development, which is to be implemented by the National Rural Development Programme (NRDP). These programmes’ aim is to improve the competitiveness of agro-food sector and forestry through increasing efficiency and quality of production while respecting the principles of sustainable development and more ecological management in rural areas.

Therefore basically the following axes, each with a defined corresponding priority, are targeted:

Axis 1: Improvement of competitiveness of agriculture and forestry – the objective is to improve competitiveness of agro-food industry and forestry industry.

Axis 2: Improvement of environment and landscape (country) – the overall aim is to create the multifunctional agricultural and forest systems with positive impact on environment, nature and landscape.

Axis 3: Quality of life in the rural areas and diversification of rural economies – the defined priorities under the axe will contribute to the increase in employment in rural areas and support of the municipalities.

Axis 4: Leader – the objective is defined as support to building and development of local partnerships and utilisation of endogenous development potential of rural areas.

▪ ***European Neighbourhood Policy and Ukraine***

In the context of the European Neighbourhood Policy, assistance to Ukraine starting from 2007 is provided mostly by the European Neighbourhood and Partnership Instrument (ENPI), which replaces the Tacis programme as well as a number of thematic supports. Assistance provided under the ENPI is determined according to the policy objectives laid out in the EU-Ukraine Action Plan adopted in 2005 and to the priority areas identified in the Country Strategy Paper 2007-2013 and National Indicative Programme (NIP) for 2007-2010.

The JOP is coherent with the policy objectives of the Action Plan, such as economic and social reforms, the improvement of energy and transport networks, enhancement of cooperation on environmental issues and the promotion of people to people contacts. As regards cross-border cooperation, it will complement and benefit from the objective of development and implementation of an efficient legislation on cross-border and regional co-operation.

The JOP will comply with the objectives set in the Country Strategy Paper 2007-2013 for cross-border cooperation, which provides that the ENPI CBC programmes with Ukraine will support a full range of projects, from small-scale local initiatives with local administrations and NGOs/civil society to large-scale projects involving a large number of partners, and also allow for investments in a cross-border context.

c) Other relevant EU policies and programmes

The JOP, in the identification of its priorities, takes into account other EU policies and programmes targeting more efficient borders and improved infrastructures.

▪ ***Support to infrastructures (European Investment Bank)***

The European Investment Bank (EIB) supports, through long-term loans on favourable terms the integration, balanced development and economic and social cohesion of EU Member States.

The EIB mandate authorising lending operations to Ukraine was approved by the European Council in December 2004 for the sectors of environment, transport, telecommunications and energy infrastructures with priority given to the Trans-European network (“TEN”) axes having a cross-border aspect with the EU.

Under its new external mandate the European Investment Bank (EIB) has a budget of €3.7 billion available for the ‘Eastern Neighbourhood’ plus Russia.

For Ukraine, work on establishing a viable loan portfolio is ongoing and first lending operations started in the first half of 2006.

d) Coherence with other international programmes and initiative

In the definition of its strategy and priorities, the JOP takes into account the activities supported by other donors and international financial institutions, in particular as described below.

▪ ***European Bank of Reconstruction and Development (EBRD)***

In Romania, the EBRD supports investments in infrastructures, the attraction of Foreign Direct Investment and support for the financial sector. It has also strengthened the capacity of the public administration and local authorities to make use of EU funding.

In Ukraine the EBRD supports the improvement of the business climate and competitiveness of the private sector, an increase of the institutional capacity of the financial sector and the level of finance available to SMEs, the modernisation of road, rail, harbour and airport infrastructure, and of the power, oil and gas sectors.

▪ ***World Bank***

The World Bank has also been active in Ukraine and funded activities involving public sector reform, financial reform, private sector development and the environment. Projects of particular significance include projects to stimulate SMEs and the Ukraine e-Development project. In terms of protecting the environment, the World Bank assists the Ukrainian safe drinking water programme launched recently. World Bank funding is also being used to reduce air and agricultural pollution.

e) Other bilateral donors

- **USAID**

In Ukraine, USAID supports focuses on three major areas: economic growth; democracy and governance; and health and social transition.

- **SIDA**

In Ukraine, SIDA supports projects combating poverty and harmonisation with the EU.

f) Other programmes

It became clear during the programming negotiations of current OP (see also “Description of the programming process”) that no other programme – neither any “donor programme” of any other state or organization, nor any EU funded programme addresses the specific needs and opportunities expressed in current ENPI programme, neither for the Ukraine nor for any participating Member States.

1.3.2. Experience of previous programmes

The CBC programmes have succeeded in laying the foundations and improving the basic conditions of long-term cooperation, especially in the field of institutionalised cooperation and the awareness of local actors towards the potential benefits of cross-border cooperation.

Experience gained during the implementation of previous programmes shows that “joint small project fund” was a success in Hungary and in Romania. The selected projects were mainly focusing on soft, people to people measures (organising meetings, events, training, etc.). Although these projects were very popular among the applicants, there were only a few numbers of projects which were really innovative kind and the cooperation among the partners having realised the projects was hard to maintain (since they were focusing on one or a series of events).

Secondly, due to the restricted capacity of the business support infrastructure which is able to support networking of enterprises and business cooperation the projects based on cooperation could be implemented only in a restricted number as well. As a consequence of this it would be worthwhile to support the institutions supporting businesses.

On programme management level the Hungarian Managing Authority had to face the problem that as a result of the low budget and the high number of soft projects, these types of projects are difficult to manage since the implementation management requires huge human resource capacity.

In Romania as a result of decentralisation of EU funds management, CBC Regional Office was established in the border area being in charge of grant schemes implementation. Closer contact and providing information was thus ensured for the potential beneficiaries. Due to training and TA funds support, the workload was divided between implementing agency and CBC regional office, but further support and trained staff is necessary in order to overcome the increased workload.

As the main impediment of accessing EU funds was and is still considered the lack of strong commitment of key actors for identifying the necessities and to start designing projects for the common benefit. A real CBC cooperation initiated and encouraged by concerned national authorities may be achieved and sustained by establishing CBC partnerships at local level based on strong commitments.

1.3.3. Conclusions of the coherence analysis for the Hungary-Slovakia-Romania-Ukraine JOP strategy and implementation

Considering the description and analysis of the existing cooperation and programmes in the JOP eligible area, a few conclusions can be drawn, in terms of added value of the ENPI CBC JOP compared to existing initiatives, on the need to promote synergies, to avoid overlapping and to build upon results.

a) Added value of the ENPI CBC Hungary-Slovakia-Romania-Ukraine Programme

The ENPI CBC JOP has a specific scope and focus, which adds value to existing cooperation frameworks and initiatives, and builds upon the experience of the Neighbourhood programmes:

- Projects achieve a cross-border impact;
- The programme priorities concentrate on the common needs of the eligible regions, identified jointly in the JOP;
- Project partners are local and regional actors, who take the initiative of the project definition on the basis of the programme priorities;
- Projects are prepared and implemented in a partnership spirit, with similar organisations or institutions sharing experience with their partners across the borders, working together to address common challenges or to develop a joint potential.

b) Promoting synergies with other programmes and initiatives, springboard and multiplier effects

Promoting complementary of support and a multiplier effect are essential to ensure the best use of resources and the highest results for the eligible regions and stakeholders. The JOP will strive to achieve synergy with other programmes and initiatives, which support projects with similar priorities in part or the whole of the eligible area.

The programme will ensure the long-lasting coherence of its support with other regional initiatives and projects, and promote synergies through the Members of the Joint Monitoring Committee who will be requested to remain aware of their regional and national policies, of projects supported in their country through other initiatives and cooperation frameworks, so as to ensure that the projects funded under the ENPI CBC JOP are coherent and build synergy with them. To this aim they will stay in close contacts with the relevant national institutions and organisations.

In order to promote high effects of the cross-border activities from possible synergies and coherence with projects and programmes funded under other EU policies as well as to avoid duplication, information on activity funding in the recent past may be exchanged as required between Directorate Generals before launching calls for proposals. For that purpose, EuropeAid will request each DG to nominate one or more contact points to be consulted on the proposals submitted within the call for proposals.

c) Avoiding double funding and overlap between projects

The applicants will be requested to stipulate clearly in their proposals, whether they are applying to other funds for support to all or some of the activities proposed. This should not have the effect to discriminate against their proposals at the evaluation stage, but it will be taken into account for the final selection of projects. It will raise the awareness of the Joint Monitoring Committee and JMA, that will ensure appropriate consultation with other donors and programmes before the grant contract may be signed, to avoid double funding of activities in case the project would be supported.

d) Sharing experience and building upon results

Throughout the programme implementation period, the JMA/JTS and the programme partners will promote initiatives for the coordination and exchange of information on the JOP strategy with the organisations active in

the area. This should allow the programme to use the experience and get the results of the other programmes working along similar priorities in the eligible regions, and to build upon them.

Through an active policy of information and dissemination, the JMA/JTS will ensure that the projects public results and lessons learnt are widely made available to other programmes and initiatives.

1.3.4. Cross-Cutting Themes of the Programme

In addition to the priorities which are in the focus of the programme activities, there are three horizontal criteria that are crucial in case of any project activity. Project applicants are expected to consider these criteria when developing their projects.

a) Equal opportunities

General regulation of the use for Structural Funds and Cohesion Fund Article 16 stipulates that “The Member States and the Commission shall ensure that equality between men and women and the integration of gender perspective is promoted during the various stages of implementing the Funds.”

Equal opportunities are promoted throughout the programme cycle. This principle has been fully respected in the partnership process of the preparation of the Programme. The principle of equal opportunities is reflected in the eligibility and project selection criteria to be applied under various measures, included in the document complementing the Programme.

The principle of equal opportunities also underpins the programme and it is important that all groups in society have equal access to the opportunities and benefits of the programme - in order to obtain the objectives defined by the programme. Equal opportunities include women children/youth, the disabled, ethnic minorities and other disadvantaged groups.

There are specific parts of the programme designed to promote equal opportunities. In particular, under Priority 4 Support people to people cooperation Measure 4.2. Small scale ”people to people” cooperation, it is foreseen to support projects targeting disadvantaged groups (vocational training, exchange of information on training system and qualifications, awareness raising), but Measure 4.2 is also expected to a certain extent to support easier access to skills upgrading, employment and training opportunities for women, disabled people and minority groups.

b) Sustainable development

Socio-economic development and integration of the border regions are to be conducted in such a way that socio-economic and environmental sustainability is ensured. The respective strategic framework, based on the SWOT analysis requires that all measures recognise and appropriately utilise the environmental strengths of the border regions, without harming the environment of the area. In the frame of the programme, interventions are made to respond to weaknesses and threats that have been identified in relation to the environmental conditions.

Cross-border cooperation is essential to carry out coordinated actions to mitigate the local impact of global climate change as well as to develop appropriate measures to facilitate the adaptation to these local impacts. To this end, particular attention will be paid to ensure that

- i.) direct actions will be funded covering several priorities of the OP with the aim of increasing knowledge, understanding and commitment of local people and regional institutions to mitigate the risks caused by global climate change.
- ii.) project selection criteria will be designed in a way that projects with less potential to increase the discharge of “greenhouse gases” will be favoured. In particular projects that involve potential increase of road traffic, industrial activities, animal husbandry and similar will not be supported. No grant will be provided to projects whose expected impact will be considered as “negative” from the point of view of environmental sustainability.

All other interventions of the programme are also designed in such a way – by means of objectives, eligibility and selection systems – that any deterioration of the environmental conditions in the regions is avoided and contribute to economic and social benefit.

The analysis has shown that the creation of waste products in the programme area has been a growing problem in recent years. The major aim of the Programme is to intensify and deepen cooperation between eligible and adjacent regions of the programme area in an environmentally, socially and economically sustainable way following the provisions of the EU's Gothenburg Agenda.

It is obvious that Priority 2 will lead to a distinct improvement in the environmental nature of the Programme Area. It is also important that projects funded under the other three priorities have positive economic and social effects, in line with the principles of sustainable development.

c) Territorial Cohesion

The principle of territorial co-operation is a key in many EU programmes. One of the aims of the programme is to stimulate economic and social development in the programme area so that regional disparities are reduced between the eligible regions in this programme and other regions in Hungary, Slovakia, Romania and Ukraine. This should be done without increasing regional disparities within the Programme Area. Thus, one of the underlying aims of the programme is to promote the balanced spatial development of the Programme Area and the Adjoining Regions.

1.3.5. Measuring the performance of the programme

a) Indicators at programme level

Considering the size and nature of the programme, its practical immeasurability with regard to its impact on macro-level indicators such as GDP, unemployment, education qualifications, population growth, etc. no such indicators have been identified. Instead, programme level indicators focus on measuring the contribution of the programme to the key cross-cutting themes. Data availability proved to be a serious limitation to define more refined indicators for the programme (e.g. "greenhouse gas" indicator for monitoring climate change related actions).

Values are expressed in "number of projects" as simple and easily collectible data. *Theme: Sustainable development*

Indicator: "Number of projects having significant direct positive influence on environment"

(as a consequence of the proposed strict assessment of projects against sustainability criteria no project with overall negative impact on the environment is to be funded but in case of some projects expected environmental impact will be neutral or not significant)

Theme: Equal opportunities

Indicators: "Number of projects targeting disadvantaged groups", "Number of projects directly contributing to gender equality"

Theme: Territorial cohesion

Indicator: "Number of projects directly contributing to a more balanced spatial development of the programme area and adjoining regions"

Definite criteria for the above-listed indicators will be designed in the implementation phase. Indicators serve for evaluation purpose.

b) Indicators at priority level

At priority level result and output indicators have been devised. These indicators are linked to the aim of each priority and have been attached to the description of each of the priorities.

Result indicators are expressed in number of projects or direct effects of priorities. Output indicators present the number of the key generic deliverables (Key Outputs) expected from the beneficiaries for the benefit of the target group. Quantified targets have been linked to the identified Key Outputs. At measure level no indicators have been identified, however, output indicators represent the characteristic outputs of the planned measures. Indicators serve for monitoring purpose mainly. Achievement of quantified targets will be assessed and corrective actions initiated whenever necessary by the JMA.

2. Table: Coherence with other programmes and existing strategies

		HU-SK-RO-UA ENPI CBC			
Coherence with other programmes and existing strategies		Priority 1 Promote Economic and Social Development	Priority 2 Enhance environm ental quality	Priority 3 Increase border efficiency	Priority 4 Support people to people cooperation
COHERENCE WITH NATIONAL POLICIES					
National Strategic Reference Framework of Hungary 2007-2013	i. Economic development	✓			✓
	ii. Transport development			✓	
	iii. Renewal of the society	✓			✓
	iv. Environment and energy development	✓			✓
	v. Regional development	✓	✓	✓	✓
	vi. State reform	✓			
National Strategic Reference Framework of Romania 2007-2013	i. Development of basic infrastructure to European standards			✓	
	ii. Increase the long term competitiveness of the Romanian economy	✓			✓
	iii. Development and more efficient use of Romania's human capital	✓			✓
	iv. Building effective administrative capacity	✓			✓
	v. Promote balanced territorial development	✓	✓	✓	
National Strategic Reference Framework of the Slovak Republic 2007-2013	i. Infrastructure and regional accessibility	✓		✓	
	ii. Knowledge-based economy	✓			✓
	iii. Human resources	✓			✓
National Strategy of the Regional Development of Ukraine 2004 – 2015	i. Creating and upgrading the infrastructure to improve investment appeal of Ukraine and its regions	✓			✓
	ii. Restructuring economic resources of individual regions and promoting their diversification based on new technologies	✓			
	iii. Human resource development	✓			✓
	iv. Regional cooperation development	✓	✓	✓	✓
National Strategic Plan (NSP) for Rural Development (Hungary, Slovakia,	i. Improvement of competitiveness of agriculture and forestry				
	ii. Improvement of environment and landscape (county)		✓		
	iii. Quality of life in the rural areas and diversification of rural economies	✓			✓

		HU-SK-RO-UA ENPI CBC			
Coherence with other programmes and existing strategies		Priority 1 Promote Economic and Social Development	Priority 2 Enhance environm ental quality	Priority 3 Increase border efficiency	Priority 4 Support people to people cooperation
Romania)	iv. Leader	✓			✓
CROSS-BORDER AND REGIONAL COOPERATION PROGRAMMES					
Hungary-Slovakia-Ukraine Neighbourhood Programme 2004-2006	i. Cross-border social and economic cooperation	✓			✓
	ii. Cross-border environment and transport		✓	✓	
Romania-Ukraine Neighbourhood Programme 2004-2006	i. Strengthening existing common assets to ignite a new integrated cycle of sustainable development		✓		
	ii. Supporting a new cycle of sustainable development with key infrastructure				
	iii. Developing cross-border cooperation to preserve common socio-cultural heritage linked to the local history and environment	✓	✓		
	iv. Strengthening cross-border cooperation at operational level	✓		✓	✓
ENPI Eastern Regional programme 2007-2013	i. Networks, in particular transport and energy networks				
	ii. Environment and forestry		✓		
	iii. Border and migration management, the fight against international crime, and customs			✓	
	iv. People-to-people activities, information and support	✓			✓
	v. Anti-personnel landmines, explosive remnants of war, small arms and light weapons				
South East Europe Transnational Cooperation programme 2007-2013	vi. Facilitation of innovation and entrepreneurship	✓			✓
	vii. Protection and improvement of the environment		✓		
	viii. Improvement of the accessibility			✓	✓
	ix. Development of transnational synergies for sustainable growth areas	✓			✓
PARTNER COUNTRIES COOPERATION WITH EU					
ENP Action Plan and Ukraine	i. Strengthen rule of law				
	ii. Improve business and investment climate	✓			✓
	iii. Encourage economic development and enhance poverty reduction efforts	✓			✓
	iv. Enhance cooperation in the fields of justice, freedom and security				
	v. Reinforce administrative capacity	✓			✓

		HU-SK-RO-UA ENPI CBC			
Coherence with other programmes and existing strategies		Priority 1 Promote Economic and Social Development	Priority 2 Enhance environmental quality	Priority 3 Increase border efficiency	Priority 4 Support people to people cooperation
	vi. Strengthen regional cooperation	✓	✓	✓	✓
	vii. Promote peaceful resolution of conflicts	✓			
	viii. Transport and energy				
	ix. Enhance environment protection and rational use of natural resources		✓		

1.4. Objectives, priorities and measures of the programme

1.4.1. Overall objective

The programme's overall objective is to intensify and deepen the cooperation in an environmentally, socially and economically sustainable way between Zakarpatska, Ivano-Frankivska and Chernivetska regions of Ukraine and eligible and adjacent areas of Hungary, Romania and Slovakia.

Rationale of the overall objective

The core element of the strategy behind the European Neighbourhood Policy is *„to give as strong as possible incentives for cooperation between Member States and partner countries“*.

The ENPI in general will target sustainable development and approximation to EU policies and legislation, and is supposed to bring a radical improvement in the EU's capacity to support cross-border cooperation along the EU's external borders – thus giving substance to the overall aim of avoiding new dividing lines.

In the programme area – as justified by the SWOT analysis- the general level of cooperation is low, however, practices can be found on a wide spectrum of activities. On this basis strategy aims at both creating more co-operations in the sense of involving more actors on one hand, while on the other hand aims at substantially enhancing the effectiveness of the co-operations by extending the scope and type of activities and sectors, too.

Programme strategy is clearly in line with the objectives of the ENPI. Additionally, in order to achieve real impact, it maintains a strong specific focus, in line with the specific geographical, social and economical needs of the programme area.

Thus, strategy focuses on issues that

- are based on local needs and opportunities, in accordance with the analysis of the region (summarised by the SWOT)
- expected impact of interventions of the strategy can realistically contribute to the long term solutions of identified problems or exploitation of opportunities. Thus, the programme will focus on problems requiring local or regional level solutions, instead of problems that would require decisions or policy changes at the national level.

Key strategic issues corresponding broadly to the above-mentioned set of criteria are:

- Cooperation of economic actors, municipalities, institutions at local and regional level and civil organisations to take advantage of knowledge transfer and joint developments
- Protection and enhancement of natural environment as one of the major endowments of the programme area
- Acceleration and simplification of border crossing procedures while maintaining border security
- Improvement of the accessibility within border-areas
- Intensification of the cooperation among local civil society actors and municipal authorities

The effective realisation of the ENPI objectives (ENPI ... *“is supposed to bring a radical improvement in the EU's capacity to support cross-border cooperation along the EU's external borders”*) require that capabilities of local partners to cooperate improve in a long-lasting manner. To this end sustainability principle will be applied also beyond its environmental meaning, considering social and economic aspects too, when assessing operations to be financed in the programme.

Attainment of the overall objective

The achievement of the overall objective is envisaged by implementing measures that contribute to the achievement of the objective by their expected results. The measures are grouped in priorities. Each priority has an aim. The overall objective is expected to be achieved by reaching aims of the priorities.

Strategy is implemented through providing support to beneficiaries of one or several Member States and their Ukrainian partners for the implementation of joint projects, which can be of following types:

- Integrated projects (with obvious cross-border effect), where partners carry out part of the actions of a joint project for their respective side of the border.
- Simple projects with a cross-border effect, taking place mostly or even exclusively on one side of the border but for the clear benefit of all partners. Funding for this type of projects may be provided on an exceptional basis and requires strong justification regarding their real impact on sustainable cooperation and their contribution to the objectives of the programme and the respective measure.

Projects selected for support shall in all cases demonstrate strong commitment to apply horizontal principles as

- Ensuring equality of opportunities for women and men
- Taking into account the particular needs of those disadvantaged, disabled or from ethnic minority backgrounds
- Ensuring the environmental and social sustainability of developments with special emphasis on protection of the natural environment and cultural values as well as tackling issues of global climate change

1.4.2. Identification of aims for priorities

To attain the overall objective of the programme, the following aims are to be achieved:

- *Knowledge transfer and practice-sharing to promote joint developments of businesses and increase touristic attractiveness of the area*

Rationale of the aim:

ENPI objective “Promote economic and social development” has been devised recognising the need to foster mutual understanding of people and organisations on both sides of the borders of the Member States, both to transfer best European practice and to exploit economic opportunities of cooperation. Improving economic and social relations are expected to result in a long term improvement of stability in the programme area.

Stable political relations between the participating countries, the various elements of common history and culture as well as previous experiences with economic and social cooperation serve as sufficiently good basis for the objective to be attained realistically. While cooperation in the programme area is not without antecedents, links of institutions and businesses is weak, intensity of cooperation is low. The gap between economic development of the Member States and Ukraine is a serious obstacle of increasing the intensity and effectiveness of cooperation, thus hinders the exploitation of existing business opportunities.

Situation is aggravated by the fact that the border area features strong peripheral characteristics in national terms in each participating countries, thus, benefits of cooperation can also help narrow the development gap at national level.

The aim is expected to be achieved by supporting the cooperative actions of organisations for businesses, various levels of the local and regional administration and the civil society.

Aim is addressed by the set of measures grouped under Priority nr. 1: “Promote economic and social development”

- *“To enhance the quality of air, waters, soil and forestry resources and reduce risks of damages on natural environment”*

Rationale of the aim:

The objective of the ENPI “Address common challenges” aims to assist partner countries in tackling specific problems that hinder or put at risk lasting and effective cooperation across the border, the handling of those requiring joint coordinated actions on behalf of partners. In the programme area the preservation of the environment and the increase of preparedness to natural and, to a lesser extent, industrial environmental emergency situations are the most important issues. Possible actions related to crime prevention, trafficking and illegal migration are not considered as crucial problems in the area, therefore, although allowed by ENPI regulation, are not focussed at by current programme. These actions are, however, expected to be supported, as possible subject of cooperating public institutions, focusing on information exchange and are considered primarily as contributions to aim addressed by Priority nr. 1.

Although burden on the environment slightly eased due to decrease of the output of the heavy industry in the area, but revitalisation is incomplete and in some cases the quality of ground- and surface water is below standards. Rich biodiversity and attractive environmental features are considered also as an asset for future development opportunities in ecological and active tourism, while the area’s richness in water also represents a serious challenge to effective flood protection. In other areas mountainous geography and extensive forestry resources justify joint actions, including joint development of systems and structures and exchange of experiences in the field of fires and to some extent managing the risk of landslides and avalanches too. Climate change - related effects such as increased risk of more extreme weather conditions such as drought, storms or extreme level of precipitation also underpin the need for increased preparedness, both in terms of human skills as well as operating systems.

An environmental approach has been taken to energy issues by current programme, thus, the cooperation for the utilisation of renewable energy resources is promoted in order to contribute to better, “greener” environment in the border area.

This aim is expected to be achieved also by supporting the improvement of waste management, including recycling activities or effective waste collection and processing systems.

Partner countries consider that the area will benefit from well preserved and diverse environment therefore are committed to undertake long term actions improving its quality. As limitations of current programme’s resources will not allow to implement heavy investment programme in this field either, the aim is rather to design and devise joint cooperative plans and strategies for future investments than finance physical investments themselves.

Due to its limited scope current cross-border programme is neither supposed to assist the national level legislation of Ukraine to directly improve the effectiveness of investment schemes for environment nor directly assist the improvement of the effectiveness of the enforcement of environment-related legislation.

Aim is addressed by the set of measures grouped under Priority nr. 2: “Enhance environmental quality”

- *“To increase efficiency of border management on the Ukrainian border”*

Rationale of the aim:

ENPI objective “Efficient and secure borders” aims clearly to alleviate technical problems related to the requirements of the external borders of the Union. In the programme area activities are focussing on to achieve the smoothest possible crossing (decrease waiting time, improve conditions, etc.) of the borders with Ukraine for all participating MS as well as providing more points to cross, in order to solve serious bottlenecks for the development of economic and social cooperation in the area but maintaining border security. Existence of TEN No. V. as well as regional airports can serve as basis for improved economic cooperation provided that necessary transport links are available. To this end objective has been set to develop the efficiency at the border crossing as

well as if possible assist the opening of new crossing points, but not aiming at substantially develop regional transportation networks linking cities or specific areas within the border area.

Also as consequence of the limited scope of the programme general accessibility problems due mainly to the peripheral situation of the area are not targeted, either.

Aim is addressed by the set of measures grouped under Priority nr. 3: “Increase border efficiency”

- *“To improve the effectiveness of public services and increase mutual understanding of various groups of the society”*

Rationale of the aim:

ENPI objective “Support for People-to-people activities” has been considered as basic prerequisite to further increase and initiate new cooperations in the programme area. On one hand exchange of various experiences could result in the establishment of lasting and ongoing cooperation of public institutions, contributing this way to a more effective and efficient delivery of public services in the participating regions. On the other hand, programme encourages also the small organisations of the civil and municipal sector – local NGO’s, municipalities of villages and their organisations – to find new ways and new partners in cooperation strengthening territorial cohesion, mutual understanding as well as drive and willingness for cooperation among citizens in the border area.

Aim is addressed by the measures grouped under Priority nr. 4: “Support to people-to-people cooperation”.

1.4.3. Identification of relevant ENPI Objectives

Partner countries propose to address all the four objectives of the ENPI. Relation of the overall ENPI objectives and priorities of the Programme is illustrated by the following Table 3. Main characteristics of the programme with regard to the ENPI objectives are the followings:

Within “Promote economic and social development” objective separate measure for the tourism developments is justified by the extremely great development potential of tourism for the region.

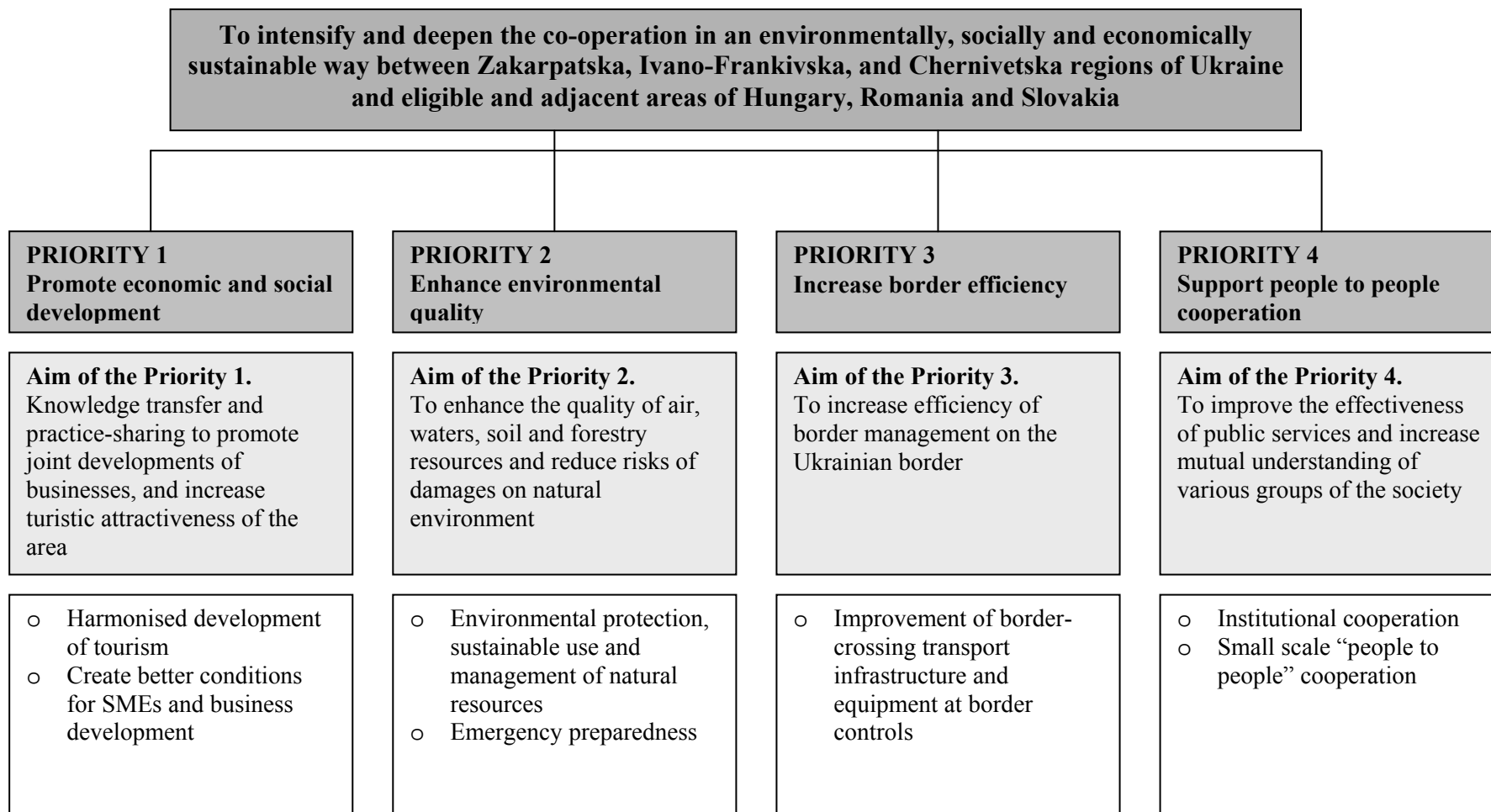
“People to people” actions have great importance in securing long-term sustainability of cooperation as well as helping initiate new partnerships across the border. Different nature of cooperation requires different supporting instruments, thus, ENPI priority has been addressed by two different measures under Priority 4: 4.1. Institutional cooperation and 4.2 Small scale “people to people” cooperation.

For common challenges, protection of environment and nature, as well as the management of related risks have been focused on, due to the vulnerability and values of the environment.

For “Efficient and secure borders” the improvement of facilities have been focused on, as prerequisite for an increased economic development and cross-border cohesion.

3. Table: Relation of the priorities of the programme and the overall objectives of the ENPI

Overall Objective of the HU-SK-RO-UA OP: <i>To intensify and deepen the cooperation in an environmentally, socially and economically sustainable way between Zakarpatska, Ivano-Frankivska, and Chernivetska regions of Ukraine and eligible and adjacent areas of Hungary, Romania and Slovakia</i>	Overall ENPI Objective: <i>"... to bring a radical improvement in the EU's capacity to support cross-border cooperation along the EU's external borders"</i>			
PRIORITY 1: Promote economic and social development	Objective 1: Promote economic and social development	Objective 2: Common challenges	Objective 3: Efficient and secure borders	Objective 4: People to people co-operation
1.1. Harmonised development of tourism	X			
1.2. Create better conditions for SMEs and business development	X			
PRIORITY 2: Enhance environmental quality				
2.1. Environmental protection, sustainable use and management of natural resources		X		X
2.2. Emergency preparedness		X		
PRIORITY 3: Increase border efficiency				
3.1. Improvement of border-crossing transport infrastructure and equipment at border controls			X	
PRIORITY 4: Support people to people cooperation				
4.1. Institutional cooperation				X
4.2. Small scale "people to people" cooperation				X



1.4.4. Priorities of the programme

Priority 1: Promote economic and social development

Measures and activities implemented within this priority are expected to achieve the aim described in previous sub-chapter of the programme, contributing this way to its general objective.

Economic development activities are targeted by measure 1.1 and measure 1.2. Tourism will be supported via separated measure, acknowledging on one hand that the potential of the area provides unique opportunities for this industry within economic development as such and on the other hand the specifically strong contribution of tourism to mutual understanding and cooperation within the area, across the borders.

National strategies of Member States for biodiversity preservation and sustainable use of natural resources in respect with Natura 2000 will be mandatory to be followed by implementing measures under this priority. Similarly, impact of the expectedly intensifying economic activities on fragile environmental assets like forests and endangered and hunted animal species shall be monitored and studied. Projects environmentally sustainable will be promoted, with special emphasis on preventing future impacts that might exacerbate processes causing global climate change (e.g. ones that minimise traffic increase, decrease “greenhouse gas” emissions of productive systems, etc.) Social development is directly promoted via supporting cooperation of institutions and civil society organisations by priority 4.

On this basis, the following measures are to be implemented within this priority:

Measure 1.1.: Harmonised development of tourism

Aim of the measure: Increasing the number of visitors in the border area through taking advantage of its rich natural and cultural values. To this end partnership-based developments are expected to be implemented that serve the current or future development of the tourist product of the area.

Rationale:

High values of natural and cultural heritage and landscape, on the basis of stable political environment make tourism a specifically important development opportunity for the neighbouring regions. Tourism, besides creates new jobs and provides income, also can play an important role in further promoting willingness of cooperation by demonstrating attractive developments based on local initiatives.

To support best the measure’s impact on increasing cooperation and fostering mutual understanding of the partner countries the development of tourism products shall focus on attracting visitors from the cooperating countries to the programme area.

Projects lacking genuine added value coming from cooperative approach (such as individual developments of accommodation facilities) will not be supported, neither any heavy investment in transport, even though these developments may also serve purposes of tourism. Projects to be financed under this measure are expected to respect the load-bearing ability of the fragile eco-systems and, in general, the environment, to ensure long term sustainability.

Indicative list of activities:

- Construction and modernisation of tourist infrastructure (walking, cycle, skiing paths)
- Creating cross-border tourism products and standards of services (thematic routes, quality systems etc.)
- Improvement of multilingual information flow in tourism (development of multilingual literature, information brochures, websites, sign- and information posts etc.)
- Training in tourism (e.g. hotel management, food hygiene etc.)
- Creation and development IT based services such as integrated and interactive databases on tourism facilities and attractions, WLAN (Wireless area network) as “Hot Spot” internet access for the rural tourism etc.

- Developing and implementing joint strategies and initiatives, including plans and actions for joint promotion and marketing as well as impact forecasts and studies

Indicative type of beneficiaries:

- Public entities such as regional and local administration in charge of promoting tourism, associations of small local municipalities and town administrations
- Civil entities aiming to develop sustainable tourism in their region
- Associations and organizations of SMEs or entrepreneurs in the tourism sector

and partnerships comprising partners from the ones listed above

Indicative type of costs financed:

Provision of services. Purchase of equipment and works on an exceptional and limited basis

Measure 1.2.: Create better conditions for SMEs and business development

Aim of the measure: To boost the performance of the SME sector in the border area by increasing market knowledge and creating better infrastructural services for existing businesses as well as potential investors.

Rationale:

Increasing cooperation between the businesses is of crucial importance for the sustained development of the economic base of the region. Based on the political stability and numerous business factors (such as existence of workforce, raw materials, and under-exploited potentials of industrial sites and the existence of some universities and business support institutions of the area), increased cooperation would provide for better utilisation of existing resources and better exploitation of market potential.

Cooperation shall result in the development of SMEs in all sectors, providing assistance mainly to institutions in charge of business and SMEs development to help improve the delivery of their mission.

Joint actions are also expected to promote the region's opportunities for investors.

Actions can not directly address diminishing sometimes very burdensome administrative differences between Ukraine and the MS's but indirectly, through providing information, contribute to better business climate. On the other hand, the lack or not proper performance of national schemes can not be improved by current programme within its limited scope.

Indicative list of activities:

- Establishment and upgrade of business infrastructure facilities (Joint business innovation, trade and logistic centres, business incubators, business parks)
- Upgrade energy and telecom infrastructure linked to business infrastructures
- Development of R&TD infrastructure (creation of R&TD centres, and developing existing ones directly serving the purpose of cross-border cooperation, dissemination research results and their use in practice)
- Promotion of opportunities for investment and cooperation of enterprises
- Promotion of joint marketing actions for SMEs
- Impact studies and surveys
- Development and organisation of cross-border information system for SMEs (supporting close cooperation of the existing information networks)
- Trainings for staff in SMEs (e.g. marketing, product development, small business accounting, book-keeping, procurement etc.) and in supporting institutions
- Consultancy services (such as preparation of business plan, support for creation of new SMEs, marketing plans etc.)
- Specific actions for supporting the creation of companies by women, disabled and disadvantaged groups and development of environmentally friendly projects.

Indicative type of beneficiaries:

- Public entities such as regional and local administration in charge of promoting SMEs and investment, associations of small local municipalities and town administrations
- Civil entities aiming to develop business skills and knowledge
- Associations and organizations of SMEs or entrepreneurs and Chambers (of commerce, industry, trade)
- Institutions and organizations in charge of local and regional business development
- Public or business entities managing or operating business infrastructure or networks
- Universities

Indicative type of costs financed:

Provision of services. Purchase of equipment and works on an exceptional and limited basis

Indicators for Priority 1.

Priority	Priority aims	Results	Key Outputs	Quantified targets	
				2010	2015
1. To promote economic and social development	To harmonise and to develop tourism in the border area	Number of new joint products or partnerships in the area of tourism	Number of infrastructures created or modernised	0	6
			Number of joint plans or strategies prepared	5	15
			Number of partnerships agreements establishing permanent relations	10	20
			Number of trainings done for professionals	5	15
	To create better conditions for SMEs and business development	Number of projects fostering locally based business activities	Number of events (aiming at providing training, consultancy or at promoting cooperation in innovation, marketing, investment promotion) for entrepreneurs initiated	10	25
			Number of facilities upgraded	0	5
			Number of economic agents involved in project activities	300	1000
			Number of operating networks created	0	10

Priority 2: Enhance environmental quality

Measures and activities implemented within this Priority are expected to achieve the aim described in previous sub-chapter of the programme, contributing this way to its general objective.

In order to maintain focus on both areas, improvement of the quality of the environment and improved preparedness for natural emergencies are addressed by separate measures, as follows.

Measure 2.1.: Environmental protection, sustainable use and management of natural resources

Aim of the measure: To preserve and improve environmental qualities and the richness of ecosystems and promote actions and developments that ensure sustainable use of environment and natural resources, including energy on the long run.

Rationale:

Measure intends to support partnership-based projects that contribute to a lasting improvement of environment or preservation of its values. In accordance with the aim of using the area's unique existing assets to boost economic development through tourism, measure has a strong emphasis on nature protection issues. Besides, factors as water and soil is focussed on, while air quality improvement is rather restricted to help reduce impacts of traffic in larger towns and border crossings and to share experiences on reducing and controlling industrial pollution.

On a pilot basis, use of renewable energy sources will also be encouraged and assisted to help provide both job opportunities for rural population (e.g. by using bio-mass) as well as promoting the idea of sustainable use of resources and improving energy efficiency and energy savings.

Although needs for high level investment in environmental systems (e.g. wastewater treatment, solid waste management) would well be justified in the programme area, limited scope of current programme does not allow for the implementation of substantial investments. Instead, emphasis is put on helping to improve operations and management performance, to set up systems, networks or strategies and programmes as well as carry out feasibility analyses of key investments. However, on a pilot basis, some physical investment opportunity will be provided too.

In the envisaged actions, the EU's Water Framework Directive, requiring the cross-border cooperation between countries and all involved parties, and implemented in coordination with the Directive on the assessment of flood risks (requiring the EU Member States to coordinate their flood risk management practices in shared river basins, including with third countries) will be taken into account.

Indicative list of activities:

- Improving the management of natural resources, including natural park and forestry management
- Protection of landscape, biodiversity and eco-systems
- Promoting ecologically sustainable use of natural resources
- Improvement of water quality and protection of water resources
- Joint planning activities and possibly pilot projects on consolidation of the eroded river banks
- Development of technologies for rehabilitation of ecosystems following mine exploitation.
- Joint planning activities in the field of environmental protection and management
- Improving transborder energy interconnections as appropriate
- Promotion of measures to increase energy efficiency and energy savings
- Establishment of pilot infrastructure and network for renewable energy production (wind, biomass and geo-thermal sources)
- Improvement of air quality
- Joint recycling initiatives
- Planning and design of effective waste collection and processing systems
- Planning and design for effective treatment of wastewater including alternative ways
- Survey and planning of site cleanups
- Small scale actions of communities and civil organisations aiming to enhance responsibility, increase knowledge and raise awareness to environmental and nature protection issues

Indicative type of beneficiaries:

- Regional, local administrations and their institutions in charge of environment and energy
- National authorities and their non-profit institutions in charge of specific regional environmental and nature protection issues (branch-offices or other bodies with regional responsibility, e.g. national park authorities)
- Non-profit organisations with environmental profile
- Non-profit service providers in the environmental sector
- Universities

and partnerships comprising partners from the ones listed above.

Indicative type of costs financed:

Investment (works) on a pilot (limited) basis, provision of services and purchase of equipment on a pilot (limited) basis

Measure 2.2.: Emergency Preparedness

Aim of the measure: To improve preparedness of the authorities and inhabitants of the border region for the management of emergency situations caused by natural disasters such as floods, fires, avalanches and landslides as well as industrial accidents generating cross-border pollution impact and to improve the effectiveness of environmental monitoring activities

Rationale:

Due to the geographical and natural situation – great forest reserves, rivers with great seasonal differences in water supply, mountainous areas, – potential impact of environmental disasters represent serious risk on the population and businesses of the area. Climate change might even increase the risk of more serious or more frequent disasters of this nature. Besides, global climate change requires also local and regional strategies to contribute to the prevention of the aggravation of the problem, to mitigate its local impact and to adapt to the forecasted changes. Industrial emissions are not systematically controlled either, therefore accidental emergencies could easily have serious cross-border impacts.

Experiences on preparing for and managing environmental emergency situations have also accumulated by responsible authorities of the cooperating countries. Cooperation between the organisations, including sharing experiences and linking existing systems would result in a considerable increase in effectiveness of the forecast, monitoring and management systems, reducing substantially the risk.

Indicative list of activities:

- harmonising activities in the field of flood prevention (creation and/or harmonising of flood forecast system, establishment of water catchment area level monitoring systems for this purpose, joint development of staff, structures and strategies)
- Setting up joint early warning systems for fire, avalanches, or other natural disasters incidents
- Strategic and technical planning and establishment of joint monitoring systems on environmental (air, water, soil) pollutions
- Increasing awareness and knowledge and developing skills to develop local and regional strategies to prevent and mitigate the impact of global climate change and to adapt to the local impacts of those changes, in the form of joint training programmes and workshops.

Indicative type of beneficiaries:

- Regional, local administrations and their institutions in charge of environmental management and monitoring
- National authorities and their institutions in charge of environmental management and monitoring
- Non-profit organisations with environmental profile

and partnerships comprising partners from the ones listed above.

Indicative type of costs financed:

Provision of services and limited purchase of equipment.

Indicators for Priority 2.

Priority	Priority aims	Results	Key Outputs	Quantified targets	
				2010	2015
2. To enhance the quality of environment	To develop environmental protection, sustainable use and management of natural resources	Number of project with a direct positive impact on ecosystems and natural resources	Number of tools/methods/model solutions developed/tested to protect or enhance environment	3	10
			Number of joint planning activities	10	20
			Number of operating networks about environment	0	5
	To reduce risks of damages on natural environment	Number of institutions (authorities or professional associations) involved in cross-border emergency systems	Number of trainings for professionals of emergency	5	10
			Number of networks designed ready to be operational	0	5
			Number of operating networks created	0	5

Priority 3: Increase border efficiency

Measures and activities implemented within this Priority are expected to achieve the objective described in previous sub-chapter of the programme, contributing this way to its general objective.

In order to increase efficiency of operations, thus to best help cooperation across the borders, both better management and better supporting infrastructure is required. In parallel to these two directions of interventions border security is to be maintained.

Border management in each cooperating country is rather national then regional responsibility with centralised management systems. Therefore realistic results can only be expected by current programme if it focuses on issues that do not require substantial changes neither in policies nor in processes and procedures governing customs operations.

Similarly, “bottom-up” type of cooperation between authorities in a systemic way has also weak feasibility, due to the centralised and hierarchical structure of the national authorities. However, small scale cooperation, minor “ad-hoc” type of events that serve better understanding of common problems as well as improving coordination between the two sides of the border on the operative levels is feasible, nonetheless very much desirable. Number of border crossings is by nature limited. At the crossing stations the needs for improving the infrastructure and the need for better coordination and understanding co-exist, therefore integrated projects – comprised by both “hard” and supplementary “soft” activities can be expected realistically.

Thus, priority supports both “hard” investments in border crossing infrastructure and “soft” actions aiming at increasing coordination and mutual understanding of the border guard and customs authorities locally, the latter ones with supplementary nature.

On this basis, the following single measure is to be implemented within this priority:

Measure 3.1.: Improvement of border crossing transport infrastructure and equipment at border controls

Aim of the measure: Increase the capability of borders with Ukraine to manage freight and passenger traffic by increasing capacities of existing infrastructure, supporting the establishment of infrastructure for new border crossing points as well as improving coordination at border crossing points.

Rationale:

Increasing traffic flow as well as the desired increase in the intensity of cooperation requires increase in the capacities of the border crossing points, too, both for freight and passenger traffic. Measure focuses on easing transport through the border by supporting the extension and, wherever necessary and initiated by the national authorities, the establishment of new border crossing points, including the upgrade of direct accessibility of border crossing points.

Programme aims at substantially easing the movement of local citizens in the border area, however, its limited financial resources are not sufficient to substantially contribute to large scale investment projects. Therefore the measure focuses on the establishment of small “local” border crossing points with limited use (for local residents, provided regulation allows, for working hours, passenger transport only etc.) and, in well justified cases, may provide resources to planning and feasibility assessment linked to infrastructures, to be financed from resources outside current programme.

Effectiveness of border security management shall be maintained in parallel to increased flow of goods and people. E.g. more effective control on the movement of rare types of plants and animals as well as on transportation of waste is to be carried out for the purpose of improved cooperation within the area. To this end, besides “soft” actions improving information flow and coordination the procurement of necessary equipment is also foreseen.

Special attention will be given to avoid any double funding of the infrastructure developments and the purchase of equipment. Mechanism that provides close coordination with the activities of the External Border Fund is to be put in place to exclude any overlap of funding. This issue will be closely followed by the Monitoring Committee.

Due to the limited scope and resources of the programme no visible impact can realistically be achieved regarding the improvement of transport conditions of the border area, apart from the capacity of the border crossing facilities themselves. Thus, measure concentrates on the latter, while e.g. accessibility of remote areas or connectivity of the network of towns is not foreseen to be addressed.

Indicative list of activities:

- Improvement of infrastructure and equipment at border controls (taking into account criteria associated with “Schengen area”) – Upgrading sanitation and refreshment facilities, parking place etc.)
- Construction and upgrade roads to border crossing points
- Development of cross-border public transport
- Elaboration of feasibility studies, engineering planning documents, architectural plans and environment impact assessment related to transport infrastructure projects related to the accessibility of border crossings

As accompanying actions to infrastructure development projects, joint activities of personnel of customs and border guard authorities can also be financed. These actions, inter alia, may aim at:

- Preparation of joint plans to manage border-crossing more effectively
- Streamlining and coordinating customs procedures
- Exchange of experiences and knowledge among officials
- Setting up local information exchange facilities and procedures

Indicative type of beneficiaries:

- National customs and border guard authorities
- Roads and rails authorities

Indicative type of costs financed:

Investment (works), provision of services and purchase of equipment, costs related to information sharing and exchange, such as travel and accommodation costs.

Indicators for Priority 3

Priority	Priority aims	Results	Key Outputs	Quantified targets	
				2010	2015
3. To increase border efficiency	To improve the border-crossing transport infrastructure and equipments at border controls	Number of projects enhancing the accessibility of the Ukrainian border	Number of km roads improved / renewed	5	25
			Number of border-crossing points upgraded according to mutual assessment of local requirements	0	5
			Number of proposals for further infrastructure developments designed to improve border accessibility	5	10
			Number of new cross border public transports created	0	5

Priority 4: Support people to people cooperation

In accordance with the corresponding aim of current programme and the corresponding priority of the ENPI Strategy Paper, Priority 4 supports general cooperation among various actors in the border area. Lasting cooperation of established institutions and small scale cooperative undertakings of minor organisations of local citizens are addressed by separate measures as follows.

Measure 4.1.: Institutional cooperation

Aim of the measure: To improve the effectiveness of public services by promoting cooperative actions to create effective and solid systems and frameworks for sustained information flow and practice-sharing between institutions active mainly in the field of public administration and services such as employment, education, health and culture as well as crime prevention and custom procedures.

Rationale:

Improved effectiveness and efficiency of public services can play an important role in increasing economic performance and social stability. Each partner country is looking for ways and means to boost the performance of its public sector. Cooperation, thereby sharing and exchanging good practices and eventual failures can decisively assist this development process in Ukraine and also in the MS's. Cooperation is foreseen to result in the development of capabilities of the public service providers to handle specific problems and to exploit specific opportunities of the region, such as better fit between labour market needs and the output of the education and training systems, improved availability of criminal information, etc. thus contributing to the increased willingness of economic and social cooperation in the area as well as better conditions for tourism and inward investment. Projects to be supported by the measure are expected to create systemic and lasting cooperation of the institutions addressing a properly defined and realistically manageable opportunity or problem. While both current measure as well as measure 4.2. contribute essentially to ENPI Objective "improving people-to people relations" systemic developments addressed under current measure are dealt with separately from small scale actions of various community groups addressed by measure 4.2. in order to maintain strong focus on creating long-lasting framework of cooperation of key institutions in the area.

Indicative list of activities:

- Developing systems, plans and actions to promote the practice of the “life long learning” concept
- Elaboration and delivery of specialised training programmes such as distance learning, trainings for early school leavers, women returning to work and specific trainings to adapt qualifications to the needs of the labour market, including minor upgrade of related facilities
- Improve information exchange on training systems and qualifications, as well as training and assessment methods
- Development of information and monitoring systems on labour-market issues
- Development of distance working opportunities
- Promotion of R&D and innovation through the development of networks between universities, research centres and organizations supporting SMEs
- Protection and exhibition of cultural heritage, creation and exhibition of new cultural products
- Establishment of on-line network for emergency actions and joint use of medical equipment
- Developing systems for a continuous exchange of knowledge and experiences as well as future initiatives on environmental and nature protection issues
- Exchange of criminal information and increase understanding on criminal risks and groups
- Support for the development of cross-border ICT based information resources

Indicative type of beneficiaries:

- Public entities such as regional and local administrations and authorities and their institutions in charge of education, training, culture, health and employment, environment and nature protection and crime prevention
- Non-profit service providers in the above mentioned sectors
- Universities
- Associations and organisations for developing, supporting or representing local SMEs

and partnerships comprising partners from the ones listed above.

Indicative type of costs financed:

Provision of services. Purchase of equipment and minor works on a limited basis (in particular ICT technology contributing to enhanced cooperation between institutions).

Measure 4.2.: Small scale “People to people” cooperation

Aim of the measure: To increase mutual understanding of various groups of the society and promote exchange of ideas across a wide spectrum of activities, with special emphasis on promoting local governance and democracy and favouring cooperation in social, educational, cultural and media fields.

Rationale:

Increasing the acceptance of the idea of cooperation and commitment of the society to cooperate requires visible actions designed to the needs and opportunities of small – and very often informal – groups of the society. Besides the increased understanding and strengthened regional identity, as result of the cooperation itself, joint actions in the field of culture, municipal government, civil participation and environmental protection and awareness also contribute to a more favourable business climate and a more cohesive society. Young people’s participation will be encouraged, focusing especially on specific crossborder values in cooperation to ensure compatibility and facilitate coordination with other programmes, such as “Youth in Action Programme 2007-2013”.

By implementing joint projects participants become more informed and committed towards continued talks, therefore small scale cooperation projects also may serve as first steps towards lasting, larger scale cooperation projects. To maintain focus on encouraging these smaller and more initial cooperations as opposed to more systemic and lasting cooperation of public institutions, a separate measure has been devised for this purpose.

To promote the small scale cooperation activities in the most efficient way some specific implementation provisions may be applied to projects of current measure.

Indicative list of activities:

- Support of know-how exchange (e.g. staff exchange programmes for local school-teachers and scientists of research or educational institutions, for local municipalities, minority groups etc., including youth exchange)
- Various type of joint small-scale actions such as
 - Activities sustaining common identity and traditions of local communities
 - Support of local folk-art and handicraft
 - Joint sport and cultural events
 - Joint events of local media organs
 - Joint environmental awareness campaigns and knowledge transfer events
 - Promotion of the practice of civil partnership in strategic and project-planning

Indicative type of beneficiaries:

- Public entities such as regional and local administrations and their institutions
- All type of civil organisations

and partnerships comprising partners from the ones listed above.

Indicative type of costs financed:

All costs associated with the cooperation.

Indicators for Priority 4.

Priority	Priority aims	Results	Key Outputs	Quantified targets	
				2010	2015
4. To support people to people cooperation	To improve the effectiveness of public services	Number of official bodies involved in partnerships agreements establishing permanent relations	Number of partnerships agreements establishing permanent cross-border relations	10	20
	To increase mutual understanding of various groups of the society	Number of citizens and NGO's involved in cultural projects	Number of joint cultural / sports / environmental events promoting regional identity	10	25

1.4.5. Indicative allocation of funds

For determining indicative share of each priority and measure from the programme, following main factors have been considered by the partners:

- Importance of the needs, expressed by Joint Task Force members and results of the Regional Consultation organised in Ukraine for all participating regions, as summarized in the SWOT
- Justification of the need by analysis of available statistical data, as shown in the chapter on the analysis and the annexes
- The expected impact of interventions that can realistically be implemented in the ENPI-framework
- Experiences of past programmes in relation to the absorption capacity of certain groups of beneficiaries
- The investment needs and expected volumes with regard to certain type of projects

On this basis, the following main guiding principles have been adapted:

- The financial structure of the programme follows a generally balanced approach at priority level.
- More balanced economic and social development is considered as key factor of lasting cooperation in the area. However, implementation of projects under this priority do not require major investments, additionally, demand for economic development projects – other than the ones in tourism sector - that fit to the financing possibilities of the ENPI programme – was experienced as limited under previous programmes.
- The need for helping cooperation of people and organisations is high. Previous programmes also laid the foundations of some lasting co-operations at institutional level, whose continuation and the initiation of new ones have been considered as very important by the partners. Thus, relating ENPI objective “support people-to-people cooperation” has been addressed by two measures and funds allocated to these are relatively high.
- Environment has been considered as important issue, where proper projects may include physical investments and equipment purchase. Past experiences show continuous demand for these projects.
- The need to improve border crossing facilities has been considered as basic prerequisites for improving any cooperation in the area. Border crossings require infrastructural developments with relatively heavy investment needs and the project holders are certainly capable to manage these projects.

As result of application of the above-described principles following distribution of funds has been agreed upon:

4. Table: Allocation of ENPI funds between priorities and measures

Priorities	% of the total budget	in €
PRIORITY 1: Promote economic and social development	15	10,295,742
1.1. Harmonised development of tourism	10	6,863,828
1.2. Create better conditions for SMEs and business development	5	3,431,914
PRIORITY 2: Enhance environmental quality	25	17,159,571
2.1. Environmental protection, sustainable use and management of natural resources	10	6,863,828
2.2. Emergency preparedness	15	10,295,742
PRIORITY 3: Increase border efficiency	30	20,591,485
3.1. Improvement of border-crossing transport infrastructure and equipment at border controls	30	20,591,485
PRIORITY 4: Support people to people cooperation	20	13,727,657
4.1. Institutional cooperation	15	10,295,742
4.2. Small scale “people to people” cooperation	5	3,431,914
Technical assistance	10	6,863,828
Total:	100	68,638,283

5. Table: Indicative distribution of funds among ENPI objectives

JOP Priorities	ENPI Objectives			
PRIORITY 1: Promote economic and social development	Objective 1: Promote economic and social development	Objective 2: Common challenges	Objective 3: Efficient and secure borders	Objective 4: People to people co-operation
1.1. Harmonised development of tourism	10%			
1.2. Create better conditions for SMEs and business development	5%			
PRIORITY 2: Enhance environmental quality				
2.1. Environmental protection, sustainable use and management of natural resources ²		8%		2%
2.2. Emergency preparedness		15%		
PRIORITY 3: Increase border efficiency				
3.1. Improvement of border-crossing transport infrastructure and equipment at border controls			30%	
PRIORITY 4: Support people to people cooperation				
1.3. Institutional cooperation				15%
1.4. Small scale “people to people” cooperation				5%
Technical assistance: 10 %				
TOTAL	15%	23%	30%	22%

² Distribution of resources of measure 2.1 between ENPI Objective 2 and ENPI Objective 4 have strong indicative character and does not serve as target value in the implementation phase.

1.5. Environmental Assessment

The Strategic Environmental Assessment (SEA) of the programme has been carried out according to the EC 2001/42 Directive Annex. 1. point j. on strategic environmental assessment.

Methodology of Strategic Environmental Assessment (SEA)

The SEA method was based on the analysis of the operational programme according to the sustainable development principles listed in Annex 1 of the Directive, that have been grouped into 8 categories as follows: (1) Sustainable use of the environment and natural resources, (2) Conserving and maintaining existing natural values, (3) Securing the existence of local communities, and its quality conditions for their living, (4) Taking the advantage of technological development from a sustainable perspective, (5) Development of persons and communities ready to take responsibility, (6) Equal opportunities and spatial equivalence, (7) Good governance, (8) Health protection, prevention in health care, health development.

During the SEA process, the opportunity was offered for several institutions, authorities, governmental and non-governmental organizations to express their opinions and give recommendations to the SEA experts concerning the scope of the SEA process and the conclusions and recommendations of the SEA report.

The SEA was carried out by an independent team of SEA experts under the responsibility of the Joint Managing Authority.

The process of the Strategic Environmental Assessment was the following:

- Preparation of the scope of the SEA by independent experts and approved by the participating countries (Joint Task Force Members)
- Public announcement of SEA process in parallel in Hungary, Slovakia, Romania and Ukraine in newsletters and on the web in national languages, following the Directive and national rules of the process. The scope document was also available on Internet in English
- Collecting feedbacks during 30 days (sufficiently long period the Directive refers to and its national adaptations define exactly) via e-mail regarding the scope from participating countries
- As soon as the scope of the SEA was agreed upon by the Task Force, the first Draft Environmental Report was prepared and endorsed by the JTF with its non-technical summary. The documents were made available (for sufficiently long period defined in national regulations of SEA) for all participating countries and published on the internet (“public announcement”) in national languages, attached with the draft version of the OP the report was based on, in accordance with the relevant national legislation
- A status report based on the SEA 1st Draft Environmental Report was presented to the Joint Task Force for discussion and consideration
- A consultation workshop on SEA was held in Ukraine
- The SEA Final Environmental Report and final non-technical summary was prepared by independent experts and the relevant modifications have been introduced in the JOP.

During the SEA process a constructive dialogue between planners in charge of programming and the SEA team has been established that resulted in an ongoing feedback of the SEA process to the planning process. The programme – in general – supports actions, which improve the quality of living environment and diminish the contamination of natural environment. However, the SEA process identified some areas where cautious management of the interventions is needed to avoid possible adverse effects, as shown below.

The SEA identified following possible main environmental impacts of the programme:

- The sustainability of developments is one of the horizontal objectives and principles of the programme. To secure environmental sustainability of each operations, safe and environmentally friendly technologies need to be used whenever construction is involved.
- NATURA 2000 areas and other Vulnerable Zones are to be protected from any adverse impact of developments. As availability of data on the location of such zones was limited in the programming period, specific attention is to be paid to this issue during project assessment and selection.
- Sustainability of developments – focusing on environmental sustainability - is to be considered as a key horizontal topic for mid-term and final evaluations of the JOP
- Tourism development – by attracting increased number of visitors in the area – might endanger valuable natural assets if risk of potential adverse impact of developments is not identified in the project selection phase and project-specific means to manage and mitigate these risks are not put in place.
- Border crossing improvements may cause increased traffic, therefore harmful environmental impacts around border-crossing points.
- Actions aiming at raising awareness of population regarding environmental and nature protection issues and knowledge transfer regarding all aspects of sustainable development are to be preferred and encouraged

For the above mentioned elements of the programme minimum standards of environmental criteria are to be developed in order to assist decision-making in project selection.

SEA also emphasises that effective implementation of the principle of sustainability requires the proper involvement of civil society in the activities of the Monitoring Committee and possible other bodies with advisory function to the JMA.

If above listed possible concerns are properly addressed, the programme is expected to achieve environmentally sustainable impacts and also can provide good examples at the level of projects for the application of the principle of sustainability in practice.

A well designed environmental monitoring system could be helpful for monitoring the impacts of the Programme on the environment.

1.6. Indicative financing plan

6. Table: Financial table describing the provisional* yearly allocations of programme's commitments and payments (in Euro, current prices)

	A	B	C	D
	INDICATIVE PROVISIONAL COMMITMENTS BY THE EU	CO-FINANCING	PROGRAMME'S INDICATIVE PROVISIONAL COMMITMENTS - EU funding -	PROGRAMME'S INDICATIVE PROVISIONAL PAYMENTS - EU funding -
2008				
Projects		0.00	0.00	0.00
TA		0.00	436 277.30	436 277.30
TOTAL 2008	9 435 618.00	0.00	436 277.30	436 277.30
2009				
Projects		400 000.00	20 000 000.00	4 000 000.00
TA		0.00	954 990.00	954 990.00
TOTAL 2009	10 314 663.00	400 000.00	20 954 990.00	4 954 990.00
2010				
Projects		1 160 000.00	16 000 000.00	11 600 000.00
TA		0.00	985 666.00	985 666.00
TOTAL 2010	10 520 956.00	1 160 000.00	16 985 666.00	12 585 666.00
2011				
Projects		1 560 000.00	16 000 000.00	17 300 000.00
TA		0.00	1 027 326.00	1 027 326.00
TOTAL 2011	13 493 748.00**	1 560 000.00	17 027 326.00	18 327 326.00
2012				
Projects		1 540 000.00	9 774 454.70	16 900 000.00
TA		0.00	1 014 267.00	1 014 267.00
TOTAL 2012	13 708 375.00**	1 540 000.00	10 788 721.70	17 914 267.00
2013				

Projects		1 140 000.00	0.00	8 700 000.00
TA		0.00	1 022 673.00	1 022 673.00
TOTAL 2013	11 164 923.00**	1 140 000.00	1 022 673.00	9 722 673.00
2014				
Projects		377 445.47	N.A.	2 734 454.70
TA		0.00	671 310.00	671 310.00
TOTAL 2014	N.A.	377 445.47	671 310.00	3 405 764.70
2015				
Projects		0.00	N.A.	540 000.00
TA		0.00	751 319.00	751 319.00
TOTAL 2015	N.A.	0,00	751 319.00	1 291 319.00
2016				
Projects		N.A.	N.A.	0.00
TA		0.00	0.00	0.00
TOTAL 2016	N.A.	0.00	0.00	0.00
TOTAL 2007-2016	68 638 283.00	6 177 445.47	68 638 283.00	68 638 283.00
TOTAL COFINANCING RATE				
			%	%

**** Subject to a mid-term review of the programme**

7. Table: Indicative financing plan of funding by priority (in Euro, current prices)

Indicative financing plan of the ENPI CBC programme, giving, for the whole programming period, the indicative amount of funding by priority				
<i>Priorities by source of funding (in euros):</i>				
	EU Funding (a) *	Co-financing (b)	Co-financing rate (in %) (c) **	Total funding (e) = (a)+(b)
Priority 1	10 295 742.45	1 029 574.25	10%	11 325 316.70
Priority 2	17 159 570.75	1 715 957.08	10%	18 875 527.83
Priority 3	20 591 484.90	2 059 148.49	10%	22 650 633.39
Priority 4	13 727 656.60	1 372 765.66	10%	15 100 422.26
Technical Assistance	6 863 828.30	0.00	0%	6 863 828.30
Total	68 638 283.00	6 177 445.48	9%	74 815 728.48

* In accordance with the Strategy Paper.

** Cofinancing rate shall be calculated on the basis of the Community contribution to the Joint Operational Programme, minus the amount of technical assistance financed from the Community contribution (see: Art. 20.1 of the Regulation n° 951/2007).

8. Table: Estimated TA budget* (in Euro, current prices)

Posts	Planned budget (ENPI)	% of the overall TA budget supported by ENPI
Staff costs (10 persons in the JTS, including 3 employees in its branch offices)	4,081,800	59.47
Organisation of Monitoring Committees	112,000	1.63
Project's selection: selection committees, assessors, special expertise etc.	250,000	3.64
Project generation and communication strategy (information days, partner search forums, website, leaflets etc.)	570,000	8.30
Annual Audits	250,000	3.64
Others (monitoring system, equipment, services, indirect costs, reserve etc.)	1,600,000	23.31
TOTAL	6,863,800	100%

* The table is solely indicative. Any modification of the above during implementation will not be subject to a modification of the programme.

2. Programme management structure

2.1. Participating Countries

Regions of four countries will participate in the Programme: Hungary, Slovakia and Romania as EU Member States and Ukraine as Non-Member State. These four participating countries hereafter will be called “Participating Countries” and Ukraine will be called “Partner Country”. Participating Countries are represented in the Programme by the National Authorities. They designated the Joint Managing Authority located in Hungary to bear the overall responsibility for the management and implementation of the programme.

2.2. Reference to the previous programmes

The brief overview below presents the management and implementation structures of the previous relevant cross-border cooperation programmes financed by EU. The aim of this short description is to refer to the experience earned during the implementation of these programmes, show the significant differences in the system of requirements and demonstrate the coherent continuation of the current functions in the proposed structure.

2.2.1. Phare CBC programmes

In Hungary, Slovakia and Romania the Phare CBC programmes, including the Hungarian pilot Small Project Funds (SPF) and Romanian JSFP with Ukraine under External Border Initiative 2003 were managed in accordance with the relevant PRAG and the Phare Extended Decentralised Implementation System (EDIS) procedures. The management and implementation functions were similar in all three countries as it is presented below by the Hungarian example.

The National Fund (NF) was in the Ministry of Finance, headed by the National Authorising Officer (NAO), supervised the financial management of programmes, and was responsible for reporting to the European Commission. The funds received from the Commission by the NF were transferred to the Implementing Agency (IA) in accordance with Financing Agreement signed between the NF and the IA. The Implementing Agency of the programmes in Hungary was the VÁTI Public Non-profit Company (VÁTI). As Implementing Agency VÁTI was responsible for all aspects of tendering and contracting as well as administrative and financial matters of the implementation.

2.2.2. Neighbourhood Programmes 2004-2006

In accordance with the INTERREG guidelines, the overall responsibility for the Hungary-Slovakia-Ukraine Neighbourhood Programme 2004-2006 lies with the Managing Authority (MA) set up in Hungary. The MA is working in close co-operation with the Joint Technical Secretariat (JTS), established in the VÁTI. The JTS directly provides services for the MA, Paying Authority, members of the Monitoring and Steering Committee and all potential partners at program level.

The overall responsibilities of the operative management on the project level in the Member States remains within the Managing Authority (MA) in Hungary (National Development Agency) and the National Authority (NA) in Slovakia (Ministry of Construction and Regional Development of Slovak Republic) on the basis of an agreement with the MA. All legally binding responsibilities lie within the MA and the NA. However, tasks related to program coordination (operating of the JTS, preparation of Monitoring and Steering Committee meetings and decisions, administrative management, information activities, drawing up reports on programme implementation etc.) and project implementation (including contracting, financial management and first level control) were delegated to the Intermediary body (IB) set up in Hungary (VÁTI). Its legal basis is the Governmental decree, the Framework Agreement for the whole programme period and yearly financial contracts with the MA defining rights and obligations of the IB. In Slovakia the Regional Development Support Agency as IB performs the tasks of project level implementation.

In Ukraine the Delegation of the EC to Ukraine as Contracting Authority is responsible for the implementation of the projects. The Ministry for Economy and European Integration of Ukraine as Programme Co-ordination Unit (PCU) bears general coordinating responsibilities on the governmental level in Ukraine.

Each Partner State and the relevant Commission services are responsible for contracting, assuring national co-financing and financial control at national level on the related side of the border. Separate subsidy/grant contracts were signed between final beneficiaries of the different project parts according to relevant side of border and the Intermediary bodies/Contracting Authority of the concerned country.

First level control of the projects is done at national level for the two/three project parts. First level control for Hungarian partners is performed by VÁTI, for Slovak partners by the Ministry of Construction and Regional Development of Slovak Republic and for Ukrainian partners by the Delegation.

In case of the Romania-Ukraine Neighbourhood Programme 2004-2006 in accordance with Implementing Guidelines for Phare CBC/Tacis and Phare CBC/Cards borders, the programme management structures are established in Romania and Ukraine. In Romania, under Extended Decentralized Implementing System, the Directorate for Phare CBC Programmes is nominated as Contracting Authority and Implementing Agency. The Joint Technical Secretariat (JTS) is established in the Regional Office for Cross Border Cooperation Suceava. In Ukraine the division of tasks and responsibilities is the same as in case of the Hungary-Slovakia-Ukraine Neighbourhood Programme. The contracting and control system is also separate according to relevant side of the border.

2.2.3. Differences and continuity

The main difference between the previous systems and the requirements of the ENPI regulation is that so far practically there was no joint implementation on the project level and the tasks related to the external funding and implementation were performed by the services of the European Commission. Financial management and first level control/verification of each project were done separately for the different subsidy/grant contracts concluded for the Hungarian, Slovak, Romanian and Ukrainian project parts in terms of payments.

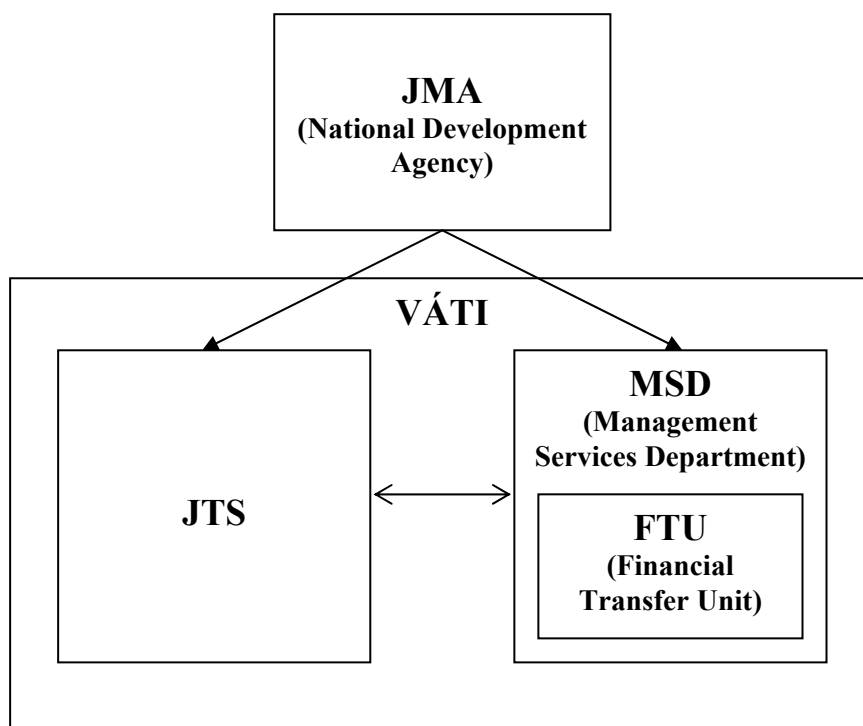
In case of the new ENPI programmes the JMA is bearing overall responsibility for the management and implementation of the programme towards the European Commission, the practical application of the Lead Partner principle is required and the external funding should be assured by the JMA (not directly by the Commission services or Delegation).

According to the continuity principle, stipulated in the Article 17 of the *Implementing Rules for CBC Programmes financed under ENPI Regulation (ENPI CBC Implementing Rules)*, the proposed programme implementation structure as described below is a consistent continuation of the management system of the ongoing and previous relevant programmes. The designated Joint Managing Authority, National Authorities, Intermediary Bodies (Implementing Agencies), Joint Technical Secretariat are already existing institutions benefiting from the agreed mechanisms for the management of current and previous programmes.

As the continuation of the existing implementation system of the Interreg and Neighbourhood programmes, VÁTI Public Non-profit Company assures the personal and technical conditions for the operation of the Joint Technical Secretariats and the Management Services Department (MSD) as intermediary. The MSD performs horizontal tasks for all CBC programmes with participation of Hungary, which are managed by the National Development Agency as Managing Authority. The JTS and the intermediary MSD are functionally independent and separated units of VÁTI, which is a State owned public company. The Ministry of Local Governments and Regional Development is the supervisory authority of the National Development Agency, acting as Joint Managing Authority of the programme. According to the programme implementation practice in Hungary, in case of all these programmes a relevant Governmental decree and the framework agreement concluded by the JMA and the VÁTI delegates certain functions of the Joint Managing Authority to the JTS and to the

intermediary (the Management Services Department of VÁTI).

The links between the JMA, the JTS and the MSD, including its Financial Transfer Unit (FTU) are shown in the following chart:



The delegation of tasks between the JMA and VÁTI are regulated as follows:

- 1) The Government decree 49/2007 defines the institutional framework for all programmes with Hungarian participation, including the present Joint Operational Programme;
- 2) The Government decree 228/2008. (IX. 12.) defines the delegation of certain JMA functions to VÁTI specifically for this programme;
- 3) The tasks of VÁTI concerning the operation of the JTS and the intermediary MSD are precisely regulated in the framework agreement concluded by the Joint Managing Authority and the VÁTI for the whole programme implementation period.

Eventually, the programme remains under the full responsibility of the Joint Managing Authority.

2.3. Management and Implementation Structures

In accordance with the 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 (ENPI Regulation), Commission Regulation (EC) No 951/2007 of 9 August 2007 laying down the implementing rules for CBC programmes financed under ENPI Regulation (ENPI CBC Implementing Rules) as well as Commission's Practical Guide to contract procedures for EU external actions ("PRAG" provisions) the following structures for the government and the management of the programme will be created:

a) Joint structures

- **Joint Monitoring Committee (JMC):** supervising and monitoring the programme implementation, responsible for project selection;

- **Joint Managing Authority (JMA):** bearing overall responsibility for the management and implementation of the programme towards the European Commission;
- **Joint Technical Secretariat (JTS):** the joint programme coordination and implementation body, assisting the Managing Authority, the Monitoring Committee and National Authorities in carrying out their respective duties, the JTS acts under the responsibility of the JMA.

JOINT STRUCTURES	
Joint Managing Authority	National Development Agency, Hungary
Joint Technical Secretariat	VÁTI Public Non-profit Company, Hungary
<i>branch offices of the JTS</i>	Zakarpatska region (Uzhgorod, Ukraine)
	Košice self-governing region (Košice, Slovakia)
	Satu-Mare County Council (Satu-Mare, Romania)

b) National structures

- **National Authorities (NA):** counterparts of the JMA in the programme preparation and implementation period, in the framework of which they are responsible for the coordination of the programming process in their respective countries. In the Member States the National Authorities are bearing responsibility for recovery according to Article 27 of the *ENPI CBC Implementing Rules*, nominating the national controllers and ensuring co-financing;

NATIONAL STRUCTURES	
National Authorities	National Development Agency (Hungary)
	Ministry of Construction and Regional Development of Slovak Republic (Slovakia)
	Ministry of Development, Public Works and Housing (Romania)
	Ministry of Economy (Ukraine)

2.3.1. Joint Monitoring Committee (JMC)

The Joint Monitoring Committee will be the main joint decision making structure of the Programme. According to Article 11, 12, 13 of the *ENPI CBC Implementing Rules* the composition, functioning and functions of the following Joint Monitoring Committee described as follows.

a) Composition

Hungary, Slovakia Romania and Ukraine are voting members of the Joint Monitoring Committee and each country has one vote. The Joint Monitoring Committee shall include the following representatives appointed by each participating country: one person from each eligible and adjacent region and up to two persons from governmental authorities of the participating countries. As preferable, one of the two governmental representatives per participating country will be delegated by the ministries responsible for territorial development and considering the importance of the external relations development by the request of the Ministries of Foreign Affairs of the participating countries their representatives will be invited as second governmental member of the Joint Monitoring Committee. According to the Article 11.1 of the *ENPI CBC Implementing Rules* these representatives shall have the mandate to take all decisions concerning the joint operational programme within the competence of the Committee. Members shall be appointed as representatives of their countries on a functional basis and not on a personal basis. In addition, the participating countries may decide, by common agreement, to associate other participants as observers.

In order to facilitate the implementation of the horizontal principle of sustainable development, specific representatives of both the relevant national and regional environmental authorities and the civil society with expertise and experience in environment and civil protection will be called upon to

participate as observers in the decision-making process in the JMC, concentrating on contributing to the elaboration and approval of the selection criteria that aims to secure environmentally sustainable projects.

The committee shall also include a chairperson and a secretary. The secretary will be nominated by the JMA.

In addition to the duly appointed members, representatives of the ministries of finance of participating countries and other participants may be invited in an advisory capacity to the meetings of the Joint Monitoring Committee.

The representatives of the Joint Managing Authority and the Joint Technical Secretariat will be present at the meetings of the Joint Monitoring Committee without right to vote.

The Commission shall be invited to each meeting of the Joint Monitoring Committee at the same time as the participants and shall be informed of the results of its deliberations. It may take part in all or part of each committee meeting on its own initiative, as an observer and without any decision-making power.

In line with Article 11.2 of the *ENPI CBC Implementing Rules* the preliminary consultations will be held by the JMA prior to the JMC in order to ensure proper involvement of the civil society.

The Joint Monitoring Committee should be set up within three months after the decision on the contribution of the funds.

b) Functioning

The appointed members of the Joint Monitoring Committee will unanimously adopt the rules of procedure of the Committee.

The Committee will take decisions by consensus. However, it may put certain decisions to a vote, particularly those relating to the final selection of projects and the grant amounts allocated to them. Within this voting procedure, each country has only one vote whatever the number of its representatives

The appointed representatives shall elect a chairperson. The committee may decide to elect a representative of the JMA or another outside person as chairperson. The chairperson of the JMC shall act as arbitrator and lead discussions. The chairperson shall have no vote.

The Joint Monitoring Committee shall meet as often as necessary and at least once a year. It shall be convened by its chairperson at the request of the JMA or following a duly justified request from one of its members or from the Commission. It may also take decisions through written procedure at the initiative of its chairperson, the JMA or one of the participating countries. In case of a disagreement, any member may request that the decision be discussed at a meeting.

Minutes shall be drawn up after each meeting of the JMC for signature by the chairperson and the secretary. Minutes shall be given to each member of the committee and to the Commission.

c) Functions

As part of its functions with regard to the joint operational programme, the committee shall:

- a) approve the JMA's work programme;
- b) decide on the volume and allocation of the programme's resources for technical assistance and human resources;
- c) at each of its meetings, review the management decisions taken by the JMA;
- d) appoint the project-selection committees;
- e) decide on the selection criteria for the projects and take the final decision on projects and on the amounts granted to them;
- f) at each of its meetings and on the basis of the documents submitted by the JMA, evaluate and monitor progress towards the objectives of the joint operational programme;

- g) review all reports submitted by the JMA and, if necessary, take appropriate measures;
- h) examine any contentious cases of recovery brought to its attention by the JMA.

If, when taking decisions referred to in point (e), the JMC decides not to follow all or part of the recommendations of the selection committee, it shall explain its decision in writing. The decision shall then be sent via the JMA to the Commission for prior approval. Commission communicates its opinion to the JMA within 15 working days.

Duties of the JMA shall be performed in compliance with regulations and provisions in force. The JMA is responsible for ensuring that decisions of the JMC comply with these rules.

The JMC will establish an evaluation committee composed by an odd number of voting members from the participating countries. The JMA will chair the evaluation committee meetings and the JTS will act as secretariat for the evaluation committee.

2.3.2. Joint Managing Authority (JMA)

The designated Joint Managing Authority is the *National Development Agency* of Hungary, within the Ministry of National Development and Economy.

National Development Agency (Hungary)

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Hungary

The Joint Managing Authority (JMA) shall be responsible for managing and implementing the joint operational programme, including technical assistance, in line with the principle of sound financial management and the principles of economy, efficiency and effectiveness, and shall carry out any controls necessary in accordance with the rules and procedures provided for by the relevant regulations.

According to Article 15 of the *ENPI CBC Implementing Rules* the responsibilities of the JMA regarding to the programme shall include the following:

- a) organising and acting as a secretariat for meetings of the JMC, including drawing-up the minutes of the meetings;
- b) preparing detailed annual budgets for the programme and payment requests for the Commission;
- c) drawing up annual operational and financial reports and sending them to the JMC and the Commission;
- d) implementing, through its internal audit service, an audit programme to check internal circuits and to ensure that procedures are properly applied within the JMA; annual internal audit reports shall be sent to the JMC and the Commission;
- e) launching, after approval by the JMC, calls for tenders and calls for proposals for the selection of projects;
- f) receiving project applications, organising, chairing and acting as secretariat for selection committees, and sending reports including selection committee recommendations to the JMC and the Commission;
- g) following up the selection of projects by the JMC, signing contracts for the various projects with beneficiaries and contractors;
- h) carrying out operational follow-up and financial management of the projects;
- i) immediately notifying the JMC of all contentious cases of recovery;
- j) carrying out any environmental impact assessment studies at programme level;
- k) implementing the information and visibility plan in accordance with Article 42 of the *ENPI CBC Implementing Rules*.

According to Article 14.5 and 14.6 of the *ENPI CBC Implementing Rules* the division of the operational management, financial management and audit functions within the JMA will be ensured by the three sections as follows:

- the **operational section** of the Department for International Co-operation Programmes of the National Development Agency (JMA) is responsible for the overall supervision of the programme implementation, for ensuring the operational management of the programme, the participation in JMC and selection committee(s) and for presenting reports to the JMC and the EC.
- the **financial section** of the Department for International Co-operation Programmes of the National Development Agency (JMA) is responsible for financial management, preparing annual budgets for the programme and payment requests for the Commission, payments to projects through the Financial Transfer Unit (FTU) of VÁTI Public Non-profit Company and recovery orders, drafting of annual financial reports and receiving the funds from the Commission.
- the **Internal Audit Unit** of the National Development Agency (JMA) will act as the internal audit service according to Article 14, 15 and 29 of the *ENPI CBC Implementing Rules*.

The JMA is supervised by the head of JMA bearing overall responsibility for the proper functioning of the JMA. The head of JMA represents the JMA at the Joint Monitoring Committee meetings, signs and submits the annual reports to the Commission.

Although the JMA bears overall responsibility for the programme, taking into account the experience of the previous programmes and according to the principle of continuity laid down in the Article 17 of the *ENPI CBC Implementing Rules*, the JMA will delegate to the Joint Technical Secretariat (JTS), operating as a separate unit of the VÁTI Public Non-profit Company, the programme coordination and implementation tasks, in particular the tasks related to points a), e), f), g), h) and k) of the present section and defined in section 2.3.3.

According to the continuity principle and the national legislation the separate Management Services Department (MSD) of the VÁTI Public Non-profit Company as intermediary performing the horizontal tasks related to the CBC programmes with Hungarian participation, organisationally independent from the JTS, will provide the following functions delegated by the JMA:

- maintenance of the Programme Monitoring and Information System (co-ordination of the specification and system development process, management of the continuous operation and development of the system, supporting the user's of the system);
- ex-ante quality assurance of calls for proposals and grant contracts in full respect of the specificities of the ENPI CBC legal framework;
- transfer of ENPI funds to the beneficiaries by the Financial Transfer Unit (FTU) which is a separate unit within the intermediary MSD described in section 5.1.5 of the JOP. The head of the FTU acts as accounting officer according to the *ENPI CBC Implementing Rules*.

In case of any relevant organisational or structural changes the JMA reserves the right to modify – distract or expand – the tasks delegated to the Management Services Department and to the JTS by the relevant implementing Government and the framework agreement concluded by the JMA and the VÁTI decree upon prior approval by the European Commission.

The JMA itself signs the Memorandum of Understanding with Slovak and Romanian National Authorities and may countersign the Financial Agreement between the Commission and Ukraine.

According to the *ENPI CBC Implementing Rules* the JMA fulfils the following three audit requirements at programme level.

A. Internal audit. The internal audit service of the JMA shall each year implement a control programme to check the internal circuits and ensure procedures have been correctly applied within the JMA, the JTS and the intermediary (MSD of VÁTI Public Non-profit Company). It shall draw up an annual report and send it to the representative of the JMA. The JMA shall send the annual report of the internal audit service to the Commission and to the JMC as an annex to the annual report referred to in Article 28 of the *ENPI CBC Implementing Rules*.

The internal audit concerns a system audit with the objective to provide a reasonable assurance that the system established for the financial management of the programme:

- functions in accordance with the principles of sound financial management;
- functions in accordance with the legal basis;
- prevents, detects and corrects potential irregularities and fraud on a timely basis.

Internal auditors issue independent audit opinions on the quality of management and internal control systems and present recommendations aimed at ensuring the efficient and effective achievement of the JMA's objectives.

B. External audit. Independently of the external audits of the JMA undertaken by the administration of the country in which the JMA is established, the JMA shall contract an independent approved auditor who is a member of an internationally recognised supervisory body for statutory auditing to carry out each year an ex-post verification of the revenue and expenditure presented by the JMA in its annual financial report, in accordance with the standards and ethics of the International Federation of Accountants (IFAC).

The scope of the external audit shall cover the JMA's direct expenditure on technical assistance and project management (payments). The external audit report shall certify the statement of revenue and expenditure presented by the JMA in its annual financial report, and in particular it shall certify that stated expenditure has actually been incurred and is accurate and eligible.

The JMA shall send the external audit report to the Commission and to the JMC as an annex to the annual report referred to in Article 28 of the *ENPI CBC Implementing Rules*.

C. Sample audit of projects. From the end of the first year of the Joint Operational Programme, the JMA shall each year draw up an audit plan for the projects that it finances. The controls shall be conducted by examining the documents or conducting on-the-spot checks of a sample of projects selected by the JMA based on a random statistical sampling method taking account of internationally recognised audit standards, in particular having regard to risk factors related to the projects' value, type of operations, type of beneficiary or other relevant elements. The sample shall be sufficiently representative to warrant a satisfactory level of confidence in relation to the direct controls carried out by the JMA on the existence, accuracy and eligibility of expenditure claimed by the projects. The sample audit of projects will be performed by independent external auditors, contracted by the JMA and according to audit plan drawn up by the JMA.

The report on the previous year's implementation of the audit plan for the projects shall describe in detail the methodology used by the JMA for selecting a representative sample of projects, as well as the controls carried out, the recommendations made and the conclusions drawn by the operational section of the JMA in relation to the financial management of the projects concerned.

The JMA shall send the annual report on implementation of the audit plan for the projects to the Commission and to the JMC as an annex to the annual report referred to in Article 28 of the *ENPI CBC Implementing Rules*.

2.3.3. Joint Technical Secretariat (JTS)

According to Article 16 of the *ENPI CBC Implementing Rules* the JMA uses a Joint Technical Secretariat (JTS), subject to prior agreement of the Joint Monitoring Committee, with the requisite resources to assist it with the day-to-day management of the activities under the Joint Operational Programme. The JMA is directly assisted by the JTS in the execution of the above described various tasks as it carries out the daily operational management work for the whole programme. The JTS is located at and operated as a separate unit by VÁTI Public Non-profit Company. As described in section 2.2.3, the delegation of tasks between the JMA and JTS is done through a specific implementing Government decree in line with the Government decree 49/2007 defining the institutional system. The tasks of VÁTI concerning the operation of the JTS are also regulated by the framework agreement concluded for the whole programme implementation period.

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The JTS shall support the JMA during the programme co-ordination and implementation. As described in point 2.3.2. the JTS may perform on behalf of the JMA the following tasks defined in the Article 15 of the *ENPI CBC Implementing Rules*:

- a) Article 15 (2) point a):
 - organising and acting as a secretariat for meetings of the JMC,
 - the preparation and the mailing of the documentation,
 - drawing-up the minutes of the meetings;
- b) Article 15 (2) point e):
 - after approval by the JMC, following the endorsement by the JMA launching calls for tenders and calls for proposals for the selection of projects as defined in section 3.2;
- c) Article 15 (2) point f):
 - receiving and registering project applications,
 - organising, chairing and acting as secretariat for selection committees,
 - sending reports (as approved by the JMA) including selection committee recommendations to the JMC;
- d) Article 15 (2) point g):
 - following up the selection of projects by the JMC,
 - signing contracts for the various projects with beneficiaries and contractors as defined in section 5.1.2;
- e) Article 15 (2) point h):
 - carrying out operational follow-up and financial management of the projects as defined in section 5.1;
- f) Article 15 (2) point k):
 - implementing the information and visibility plan in accordance with Article 42 of the *ENPI CBC Implementing Rules*.

Other tasks of the Joint Technical Secretariat - performed to assist the JMA with the day-to-day management of the activities under the JOP - are:

- a) co-ordinating and carrying out the activities related to project generation and application procedures, technical preparation of JMC decisions on project selection;
- b) preparing and making available standardised forms compliant with the EC Practical Guide for project applications and for project assessments for all projects;
- c) preparing project documentation, contributing to assessment of applications' eligibility and quality;
- d) carrying out information and publicity activities and public relations work according to section 4.4 (e.g. publicity of the programme, creation, maintenance and updating of a web-site) in agreement with the JMA and the JMC;
- e) co-operation with national bodies;
- f) co-operation with organisations, institutions, networks and media relevant for the objectives of the programme;
- g) participating in the monitoring and evaluation of the programme;
- h) daily operation of the Programme Monitoring and Information System;
- i) implementation of Technical Assistance projects under the responsibility of the JMA;
- j) preparing any other documentation required by the JMC.

The annual work plans of the JTS have to be approved by the Joint Monitoring Committee following prior endorsement by the JMA.

The JTS will ensure the co-ordination between the programme actors.

The JTS shall have international staff from all of the participating countries. The number and qualification of staff shall correspond to the tasks defined above. The head of JTS is responsible for the proper functioning of the JTS and acts as the authorising officer according to the *ENPI CBC Implementing Rules*.

The JTS shall be funded from the Technical Assistance budget.

The JTS establishes branch offices in Ukraine, Slovakia and Romania for the purpose of informing potential beneficiaries of activities planned under the programme. The responsibility of the branch offices of the JTS is to publicise activities under the joint operational programme and to provide anyone who may be interested with information.

2.3.4. National Authorities

National Authorities are counterparts of the JMA responsible for the coordination of the programming process in their countries in the programme preparation period and providing Programme co-ordination in the participating country during the implementation. Responsibilities of the National Authorities are the following:

- participation in JMC meetings (in compliance with provisions of point 2.3.1 above);
- proposing qualified candidates for approval by the JMC as members of the selection committee;
- bearing responsibility for recovery according to Article 27 of the *ENPI CBC Implementing Rules* (in Member States);
- nominating the controllers according to Article 39 of the *ENPI CBC Implementing Rules* (in Member States);
- ensuring co-financing for the Slovak/Romanian/Hungarian side;
- signing Financing Agreement (Ukraine) with the European Commission;
- signing bilateral agreement or memorandum of understanding (Slovakia, Romania) with the JMA regulating the responsibilities between the participating states

2.3.5. Management capacity

According to Article 5.2(f) of the *ENPI CBC Implementing Rules*, the JMA ensures that its management capacity and the one of VÁTI (JTS+MSD) are commensurate with the volume, content and complexity of the operations planned under the programme, particularly with regard to human resources, computerised management and accountancy tools and financial circuits.

The indicative description of the staff dedicated to the programme and information on sources of financing for staff and offices/equipments is included in the following table:

9. Table: Indicative description of the staff and sources of financing

Organisation	Human Resources	Number of staff dedicated to the programme	Source of financing (staff)	Source of financing (office and equipment)
JMA	Head of JMA	for all programmes	National budget (HU)	National budget (HU)
	Operational section	1		
	Financial section	1		
	Internal Audit Unit	1		
JTS	Head of JTS (authorising officer)	1	EU contribution (TA)	EU contribution (TA)
	Programme managers	4		
	Financial manager	2		National budget (SK)
	Branch Office – Uzhgorod	1		
	Branch Office – Kosice	1		National/local
	Branch Office – Satu Mare	1		

				budget (RO)
MSD	Monitoring system management + administration	0.6	EU contribution (TA)	EU contribution (TA)
	QA	0.2		
	FTU (accounting officer)	0.4		
National controllers	HU	3	National budget (MS)	National budget (MS)
	SK	2		
	RO	2		

Computerised management and accountancy tools:

The primary accountancy tool used within the JTS, the Financial Transfer Unit of VÁTI and the Joint Managing Authority is the separate Accounting Module of the Monitoring and Information System operated with ORACLE database. The Programme Monitoring and Information System is developed on the basis of the experience gained under the Neighbourhood Programme 2004-2006 during the development and operation of the “INTERREG Monitoring and Information System (IMIS)” supporting the implementation of the programmes.

All relevant documents are entered in the database for each project (contracts, advance payments, interim and final balance payments, amounts recovered etc.).

The financial management of all transactions related to the programme bank account (managed by the JMA) and the technical account (managed by the FTU) is also done through the Programme Monitoring and Information System.

For the daily management of the Technical Assistance funds the accounting evidences are kept separately in another computerised corporate accounting tool, TOPSOFT managed by VÁTI. All relevant information is afterwards included in the Programme Monitoring and Information System.

3. Project development and selection

The project development and selection will be performed according to Article 23 of *ENPI CBC Implementing Rules* and in compliance with provisions of Practical Guide to contract procedures for EU external actions (PRAG) with annexes in force at the time of launching of calls for proposals.

The Programme defines the specific fields of interventions, which can clearly contribute to the overall objectives. The JMC has the right to fine-draw the activities within the definition included in the priority descriptions, when the successful implementation of the programme requires it and more focus of the activities is needed. It will be included in the specific call for proposals approved by the JMC.

Final decision on approval/rejection of projects is the responsibility of the JMC.

3.1. Project development

Assistance and support will be given to develop projects. The JTS and its branch offices in the programme are taking care of spreading information to potential applicants. All activities of this kind will be integrated in the Communication Plan, especially if TA funds are to be used

The JTS will take care of keeping the responsible authorities of Participating Countries informed about opportunities to joint project development.

While assisting to development of the projects the following have to be secured:

- all potential applicants and project partners get the same information wherever they might be located;
- assisting the establishment of partnerships by helping to find interested actors, e.g. by means of a database or events.

3.2. Project selection

Project selection will follow the PRAG provisions and will be the overall responsibility of the Joint Monitoring Committee according to the *ENPI CBC Implementing Rules*. Projects will be selected through calls for proposals. Indicatively one call for proposals will be launched every year for all priorities. According to Art. 4(i) of the *ENPI CBC Implementing Rules* a provisional indicative timetable for the launching of Calls for Proposals and the selection of projects to be financed is included in Annex 11.

The application packages, including application forms and its annexes, guidelines for applicants and the evaluation grids will be developed by the JMA/JTS on the basis of the standards detailed in the PRAG and compliant with them, with the involvement of competent technical experts whenever necessary (e.g. environment) The final documents of the application packages are subject to approval by the Joint Monitoring Committee taking into account the specificities of the Programme.

Project applications are technically assessed by experts with relevant regional and technical expertise then discussed in project selection committee. Final decision is taken by JMC as described in the relevant section.

3.3. Eligible applicants

According to Article 14 of the *Regulation of the European Parliament and of the Council laying down the general provisions establishing a European Neighbourhood and Partnership Instrument (ENPI Regulation)* the following categories of beneficiaries may be regarded as possible project partners for all the priorities defined in the programme.

Legal persons established by public or private law for the purposes of public interest or specific purpose of meeting needs of general interest, may belong to one of the following groups:

- 1) national, regional and local organisations implementing policies in the fields of relevant policies defined as programme priorities;
- 2) semi-public institutions like regional development associations and promoters, innovation and development agencies, research institutes and universities;
- 3) regional and local associations of enterprises (e.g. chambers of commerce, unions); professional organisations;
- 4) regional and local self-governments and their organisations acting as legal entities, regional councils;
- 5) non-state actors as defined in point (h) Article 14 of ENPI Regulation.

Besides these general eligibility rules the Joint Monitoring Committee will identify eligible applicants on the level of different Calls for Proposals according to the Measures and focusing on the cross-border co-operation specificities.

4. Information and publicity

Information and publicity strategy of the programme shall be carried out in accordance with respective European Commission visibility guidelines applicable to EU external actions.

In order to make the audience informed about the results, changes, requirements and tasks to be fulfilled in the course of implementation either at programme or at project level, the Communication Plan will be prepared reflecting the information and visibility requirements outlined in Article 42 of ENPI Implementing Rules (951/2007/EC) and the special needs of the different groups potentially involved in the programme both at management and beneficiary levels, concerning

- a. the preparation of the strategy,
- b. objectives of the communication plan,
- c. the definition of target groups,
- d. the actors involved and their responsibilities (JMA, JTS, branch offices, National contact points etc.),
- e. the planning of information and communication measures,
- f. the indicative budget.

4.1. Objectives

The overall goal of the Communication Plan will be to create a uniform public image and aid visibility of the Hungary-Slovakia-Romania-Ukraine ENPI Cross-border Co-operation Programme.

- to spread information on the opportunities of this programme and to ensure transparency for the target groups of the programme;
- to make the general public more aware of the results and benefits achieved by cross-border projects;
- to support the participant countries administrative (management) departments to acquire a comprehensive knowledge and skills in implementing and managing of cross-border co-operation projects;
- to assist the potential Ukrainian partners better understanding and acquiring the general system of the Community assistance implemented through either cross-border operational programmes or other way;
- to promote the establishment of a wide-covered communication network among the potential beneficiaries, the implementing bodies (at European, national, regional and local levels) and the general public;
- to create a coherent picture of the programme and its implementation across Hungary, Slovakia, Romania and Ukraine.

Communication levels

Communication levels can be differentiated by information packages, information needs and target groups. Basically, the content of information determines the level of communication which can be divided into:

- Programme level communication (internal and external communication);
- Project level communication (technical communication between beneficiaries, project partners and the programme management bodies; information and publicity measures of project partners).

4.2. Target groups

Target audience will differ depending on:

- the nature of information to be communicated;
- the types of communication channels to be adopted;

- their information needs.

Communication primarily should be directed to **potential applicants and beneficiaries** to ensure that they are properly and in time informed about the opportunities of funding, about calls for proposals and simultaneously to make sure that they understand the administrative process.

The second target group is **the general public** as indirect beneficiaries who should be aware of the results and benefits achieved by the projects.

Information on the results of projects should also be provided to **institutions involved in policy-making in fields** related to priorities in the programme.

Other groups to be targeted will be as follows:

- Programme bodies
- Government departments and agencies
- EU-related institutions
- Mass-media/press organisations in European, national, regional and local levels

4.3. Information and publicity measures, channels and tools

4.3.1. Events and consultations

Regional and local information events, seminars, workshops, technical conferences and round table discussions - they especially help increase the expertise of organisations and staff new to the programme.

Partner search forums – help potential applicants develop their projects and search for partners.

Kick-off event at the start of the programme – provides the spreading of common information about the programme at the national level in each participating country.

A major event per year – there will be at least one major information activity each year to promote the achievements and highlighting key messages and best practices of the programme.

Closing conference at the end of the programme – will be focused on the achievements in comparison to the objectives set in the OP.

4.3.2. Internet

Website – a programme-specific website providing ongoing information to the general public, the potential and final beneficiaries. The homepage will contain a list of links to other useful websites as well. The domain names should be reserved for the website. The site will be updated regularly by organisations responsible for the content.

E-bulletins (e-zines) – electronic newsletters which will inform the target audience about the latest programme news, achievements and developments.

Direct mail – direct mails offer the opportunity to convey current and direct information to the specific target groups.

4.3.3. Helpline

Helpline will be launched by the JTS in parallel with the Branch Offices with the aim of providing professional advice to all potential and final beneficiaries on all aspects of the programme. The telephone enquiry lines may be complemented by an e-mail address for written communication and with the publication of the frequently asked questions on the website to enhance the transparency of the implementation.

4.3.4. Promotional and information materials, media tools to be used in the programme:

- Programme publication
- Leaflets, fact sheets, and brochures
- General guidance
- Advertisements
- Press media, television, radio

4.3.5. Image and Branding

A cross-border logo will be designed for the programme. A simple design aims at comprising the cross-border elements. The elements of this visual programme identity (logo, certain colours, etc.) will be consequently used on every single document, paper-based or electronic, produced in frame and for the purposes of the programme, besides the EU logo.

Strongly connected to the programme's 'corporate' identity, a programme motto will also be used together with the specific visual elements.

4.4. Responsibilities

The JMA shall be responsible for implementation of information and visibility actions relating to the Joint Operational Programme. In particular, the JMA shall take all necessary steps to ensure the visibility of the Community financing or co-financing in relation to its own activities and to the activities of the projects financed under the programme. According to Article 42 of the *ENPI CBC Implementing Rules* such measures shall comply with the relevant rules on the visibility of external actions laid down and published by the Commission.

As it is indicated in point 2.3.3 in practice information and publicity actions are carried out by the JTS and its branch offices according to the *Communication Plan* – including indicative budget for implementation – to be developed by the JTS and adopted by the JMC after prior approval by the JMA.

4.5. Implementing bodies

4.5.1. Joint Managing Authority

The JMA is comprehensively responsible for carrying out the information and publicity measures, in collaboration with the JTS and the Branch Offices. In practice, the JMA directly contributes to the communication activities basically in the form of participating at events, holding presentations, keeping contact, providing information, interviews, press releases and articles on request and harmonising other national communication activities with those of this Programme when needed.

4.5.2. Tasks of the Joint Technical Secretariat

- to develop an overall system for public relations connected to the programme and to elaborate a common corporate identity for the programme to be used in all means of communication,
- to develop an overall Communication Plan for the whole programme period, to be sent to the Commission within four months of the date of adoption of the operational programme,
- to develop informational material for dissemination (both electronic and hard copies),
- to create, maintain and update the Internet homepage,
- to organise information events with partners from the programme area,
- to maintain necessary public relations with the media,
- to be responsive to any request of information,
- to organise a major information campaign publicising the launch of the programme, even in the case of the absence of the final version of the Communication Plan,

- to organise at least one major information activity a year, presenting either the launch of the call for proposals or the achievements of the programme including, where relevant, major projects,
- to publicise the list of beneficiaries, the names of the operations approved and the amount of public funding allocated to the operations (the JTS has to ensure that a beneficiary is informed that acceptance of funding is also an acceptance of their inclusion in the list of beneficiaries published in accordance with the legislation).

4.5.3. Branch Offices

The Branch Offices will be established by the JTS in Ukraine, Slovakia and Romania for the purpose of informing potential beneficiaries of activities planned under the programme. The responsibility of the Branch Offices of the JTS is to publicise activities under the Joint Operational Programme and to provide anyone who may be interested with information.

4.5.4. Joint Monitoring Committee

The JMC will receive regular information from the JMA on the Communication Plan and its implementation. The JMA will seek the co-operation of Committee members in publicising the programme and disseminating information and publicity materials within their networks.

4.5.5. Beneficiaries

Their information and publicity measures to be implemented may serve the achievement of the aims targeted in this strategy only indirectly. The beneficiaries' actions in communication process rather serve as a feedback to the top-bodies about their projects.

4.6. Indicative Budget

A considerable part of the communication activities will be fulfilled by the JTS staff. The organisation tasks, presentation of first-hand information, updating information sources, operating the helpline and administration of outsourced tasks will primarily require the capacity of staff. An indicative budget of 457.000 EUR will be allocated to undertake the communication activities for the Programme. Communication activity budget will be funded via Technical Assistance, presenting indicatively 6.64% of the total TA budget.

4.7. Monitoring and evaluation of the Communication Plan

The JMC of the programme has to be informed by the JMA/JTS about the progress in implementing the Communication Plan, of information and publicity measures carried out and of the means of communication used. The JMA has also to provide the JMC with examples of such measures. The main purpose of the evaluation will be to survey how effective the information and communication measures were in terms of visibility and awareness of the OP, as well as the role played by the Community. On the other side monitoring will be used in order to evaluate the progress in the implementation of the Communication Plan, assuring the attainment of its objectives.

5. Project level implementation and programme level financial management

5.1. Project level implementation

The project implementation from contracting to project closure included reporting obligations and payment of Funds will be executed according to the relevant ENPI CBC legal framework.

5.1.1. The Beneficiary

According to Article 40 of the *ENPI CBC Implementing Rules* projects shall be submitted by applicants representing partnerships consisting of at least one partner from a Member State participating in the Programme and at least one partner from Ukraine. The “Lead Partner Principle” is a basic requirement in all projects financed from the Programme.

The Beneficiary is a body which signs a grant contract with the JMA (the power of signing can be delegated to the JTS) and which assumes full legal and financial responsibility for project implementation vis-à-vis that authority. It receives the financial contribution from the JMA (through the FTU) and ensures it is managed and, where appropriate, distributed in accordance with the agreements drawn up with its partners. The Beneficiary is directly accountable to the JMA for the operational and financial progress of activities.

For each operation a Beneficiary shall be appointed by the partners among themselves. The Beneficiary shall assume the following responsibilities:

- a) it shall lay down the arrangements for its relations with the partners participating in the operation in an agreement (partnership agreement) comprising, inter alia, provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;
- b) it shall be responsible for ensuring the implementation of the entire operation;
- c) it shall ensure that the expenditure presented by the partners participating in the operation has been paid for the purpose of implementing the operation and corresponds to the activities agreed between the partners participating in the operation;
- d) it is responsible for the verification of project's expenditures by an approved auditor/national controller in accordance with PRAG and submission of requests for payment to the JTS on the basis of the ENPI contract;
- e) it shall be responsible for transferring the ENPI contribution to the partners participating in the operation.

The project will be presented by the Beneficiary who will act as the only direct contact between the project and the joint management bodies of the programme. It is the responsibility of the Beneficiary to create a well working consortium ensuring the proper and sound implementation of the project.

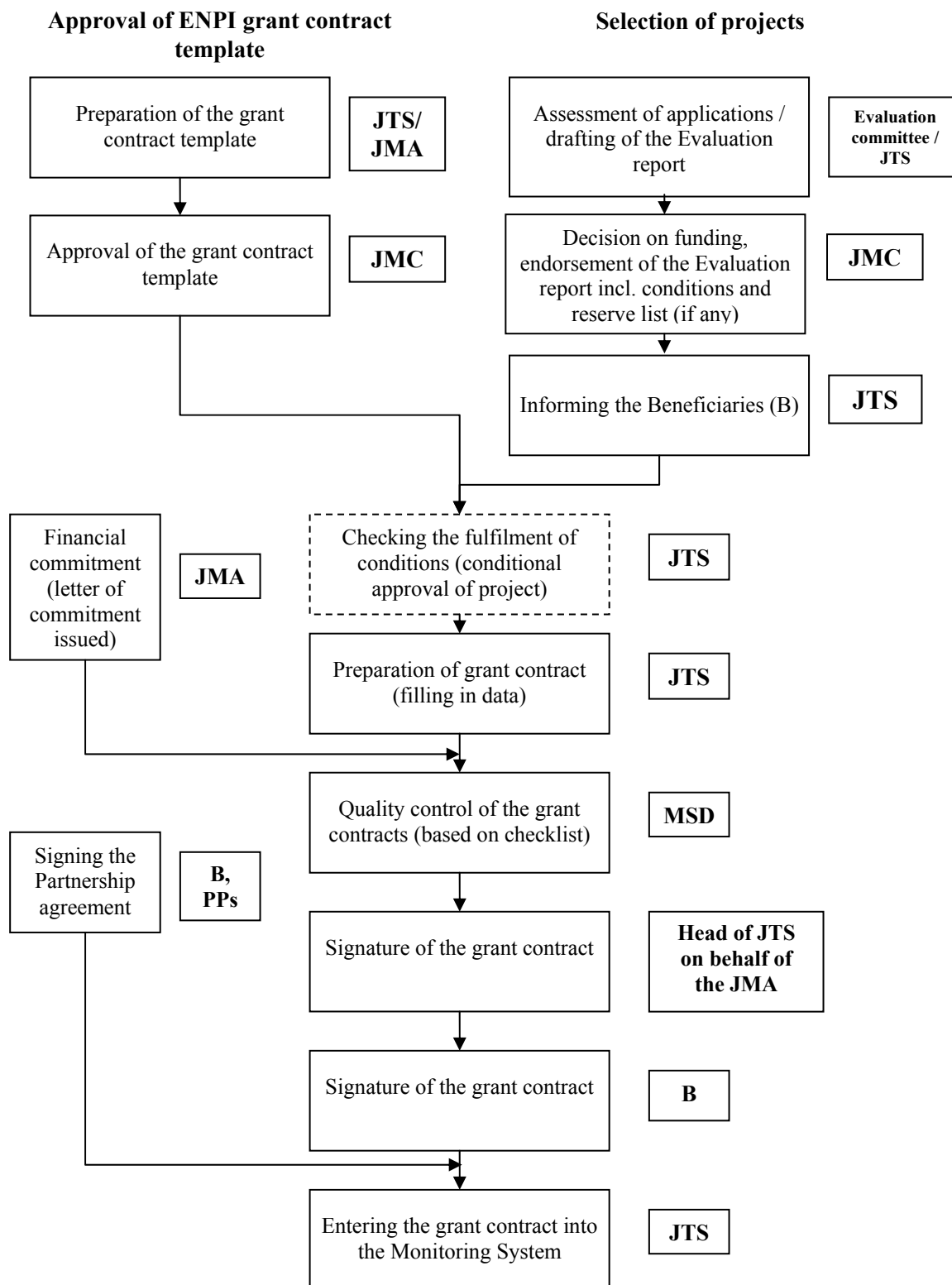
The possibility to initiate projects and to act as a Beneficiary will be open for all eligible organisations.

5.1.2. Contractual procedures

According to Article 23. of the *ENPI CBC Implementing Rules* the contractual procedures will be those applicable to external actions as defined in Articles 162 to 170 of Council Regulation (EC, Euratom) No 1605/2002 and Articles 231 to 256 of the Commission Regulation (EC, Euratom) No 2342/2002.

The corresponding procedures and related standard documents and contract templates to be used will be those included in the Practical Guide to contract procedure for EU external actions (PRAG) with annexes in force at the time of the launching of calls for proposals, adapted to the specificities of the cross-border co-operation in general and the Programme in particular in compliance with the *ENPI Regulation* and *ENPI CBC Implementing Rules* and approved by the JMA.

Based on the formal project approval by the JMC the JMA issues a declaration of commitment. The JMA bears the legal responsibility for the ENPI grant contract (prepared by the JTS). The JMA can delegate formally (in writing) the power of signing grant contracts to the JTS. The first page of the grant contract must stipulate that the JTS signs the contract on behalf of the JMA. The legally binding grant contract of a project shall be reported by the JTS to the Programme Monitoring System. The steps of the contractual procedures are presented by the following flowchart:



The grant contract is prepared for signing by the competent programme manager of the JTS, who fills in the specific data of the project into the approved template. After receiving the letter of commitment from the JMA the financial manager of the JTS gives a visa. Then the Quality Assurance Unit of the MSD performs the quality control of the prepared grant contract based on a checklist. If the grant contract is compliant, the head of JTS signs it on behalf of the JMA.

The list of contracts awarded (to beneficiaries and contractors) by the JMA must be published by the JMA on its (the programme's) website in accordance with the requirements of the EC Financial Regulation and of the PRAG.

5.1.3. National control at partner level

In line with Article 39 of the *ENPI CBC Implementing Rules*, Member States may set up a control system making it possible to verify the soundness of the expenditure declared for operations or parts of operations implemented on their territories, and the compliance of such expenditure and of related operations, or parts of those operations with Community rules and their national rules.

The verifications to be carried out at national level shall cover administrative, financial, technical and physical aspects of the operations. The verifications shall ensure that the expenditure declared is real, that the products and services have been delivered and that the operations and the expenditures comply with relevant Community and national rules. The process of verification carried out by the controllers at the national level includes a 100 % administrative verification and on the spot verifications, as appropriate.

The JMA and the JTS should be regularly informed on the control system set up by the Member States.

The designated national controllers of the programme in Member States will work in the frame of:

In Hungary: VÁTI Kht. with its regional office in Mátészalka.

In Slovakia: Ministry of Construction and Regional Development of the Slovak Republic.

In Romania: Ministry of Development, Public Works and Housing.

In Ukraine the expenditures will be verified by an external auditor according to PRAG. The verification will be carried out for all projects, independently of their size.

5.1.4. Project reporting

The Beneficiary may request payments by providing progress reports to be submitted to the JTS. Detailed rules for reporting are defined in the standard general conditions to grant contracts annexed to PRAG. The Joint Monitoring Committee may decide on a case by case basis (for each call for proposals) to restrict these rules (e.g. by requesting biannual progress reports instead of annual reports).

5.1.5. Project level financial management and control

Financial management of projects will be executed according to the relevant regulations. The financial implementation of the projects will be controlled at the three levels described below.

Internal control

Internal control of each project will be performed under supervision of the Beneficiary. The Beneficiary and its partners should ensure an effective and efficient control system within the project. In particular each project will have a financial manager in charge of ensuring a proper book keeping system, filing the original invoices, stamping them with the project's stamp to avoid double financing etc. These tasks are part of the eligible costs for the time actually spent on the project.

Verification of expenditure

Verification of expenditure will follow PRAG requirements, as laid down in Article 15.6 of the Annex II of the grant contract and will be extended to all projects independently of the amount granted. In each case, the verification report on project's expenditure will be coordinated and submitted to the JTS by the Beneficiary. The Beneficiary will receive partner level verification sub-reports coming from either an accredited auditor (member of an internationally recognised supervisory body for statutory auditing) in the case of Ukraine or from national controllers in the case of Member States as described in section 5.1.3. Auditors will be financed through the project's budget. National Controllers will be financed by national funds in each Member State.

The auditor/national controller examines whether the costs declared by the Beneficiary are real, exact and eligible in accordance with the grant contract and issues an expenditure verification report conforming to Annex VII to the PRAG standard grant contract.

The expenditure verification report accompanying a request for payment of the balance covers all expenditures of the project (including those of the Beneficiary and of the partners) not covered by any previous expenditure verification report. Based on the expenditure verification report the JTS determines and the JMA approves the total amount of eligible expenditure which may be deducted from the sum total of pre-financing under the Contract (clearance).

Where the Beneficiary is a government department or a public body of a Member State of the European Community, the JMA may exempt it from the expenditure verification requirement.

Verification and authorisation of payments by the JTS

Based on the technical and financial project reports and the above-mentioned verification reports, the financial/operational managers of the JTS will check that all verifications are correctly undertaken and eventually proceed with the payment requests. Should they need clarifications related to certain aspects of the expenditure they will in principle turn for more information to the Beneficiary (who should in turn contact its partner(s) if the information request is related to the partner).

Payment of ENPI funds

Payments to projects will take the form of pre-financing (initial and further instalments) and the payment of the balance. All requests for payment should be accompanied by reports and documents as defined in Art. 15 of the standard general conditions to grant contracts annexed to the PRAG .

Prefinancing payments (initial and interim) may be effected on a six-month basis.

The main steps of the payment of ENPI funds are the followings:

- the Beneficiary should prepare the requests for payment for the ENPI part of the project
- requests for payment together with the reports and documents as defined in Art. 15. of the standard general conditions to grant contracts annexed to the PRAG shall be submitted to the JTS
- the JTS controls the request for payment and the reports and carries out all necessary verifications – the competent programme manager performs checks ("conforme aux faits") and the financial manager counterchecks and gives the visa ("bon à payer")
- the JTS forwards the authorised request for payment to the Financial Transfer Unit (FTU), responsible for the technical management of payments of ENPI funds to the Beneficiaries
- the FTU submits the 'request of funds' (related to the authorised requests for payment) to the JMA via the Programme's Monitoring System
- on the basis of authorisation recommended by the JTS within 5 working days the JMA approves the 'request of funds' and transfers the ENPI contribution from the single programme bank account to the FTU
- following the receipt of ENPI funds the FTU transfers the funds directly to the Beneficiary. The transfer requires signatures of both the authorising officer (head of JTS) and the accounting officer (head of FTU)
- after receiving the funds the Beneficiary distributes the appropriate amount of money to each project partner

The steps of ENPI financial flows are presented by the following flowchart:



5.2. National co-financing

Co-financing by participating countries amounts to 10 % of the European Union's contribution to the Programme except the Technical Assistance component. The co-financing is for the overall programme, but, in order to simplify its implementation, a uniform rate of co-financing (10%) is requested for each approved project from the beneficiary or partially from the state budget. Co-financing may come from the local, regional, and national levels, and from the public or private sectors.

5.3. Programme level financial management (ENPI)

The programme level financial procedures are primarily managed and coordinated by the Joint Managing Authority. According to the *ENPI CBC Implementing Rules* the JMA is responsible for the financial management of the programme and of the reports to the Commission.

5.3.1. Bank account of the Programme

A single bank account in euro, specifically to the programme will be opened and managed by the financial section of the JMA. In the frame of the project level financial management the FTU submits the relevant 'request of funds' (related to the authorised requests for payment) to the JMA via the Programme's Monitoring System. On the basis of authorisation recommended by the JTS within 5 working days after submission of the 'request of funds' the JMA approves it and transfers the ENPI contribution from the programme account to the disposal bank account in euro kept by the FTU in order to transfer the grants to the Beneficiaries. The disposal account shall be set up in such a way that

the transactions require signatures of both the authorising officer (head of JTS) and the accounting officer (head of FTU). If the programme single bank account bears interest, any interest generated by the pre-financing payments shall be assigned to the Joint Operational Programme and shall be declared to the Commission in the final report referred to in Article 32 of the *ENPI CBC Implementing Rules*.

5.3.2. Annual commitments by the Commission

According to the Article 24 of the *ENPI CBC Implementing Rules* further to the initial commitment accompanying the decision adopting the Joint Operational Programme, the Commission shall each year make the corresponding commitment no later than 31 March of the year concerned. The amount of this commitment shall be determined in accordance with the financial table detailing the provisional yearly allocations in the Joint Operational Programme, and shall also depend on the programme's progress and the availability of funds. The Commission shall inform the JMA of the exact date on which the annual commitment is made.

5.3.3. Common rules for payments

According to the Article 25 of the *ENPI CBC Implementing Rules* the Commission shall make each payment from the Community contribution, subject to the availability of funds. The Commission shall automatically deduct any payment to the JMA from the oldest annual commitment tranche until the entire amount of this commitment has been spent. When the oldest annual commitment tranche has been entirely spent, the next annual commitment tranche may be used. Payments shall be made in euro to the bank account of the Joint Operational Programme. Payments may take the form of pre-financing or the final balance.

5.3.4. Pre-financing

According to the Article 26 of the *ENPI CBC Implementing Rules* each year, once the JMA has been notified of the budgetary commitment, it may request, as pre-financing, the transfer of up to 80% of the Community contribution to the budget for the year in question. From the second year of the Joint Operational Programme, requests for pre-financing shall be accompanied by the provisional annual financial report covering all expenditure and revenue from the previous year not yet certified in the annual external audit report, and by the provisional budget detailing the JMA's commitments and payments for the following year. After reviewing this report, assessing actual financing needs for the programme and verifying the availability of funds, the Commission shall proceed with the payment of all or part of the requested pre-financing.

In the course of the year, the JMA may ask for the transfer of all or part of the balance of the annual Community contribution, as additional pre-financing. In support of its request, the JMA shall submit an interim financial report showing that the expenditure actually incurred or likely to be incurred before the end of the year exceeds the amount of pre-financing already granted. Such subsequent transfers shall constitute additional pre-financing in so far as they are not certified by an external audit report.

In the second half of each year of the programme's implementation, the Commission shall clear previous pre-financing payments on the basis of eligible expenditure actually incurred, as certified by the annual external audit report referred to in Article 31 of the *ENPI CBC Implementing Rules*. On the basis of the results of this clearance, the Commission may proceed with the necessary financial adjustments.

5.3.5. Recovery

According to the Article 27 of the *ENPI CBC Implementing Rules* the JMA shall be responsible for the recovery of any unjustified or ineligible expenditure and for the reimbursement to the Commission of its share or amounts recovered, in proportion to its contribution to the programme. Where ineligible expenditure already covered by a payment is identified on receipt of the final report for a contract or

following a control or an audit, the JMA shall make out recovery orders to the beneficiaries or contractors concerned.

Where the recovery relates to a claim against a beneficiary, contractor or partner established in a Member State and the JMA is unable to recover the debt within one year of issuing the recovery order, the Member State in which the beneficiary, contractor or partner is established shall pay the amount owing to the JMA and claim it back from the beneficiary, contractor or partner.

In case the recovery concerns a Non-Member State partner, and if the JMA does not succeed to recover the funds from the Beneficiary within a year, the JMA refers the case to the EC, which takes over the responsibility to settle the matter.

Files transferred to a Member State or to the Commission shall contain all the documents needed for recovery as well as proof of steps taken by the JMA to the beneficiary or contractor with a view to recovering the amounts owed.

The JMA shall exercise due diligence to ensure reimbursement within one year of the issuing of the recovery order. In particular it shall ensure that the claim is certain, of a fixed amount and due. Where the JMA is planning to waive recovery of an established debt, it shall ensure that the waiver is in order and complies with the principles of sound financial management and proportionality. The waiver decision must be substantiated and submitted to the Commission and the Joint Monitoring Committee for prior approval.

When the debt has not been recovered or a complete file, as referred to in paragraph 4 of the present chapter, has not been transferred to the Member State or the Commission, due to the negligence of the JMA, the JMA shall remain responsible for the recovery after the one year period has elapsed and the amounts due shall be declared ineligible for Community financing.

The contracts concluded by the JMA as part of the programme shall contain a clause allowing the Commission or the Member State concerned to carry out recovery from a beneficiary, contractor or partner where the claim is still open one year after the issue of the recovery order by the JMA.

6. Monitoring and Evaluation

6.1. Monitoring

6.1.1. Programme level monitoring

In order to ensure the quality and effectiveness of the implementation of the programme, monitoring activities on the programme level need to be carried out.

A well defined indicator system has to be developed to support the programme level monitoring and evaluation. Indicators relevant for this Programme are to be distinguished on three different levels: programme, priority and project level on the base of indicators defined in Section 1.6.

6.1.2. Monitoring the impact on environment

Appropriate management arrangements shall ensure at all levels of the programme implementation cycle that – besides respecting the legally required absolute minimum standards — possible effects which are unsustainable or unfavorable to environment, especially as concerns impacts on climate change, the maintaining of biodiversity and ecosystems, and the drawing on natural resources are avoided or kept as low as possible, so that the environmental effects / charges of the OP in total, will in the end be climate- and resource-neutral. The OP's positive effects and potentials for synergies in the sense of optimising its contribution to an environmentally sustainable development will be sought at best and, wherever possible, be strengthened.

The carrying out of such environmental management function includes, among others, activities such as preparation of environmental assessment and implementation guidelines, structured experience sharing and capacity development, indicators, assistance to environmentally friendly project design and the use of effective selection criteria.

A set of indicators will be applied to measure positive and potentially negative impact of certain projects and the Programme on the environment.

On the programme level, the following indicators will be applied:

- number of projects focusing on energy savings;
- reduction in greenhouse gas emissions (CO₂ and equivalents, tonne/year);
- number of people benefiting from flood protection measures;
- number of projects focusing on sustainable tourism

for measuring direct positive impact on the environment, and

- number of assisted projects having a negative impact on landscape;
- land take as a result of building road transport infrastructure (km²)

for measuring potential negative impact on the environment.

If necessary, the Managing Authority will propose to add new indicators to this list.

Data will be collected at project level, priority and programme level information will be created regularly by aggregation.

The application package will provide unambiguous guidance for applicants supporting the graduation of certain projects regarding their (negative or positive) impacts on the monitored issues. The package will provide guidance on estimation, measurement and reporting of project level data concerning the above mentioned indicators, if relevant.

Aggregated environmental impact-information (based on the project level indicators) will be reported regularly in the monitoring reports. The annual reports on implementation will provide a separate chapter dealing with expected and realized environmental impacts of the projects and the Programme (at priority and programme level). The opportunity will be offered to the competent environmental

authorities to send their comment related to this chapter to the JMC before the approval of the implementation report. After the approval of annual report by the JMC the JMA will publish the above mentioned chapter on the website of the programme.

6.1.3. Programme Monitoring and Information System

The Joint Managing Authority is responsible for the setting up of a system to gather reliable financial and statistical information on implementation for monitoring and evaluation.

The monitoring system of the Programme will be based on a management information system which allows data collection and monitoring at a quadrilateral level. The system is to provide the competent bodies (Joint Monitoring Committee, Joint Managing Authority, Joint Technical Secretariat, Financial Transfer Unit and National Authorities) with a practical tool to perform their tasks and should also foster communication and the flow of information among the Participating Countries. The system will support both the project cycle and the programme implementation.

The development and implementation of the Programme Monitoring and Information System shall be managed and co-ordinated by the intermediary Management Services Department, and financed from the TA budget.

6.2. Evaluation

According to Article 6 of the *ENPI CBC Implementing Rules* the aim of monitoring and evaluating the Joint Operational Programme shall be to improve the quality, effectiveness and consistency of implementation. The findings of evaluations shall be taken into account in future programming exercises.

A mid-term evaluation of the Joint Operational Programme shall be carried out as part of the programme review in accordance with the Strategy Paper. This evaluation shall be carried out by the Commission, and its results, which shall be communicated to the JMC and JMA for the indicative programme may lead to adjustments in the programme.

In addition to the mid-term evaluation, an evaluation of the Joint Operational Programme, or a part thereof, may be carried out at any moment by the Commission.

In the year following the end of the implementation phase of the projects financed by the Joint Operational Programme, an ex-post evaluation of the programme shall be carried out by the Commission.

7. Specific implementation rules of the programme TA budget

Technical Assistance is necessary to assist the Participating Countries in implementing the programme. Taking into consideration the size and diversity of the programming area 10% of the ENPI funds allocated to this programme will be used for Technical Assistance.

The Technical Assistance budget will be used for assistance required to manage, monitor and evaluate the programme.

Furthermore, the TA budget should be used for tasks aimed to improve and assure proper programme implementation at project generation level (e.g. thematic seminars, information and publicity measures, evaluation) and to increase the overall quality of funded projects.

The following activities are to be financed within the scope of TA in order to ensure the efficient administration of the programme:

- activities in connection with the preparation, selection and evaluation (involving meetings of the JMC and selection committee) and support of projects;
- activities in connection with the support to joint structures;
- management and work of the Joint Technical Secretariat, the intermediary Management Services Department and its Financial Transfer Unit;
- examination and on-site checks of operations;
- the setting up and operation of a monitoring system for the administration, support and evaluation of the programme;
- preparation of reports and studies (e.g. annual reports, mid-term evaluation, etc.);
- information and publicity activities;
- promotion and assistance to potential final beneficiaries.

Activities covered by TA will be financed using the project management approach. All programme management activities (i.e. work of the JTS; development and management of the monitoring system; information and publicity activities etc.) to be reimbursed by TA shall be prepared in form of “TA projects”. TA project plans shall include:

- objective
- activities
- target groups
- expected expenditures

TA projects are implemented by programme management bodies. TA project proposals have to be previously approved by the Joint Monitoring Committee. Costs occurred while implementing the project will be reimbursed by the JMA (through the FTU responsible for payments on behalf of the JMA). Reimbursement will take place on the basis of occurred expenditures to be a subject of regular validation. Programme management bodies implementing TA projects have to respect and follow the program level eligibility rules and procedures.

8. Use of languages

As the Programme being by definition multinational, in order to facilitate management and to shorten the completion periods, according to Article 8 of the *ENPI CBC Implementing Rules* the official language used in the Programme is English.

Interpreting and translation costs will be met from the technical assistance budget at Joint Operational Programme level, and from the budget of each individual project at project level.

Annexes

Annex 1. – Basic characteristics

Territorial Units	Land area (sq. km)	Number of inhabitants (persons)	out of which: Urban		out of which: Rural		Population density (People/sq km)	% of the population of the programme area
			persons	(%)	persons	(%)		
Szabolcs-Szatmár-Bereg	5,937	578,573	281,898	48.7	296,675	51.3	97.0	7.22
Borsod-Abaúj-Zemplén	7,247	725,779	407,601	56.2	318,178	43.8	100.0	9.06
Prešov	8,981	798,596	392,370	49.1	406,226	50.9	89.0	9.97
Košice	6,752	771,947	433,622	56.2	338,325	43.8	114.0	9.63
Maramureş	6,304	515,610	303,119	58.8	212,491	41.2	81.8	6.44
Satu-Mare	4,418	368,702	169,597	46.0	199,105	54.0	83.5	4.60
Suceava	8,554	705,752	305,855	43.3	399,897	56.7	82.5	8.81
Zakarpatska	12,800	1,245,500	462,081	37.1	825,642	62.9	97.3	15.54
Chernivetska	8,100	908,200	373,270	41.1	534,930	58.9	112	11.34
Ivano-Frankivska	13,900	1,393,600	590,886	42.4	802,714	57.6	100.0	17.39
Total	82,993	8,012,259	3,720,299	48.6	4,334,182	51.4	93.9	100
Hungary	93,030	10,090,330	6,760,521	67.0	3,329,809	33.0	108	125.94
Slovakia	49,037	5,389,180	2,986,802	55.4	2,402,378	44.6	110.0	67.26
Romania	238,392	21,623,849	11,879,897	54.9	9,743,952	45.1	90.7	269.88
Ukraine	603,700	47,105,200	31,943,400	67.8	15,161,800	32.2	78	587.91

Source: Hungarian Central Statistical Office, Central Statistical Office of the Slovak Republic, Regional State Administrations of Zakarpatska, Ivano-Frankivska and Chernivetska, JTS NP Romania-Ukraine, Romanian Statistical Yearbook, National Institute of Statistics Romania, Ministry of Development, Public Works and Housing Romania, JTS NP Hungary-Slovakia-Ukraine

Annex 2. – Natural population fluctuation and distribution of inhabitants by age (2005)

Territorial Units	Natural growth / loss (persons)	Migration Growth / loss (persons)	migration per 1,000 inhabitants	Total Growth / loss (persons)	Total growth / loss per 1,000 inhabitants	Pre-productive population (age 0-14)		Productive Population (age 15-64)		Post-productive Population (age over 65)		Population ageing index* *
						persons	%	persons	%	persons	%	
Szabolcs-Szatmár-Bereg	-1,001	-2,115	-3.7	-3,116	-5.4	110,507	19.1	391,115	67.6	76,950	13.3	69.6
Borsod-Abaúj-Zemplén	-2,925	-3,383	-4.7	-6,308	-8.7	128,463	17.7	486,998	67.1	110,318	15.2	85.9
Prešov	2,975	-1,124	-1.4	1,851	2.3	99,562	12.5	553,178	69.3	83,478	10.5	83.8
Košice	1,708	-269	-0.3	1,439	1.9	142,253	18.4	545,181	70.6	84,513	10.9	59.4
Maramureş	-130	-620	-1.2	-750	-1.5	91,866	17.8	364,729	70.6	59,967	11.6	65.3
Satu-Mare	-590	-877	-2.4	-1,467	-4.0	65,137	17.5	263,141	70.8	43,481	11.7	66.8
Suceava	1,175	-484	-0.7	691	1.0	140,225	19.9	464,204	65.8	100,773	14.3	71.9
Zakarpatska	-706	-2,333	-1.9	-3,039	-2.4	259,973	20.9	756,699	60.8	225,942	18.1	86.9
Chernivetska	-2,983	-344	-0.4	-3,327	-3.7	172,558	19.0	538,563	59.3	197,079	21.7	114.2
Ivano-Frankivska (2004)	-3,039	-1,167	-0.8	-4,206	-3.0	275,167	19.8	817,092	58.7	298,631	21.5	108.5
<i>Total / average</i>	<i>-2,533</i>	<i>-12,372</i>	<i>-1.7</i>	<i>-14,905</i>	<i>-2.3</i>	<i>1,485,711</i>	<i>18.17</i>	<i>5,180,900</i>	<i>66.81</i>	<i>1,281,133</i>	<i>14.13</i>	<i>81.2</i>
Hungary	-38,343	17,154	1.7	-21,190	-2.1	1,575,057	15.6	6,359,656	63.0	2,155,617	21.4	99.9
Slovakia	955	3,403	0.63	4,358	0.81	894,308	16.6	3,862,234	71.7	632,638	11.7	70.7
Romania	-41,081	-10,954	-0.5	-52,035	-2.4	3,492,158	16.1	14,989,974	69.3	3,141,716	14.5	90.0
Ukraine		1,165	0.02	-354,714	-7.5	24,824,400	52.7	20,481,700	43.5	1,799,100	3.8	7.2

*only internal migration

**ageing index: post-productive population / pre-productive population

Source: Hungarian Central Statistical Office, Central Statistical Office of the Slovak Republic, Regional State Administrations of Zakarpatska, Ivano-Frankivska and Chernivetska, JTS NP Romania-Ukraine, Romanian Statistical Yearbook, National Institute of Statistics Romania, Ministry of Development, Public Works and Housing Romania, JTS NP Hungary-Slovakia-Ukraine

Annex 3. – Settlement structure by population size (2005)

Territorial Units	1-499 inhabitants	500-1,999 inhabitants	2000-49,999 inhabitants	over 50,000 inhabitants	Total
Szabolcs-Szatmár-Bereg	35	119	74	1	229
Borsod-Abaúj-Zemplén	137	160	59	1	357
Prešov	372	237	55	2	666
Košice	177	220	42	1	440
Maramureş (2004)	0	13	62	1	76
Satu-Mare (2004)	0	12	50	1	63
Suceava (2004)	0	5	106	1	112
Zakarpatska	164	286	142	2	594
Chernivetska	97	209	110	1	417
Ivano-Frankivska	253	407	141	3	804
Total	<i>1,235</i>	<i>1,668</i>	<i>841</i>	<i>14</i>	<i>3,758</i>

Source: Hungarian Central Statistical Office, Central Statistical Office of the Slovak Republic, Regional State Administrations of Zakarpatska, Ivano-Frankivska and Chernivetska, JTS NP Romania-Ukraine, Romanian Statistical Yearbook, National Institute of Statistics Romania, Ministry of Development, Public Works and Housing Romania, JTS NP Hungary-Slovakia-Ukraine

Annex 4. – Statistics on Economy (2004)

Territorial Units	Gross Domestic Product (m€)	Gross Domestic Product per capita (€)	% of GDP capita of the EU27 average	% of national GDP	GVA of industrial sector in % of GDP		GVA of agricultural sector in % of GDP		GVA of services sector in % of GDP	
					total (m€)	%	total	%	total	%
Szabolcs-Szatmár-Bereg	2,618	4,494	20.90	3.2	620	23.7	188	7.2	1,419	54.2
Borsod-Abaúj-Zemplén	3,958	5,384	25.04	4.9	1,316	33.2	147	3.7	1,902	48.1
Prešov	3,036	3,815	17.74	9.01	na	na	na	na	na	na
Košice	4,311	5,600	26.04	12.89	na	na	na	na	na	na
Maramureş	1,349	2,616	12.17	1.7	na	30.1	na	13.6	na	48.5
Satu-Mare	1,094	2,968	13.80	1.5	na	29.1	na	17.0	na	42.5
Suceava	1,660	2,351	10.94	2.3	na	26.1	na	21.4	na	41.8
Zakarpatska		601	2.79	1.6	135.9	18.1	138.9	18.5	414.6	55.2
Chernivetska	496	543	2.53	1.0	na	na	na	na	na	na
Ivano-Frankivska	1,104	793	3.69	2.1	119.2*	10.8	29.8*	2.7	na	na
EU27 average	10,529,351	21,503								
Total	19,626	29,166		100						

na – not available

*data shows the share of the sector within the national GDP

Source: Hungarian Central Statistical Office, Central Statistical Office of the Slovak Republic, Ministry of Economy in Ukraine, Regional State Administrations of Zakarpatska, Ivano-Frankivska and Chernivetska, JTS NP Romania-Ukraine, Romanian Statistical Yearbook, National Institute of Statistics Romania, Ministry of Development, Public Works and Housing Romania, JTS NP Hungary-Slovakia-Ukraine

Annex 5. – Employment (2005)

Territorial Units	Employment rate (%)	Unemployment rate (%)	Total registered number of employees (thousand persons)	employees in industry		employees in agriculture		employees in tertiary sector	
				total (thous. persons)	%	total (thous. persons)	%	total (thous. persons)	%
Szabolcs-Szatmár-Bereg	42.7	11.1	118.7	35.8	30.1	4.7	3.9	78.3	66.0
Borsod-Abaúj-Zemplén	42.5	12	160.0	56.2	35.1	5.1	3.2	98.7	61.7
Prešov	46.6	21.5	240.6	90.3	37.5	14.2	5.9	137.0	56.9
Košice	42.7	24.7	265.0	85.2	32.2	12.0	4.5	167.8	63.3
Maramureş (2004)		4.6	90.5	42.1	44.3	2.1	2.2	46.3	48.8
Satu-Mare (2004)		2	63.6	32.3	48.4	2.1	3.1	29.2	43.8
Suceava (2004)		7.8	90.2	34.7	35.8	3.6	3.7	52.0	53.7
Zakarpatska	58.7	8.2	537.8	72.6	13.5	153.3	28.5	51.1	9.5
Chernivetska	60	7	551.0	68.9	12.5	157.6	28.6	55.1	10.0
Ivano-Frankivska	54.5	9.8	361.7	42.0	11.6	105.6	29.2	na	na
<i>Average</i>		<i>10.81</i>	<i>246.91</i>	<i>56.3</i>	<i>29.7</i>	<i>42.9</i>	<i>10.7</i>	<i>75.5</i>	<i>43.1</i>
Hungary	50.7	7.3	2,733.8	705	25.8	89	3.2	1,939	70.9
Slovakia	49.8	16.2	2,052.4	727.6	35.4	99.9	4.9	1,224.9	59.7
Romania (2004)		6.3	4,468.8	1,741	39.0	143	3.2	2 259	50.6
Ukraine	57.7	7.2	20,680	3,878	18.8	1,437.3	7.0	15,364.7	74.3

Source: Hungarian Central Statistical Office, Central Statistical Office of the Slovak Republic, Regional State Administrations of Zakarpatska, Ivano-Frankivska and Chernivetska, JTS NP Romania-Ukraine, Romanian Statistical Yearbook, National Institute of Statistics Romania, Ministry of Development, Public Works and Housing Romania, JTS NP Hungary-Slovakia-Ukraine

Annex 6. – SMEs (2005)

Territorial Units	Number of SME	Number of SME per 1000 inhabitants
Szabolcs-Szatmár-Bereg*	8,901	15.4
Borsod-Abaúj-Zemplén*	13,183	18.2
Prešov	8,333	10.4
Košice	9,779	12.7
Maramureş (2004)	8,138	15.8
Satu-Mare (2004)	6,191	16.8
Suceava (2004)	8,198	11.6
Zakarpatska	8,436	6.8
Chernivetska	2,725	3.0
Ivano-Frankivska	7,259	5.2
<i>Total</i>	<i>81,143</i>	<i>10.1</i>
<i>Average</i>	<i>8,114</i>	<i>11.6</i>
Hungary	691,391	68.5
Slovakia	83,089	15.4
Romania (2004)	408,469	18.9
Ukraine	343,868	7.3

**companies employing 1-250 persons*

Source: Hungarian Central Statistical Office, Central Statistical Office of the Slovak Republic, Ministry of Economy in Ukraine, Regional State Administrations of Zakarpatska, Ivano-Frankivska and Chernivetska, JTS NP Romania-Ukraine, Romanian Statistical Yearbook, National Institute of Statistics Romania, Ministry of Development, Public Works and Housing Romania, JTS NP Hungary-Slovakia-Ukraine

Annex 7. – Tourism (2005)

Territorial Units	Accommodation capacity* all the year	Tourists arrivals (person)	Overnight staying	Overnight staying per one tourist arrived
Szabolcs-Szatmár-Bereg	8,155	118,116	249,439	2.1
Borsod-Abaúj-Zemplén	18,795	309,928	717,025	2.3
Prešov	24,519	621,032	2,170,128	3.5
Košice	11,986	295,752	694,986	2.3
Maramureş	2,873	91,000	209,000	2.3
Satu-Mare	2,304	64,000	102,000	1.6
Suceava	6,526	192,000	435,000	2.3
Zakarpatska	2,005	63,796	266,786	4.2
Chernivetska	1,398	61,567	346,000	5.6
Ivano-Frankivska	12,500	147,581	na	na
<i>Total</i>	<i>74,566</i>	<i>1,964,772</i>	<i>2,325,250</i>	<i>1.2</i>
Hungary	329,290	7,064,000	19,737,000	2.8
Slovakia	176,253	3,428,083	10,732,754	3.1
Romania	282,661	5,805,000	18,373,000	3.2
Ukraine	106,048	17,630,760	19,737,000	1.1
* <i>bed places</i>				

Source: Hungarian Central Statistical Office, Central Statistical Office of the Slovak Republic, Ministry of Economy in Ukraine, Regional State Administrations of Zakarpatska, Ivano-Frankivska and Chernivetska, JTS NP Romania-Ukraine, Romanian Statistical Yearbook, National Institute of Statistics Romania, Ministry of Development, Public Works and Housing Romania, JTS NP Hungary-Slovakia-Ukraine

Annex 8. – Environmental structures (2005)

Territorial Units	Supplied drinking water			Supplied drinking water through water gauge, against total (%)	Simple total length of network of drinking water installations (km) - end of year -	Number of dwellings	Simple length of distribution pipes of natural gas (km) - end of year -	Volume of natural gas distributed (1,000 m ³)		Total simple length of public sewerage pipes, km	Town streets length (km)	
	Total (thou m ³)	of which: for household use	of total: for consumers who have water gauge installed (1000 m ³)					total	of which: for household use		total	of which: modernized
Szabolcs-Szatmár-Bereg	22,770 ¹	15,666 ¹	na	na	3,797	212,973	2,534 ¹	416,685 ¹	210,371 ¹	2,085	786 ¹	na
Borsod-Abaúj-Zemplén	26,729 ¹	18,548 ¹	na	na	4,913	282,395	5,892 ¹	519,499 ¹	265,670 ¹	2,942	756 ¹	na
Prešov	na	na	na	na	4,057	229,936*	na	na	na	1,356	na	na
Košice	na	na	na	na	2,817	252,205*	na	na	na	881	na	na
Maramureş	23,667	14,154	16,886	71.3	1,474	184,343	959	139,179	82,476	299	1,049	457
Satu-Mare	11,266	7,319	9,225	81.9	774	138,240	441	123,682	68,222	276	366	221
Suceava	19,395	9,649	15,200	78.4	813	243,566	387	118,948	33,913	633	837	427
Zakarpatska	na	na	na	na	1,215	na	na	na	na	512	na	na
Chernivetska	25,443	6,215	50,164	na	2,779	na	na	492,267	104,116	456	na	na
Ivano-Frankivska	103,600	25,400	na	na	1,360	na	na	na	na	754	4,160	na
<i>Total</i>												
Hungary	532,822 ¹	372,022 ¹	na	na	64,911	3,956,388	4,172,787	79,377 ¹	10,227,083 ¹	36,870	8,425 ¹	na
Slovakia	351,712	167,510	240,650	68.40	25,660	1,884,846*	na	na	na	7,542	na	na
Romania	1,088,698	628,287	820,711	75.4	47,778	8,201,508	27,496	12,963,284	2,827,778	18,381	25,696	14,943
Ukraine	2,694,062	1,165,487	na	na	54,760	19,107,000	213,977	56,011,000	30,006,600	na	na	na

¹ statistics from 2004

Source: Hungarian Central Statistical Office, Central Statistical Office of the Slovak Republic, Ministry of Economy in Ukraine, Regional State Administrations of Zakarpatska, Ivano-Frankivska and Chernivetska, JTS NP Romania-Ukraine, Romanian Statistical Yearbook, National Institute of Statistics Romania, Ministry of Development, Public Works and Housing Romania, JTS NP Hungary-Slovakia-Ukraine (* Censuses in Slovakia 2001)

Annex 9. – ICT technologies (2005)

Territorial Units	Radio subscript ions	Television subscriptions	Telephone subscriptions*	Special internet access	Employees from R&D activity (number of persons, end of year	Employees from R&D activity per 10000 civil employed	Total expenditure from R&D activity (thousand €)
Szabolcs-Szatmár-Bereg	na	49,1722	136,388	na	281*	68	6,239
Borsod-Abaúj-Zemplén	na	139,977	205,914	na	632*	95	16,980
Prešov	na	na	143,360	na	877	30.0	5,741
Košice	na	na	168,709	na	2,990	112.4	16,479
Maramureş	128,045	137,790	84,023	23,017	92	5	264
Satu-Mare	97,296	102,122	8,856	20,599	92	6	510
Suceava	135,219	143,220	73,943	12,609	516	21	1,163
Zakarpatska	na	na	na	na	1,100	na	
Chernivetska	112,273	19,735	191,665	8,040	988	na	2,618
Ivano-Frankivska	na	na	233,000	na	2,102	na	4,776
Total							
Hungary		1,964,168	3,453,147	907,263	23,239*	185	837,589
Slovakia	na	na	1,197,044	na	22,294	100.6	194,400
Romania	5,313,465	5,618,490	3,957,870	1,463,239	41,035	49	326,896
Ukraine	5,392,900	na	12,341,000	955,700	130,400	6	737,776

* calculated number of employees working for R&D centres

Source: Hungarian Central Statistical Office, Central Statistical Office of the Slovak Republic, Ministry of Economy in Ukraine, Regional State Administrations of Zakarpatska, Ivano-Frankivska and Chernivetska, JTS NP Romania-Ukraine, Romanian Statistical Yearbook, National Institute of Statistics Romania, Ministry of Development, Public Works and Housing Romania, JTS NP Hungary-Slovakia-Ukraine

Annex 10. – SWOT analysis of the geographical areas concerned

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
POPULATION / SOCIETY / HEALTH			
<ul style="list-style-type: none"> - Stable political relations between countries - Good experience with CBC - Common cultural heritage, historical connections and religious traditions - Multilingual society 	<ul style="list-style-type: none"> - Low level of governance capacity including planning - Lack of social involvement in civil society development - Low level of health and education infrastructure - lack of cross border polycentric settlement system - segregation problems in small villages in peripheral areas 	<ul style="list-style-type: none"> - Good age structure of population – relatively high ratio of pre-productive age population - Further development of cross-border cooperation by common planning and institutional development - Improvement of quality of life in the region, which can limit migration from rural areas - Enhanced civil society cooperation 	<ul style="list-style-type: none"> - Migration of young people leads to ageing population - Further social and economic drop back of peripheral rural areas - Lack of cooperation in physical and strategic planning - Visa regime
ECONOMY			
<ul style="list-style-type: none"> - Favourable climatic and geomorphologic conditions and natural fertility of agricultural lands in lowlands - Skilled workforce - Underutilized industrial sites - High quality raw material - Accession of Romania to the EU 	<ul style="list-style-type: none"> - Lack of partnership between economic actors across regions - Poorly developed business support infrastructure - Lack of link business – research – education - Low level of (external) investments - Low level of link between innovation and business - Lack of mutual market knowledge - Unfriendly business environment: different legal and regulatory framework and limited flow of information - Distorted agricultural market structure – high number of subsistence farms 	<ul style="list-style-type: none"> - Developing CBC cooperation - Increasing interest of potential investors and tourists - Introduction of high technology - Strengthening of cross-border cooperation through improved economic performance - Free and underutilized industrial sites suitable for industrial parks, start-ups and SME development - Development of NGO sector 	<ul style="list-style-type: none"> - Growing gap between the economic development of partner countries can hinder the extension of cooperation - Low representation of SME sector - Continuous rise in energy prices - Non-unitary legislation between countries - Further increase of regional economic disparities between cities and rural areas - Continuation of the relatively low level of economic development - Decreasing interest in cross-border cooperation because of lack of capital - Visa regime
LABOUR MARKET /EMPLOYMENT			
<ul style="list-style-type: none"> - High proportion of working-age population - Well developed education base 	<ul style="list-style-type: none"> - Inadequate structure of labour market - Importance of vulnerable groups – affected by industrial and 	<ul style="list-style-type: none"> - Innovative, high skilled labour force - Employment development potential of SMEs 	<ul style="list-style-type: none"> - No link between school programmes and business - ‘Brain-drain’ – migration of

connected to labour market - Low labour cost	agricultural restructuring (Roma, women, long term unemployed, elderly people) - Intensive out-migration - High level of unemployment		qualified experts to abroad - Illegal and legal migration
TOURISM			
- High natural, cultural and landscape values - Great number of places of historical interest - Numerous health-resorts - Started development in rural tourism activities	- Lack of harmonisation of individual regional tourism strategies - Low level of tourism infrastructure, products and services compared to EU standards - Lack of management capacity: no commitment, no international partnership approach - Bad access to the border area - Weak marketing and promotion of the border area as a tourist destination - Underdeveloped tourism information system	- Development of cross border tourism - Development of eco and agro-tourism - Restructuring of tourism facilities - Development of tourism products - Good tourism market potential - Good potentials in rural tourism development – mountains, thermal sources	- Insufficient level of investment in tourism - Enhanced competition between the border regions due to the similar range of products and services in tourism sector
TRANSPORT/INFRASTRUCTURE/COMMUNICATION			
- Existing part of Trans-European corridors (No. V) in the cross border region - Suitable geographic conditions for transport development - Existing border crossing-points - Existing local airports (in Uzhgorod, Ivano-Frankivsk, Chernivtsy, Miskolc, Nyiregyhaza and Baia Mare), international airport in Košice Satu-Mare and Suceava	- Lack of a good regional transportation network (rail, road, water), and motorway connections between the border regions - Poor condition of existing roads - Deficient energy basis, dependence upon distance transmit of electric power - Inadequate technical condition and capacity of border crossing with insufficient links to national transportation networks - Insufficient access to public utilities in small peripheral settlements - Limited access to, and use of the ICT infrastructure	- Development of Trans-European transport corridors - Opportunities in development of existing transport systems which may be used for international cargo transit - Building cycle paths and side-walks - Improvement of border crossing points	- Increasing costs of infrastructure development having a negative affect on feasibility - Lack of financial resources to develop infrastructure

EDUCATION / RESEARCH / CULTURE			
<ul style="list-style-type: none"> - Stabilized network of elementary and secondary schools - Gradual development of universities - Well developed educational network - Presence of local universities with good growth potential - High number of R&D centres located in the Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg counties 	<ul style="list-style-type: none"> - Education does not response the demand of labour market - Lack of skilled persons at secondary level - Low level of education for vulnerable groups (in rural areas, for Roma people) - Lack of awareness / promotion of cultural identities - Low level of CBC partnership in “proper” education and culture 	<ul style="list-style-type: none"> - Cooperation in the field of trainings and education - Cross border networking in education 	<ul style="list-style-type: none"> - Insufficient cooperation in higher education and science - Surplus education in specific fields (economics, law, teacher-education) - Low level of investment in the field of R&D - Lack of balance between school programmes and market demand
NATURAL ENVIRONMENT			
<ul style="list-style-type: none"> - Rich biodiversity and relatively well-preserved ecosystems - Numerous nature protection zones (national parks, natural reserves) - Areas listed by the UNESCO - Improved quality of environment due to the decrease in heavy industry and to the dissemination of environmentally sound technologies - Appropriate agricultural endowments in extensive areas of the region (plough-fields, forests, pastures, etc.) 	<ul style="list-style-type: none"> - Incomplete technical and biological recultivation of old environmental burdens - Insufficient waste management infrastructure and sewage treatments - High number of water-courses with insufficient water quality (contaminated ground waters) - Insufficient joint planning, programming and monitoring in the field of natural environment protection - Lack of joint flood protection structures and strategies - Over exploitation of forestry resources - Lack of extensive and good joint monitoring networks on environment (air, water, soil) pollution - Lack of cooperation in the field of nature protection, education 	<ul style="list-style-type: none"> - Improving joint monitoring of environment and cross border nature protection cooperation - Use of new technologies and utilization of renewable resources of energy – geothermal energy, energy of biomes, wind energy, mainly in rural areas - Compliance with Natura 2000 requirements in the programming area - Increasing effectiveness of environmental and nature protection initiatives 	<ul style="list-style-type: none"> - Lack of harmonized investment support schemes (UKR) - Lack of proper mechanism for environmental legislation implementation - Escalation of environmental problems - Surface and ground water quality is endangered by the economic activities - Increasing amounts of sewage water and communal waste in settlements in the border area - Relatively high risk of serious natural disasters - Inappropriate nature protection and forestry management - Low level of environmental investments

Annex 11 – Provisional Indicative Timetable (According to Art. 4(i) of the *ENPI CBC Implementing Rules*)

		2007				2008				2009				2010				2011				2012				2013				2014				2015				2016			
		I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV				
	Programme activities																																								
	JMC meetings																																								
	Launching of the calls for proposals (a)																																								
	Evaluation and selection of projects																																								
Operational and financial monitoring of projects (b)																																									

(a) According to Art. 43 of the IR, no call for tenders or call for proposals may be launched after 31/12/2013

(b) According to Art. 43 of the IR, all activities of projects financed by the Programme shall end by 31/12/2014 at the latest