

Black Sea Basin
Joint Operational Programme
2007-2013



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TABLE OF CONTENTS

1	CONTEXT AND SUMMARY OF THE PROGRAMME.....	3
2	DESCRIPTION AND ANALYSIS OF THE GEOGRAPHICAL AREAS CONCERNED BY THE PROGRAMME	3
2.1	DESCRIPTION OF THE ELIGIBLE AREA	3
	<i>Overview.....</i>	3
	<i>Territory and demography</i>	3
	<i>Economic structure and performance</i>	3
	<i>Education, research and culture</i>	3
	<i>Environment and natural protection</i>	3
2.2	THE SWOT ANALYSIS	3
3	COHERENCE WITH OTHER PROGRAMMES AND EXISTING STRATEGIES	3
3.1	COHERENCE WITH OTHER INTERNATIONAL INITIATIVES AND CROSS BORDER PROGRAMMES	3
3.2	CONCLUSIONS FOR THE ENPI CBC BLACK SEA BASIN PROGRAMME STRATEGY	3
4	PROGRAMME STRATEGY: OBJECTIVES, PRIORITIES AND MEASURES	3
4.1	PRINCIPLES AND METHODOLOGY FOR THE DEFINITION OF THE PROGRAMME STRATEGY.....	3
4.2	PROGRAMME OBJECTIVES	3
4.3	PRIORITIES AND MEASURES, INDICATIVE ACTIVITIES	3
4.4	ROLE OF PROGRAMME PRIORITIES AND MEASURES IN CONFRONTING OPPORTUNITIES AND THREATS	3
	<i>Objective 1 Promoting economic and social development in the border areas.....</i>	3
	<i>Priority 1 - Supporting cross border partnerships for economic and social development based on combined resources</i>	3
	<i>Measure 1.1: Strengthening accessibility and connectivity for new intra regional information, communication, transport and trade links</i>	3
	<i>Measure 1.2: Creation of tourism networks in order to promote joint tourism development initiatives and traditional products.....</i>	3
	<i>Measure 1.3 Creation of administrative capacity for the design and implementation of local and regional development policies.....</i>	3
	<i>OBJECTIVE 2: WORKING TOGETHER TO ADDRESS COMMON CHALLENGES.....</i>	3
	<i>PRIORITY 2: SHARING RESOURCES AND COMPETENCIES FOR ENVIRONMENTAL PROTECTION AND CONSERVATION</i>	3
	<i>Measure 2.1 Strengthening the joint knowledge and information base needed to address common challenges in the environmental protection of river and maritime systems.....</i>	3
	<i>Measure 2.2 Promoting research and innovation in the field of conservation and environmental protection of protected natural areas</i>	3
	<i>Measure 2.3 Promotion of cooperation initiatives aimed at innovation in technologies and management of Waste and Wastewater Management systems</i>	3
	<i>OBJECTIVE 3 PROMOTING LOCAL, PEOPLE-TO-PEOPLE TYPE ACTIONS</i>	3
	<i>PRIORITY THREE: SUPPORTING CULTURAL AND EDUCATIONAL INITIATIVES FOR THE ESTABLISHMENT OF A COMMON CULTURAL ENVIRONMENT IN THE BASIN</i>	3
	<i>Measure 3.1 Promoting cultural networking and educational exchange in the Black Sea Basin communities.....</i>	3

<i>TECHNICAL ASSISTANCE</i>	3
<i>Measure 1 - Programme management and implementation</i>	3
<i>Measure 2: Information, promotion and project generation activities</i>	3
4.5 NATURE OF ELIGIBLE PROJECTS	3
4.6 INDICATORS.....	3
5 INDICATIVE FINANCING PLAN	3
6 JOINT STRUCTURES AND DESIGNATION OF COMPETENT AUTHORITIES	3
6.1 THE JOINT MONITORING COMMITTEE.....	3
<i>Tasks of the Joint Monitoring Committee</i>	3
<i>Composition and procedures of the Joint Monitoring Committee</i>	3
6.2 JOINT MANAGING AUTHORITY	3
<i>Tasks of the Joint Managing Authority</i>	3
<i>Designation of the Joint Managing Authority</i>	3
6.3 JOINT TECHNICAL SECRETARIAT	3
<i>Tasks of the JTS</i>	3
<i>Designation of the Joint Technical Secretariat</i>	3
<i>National Info Points</i>	3
6.4 AUDIT AUTHORITY	3
6.5 TURKISH AUTHORITIES.....	3
6.6 ELIGIBLE PROJECT PARTNERS	3
<i>Responsibilities of Beneficiaries (Lead Partners) and other partners</i>	3
<i>Special arrangements for Turkey</i>	3
6.7 ELIGIBLE EXPENDITURE	3
7 PROGRAMME IMPLEMENTATION	3
7.1 PROJECT APPLICATION AND SELECTION	3
7.2 ...FINANCIAL MANAGEMENT	3
7.3 ...PROGRAMME AUDITING	3
7.4 MONITORING PROCEDURES.....	3
7.5 EVALUATION	3
7.6 TRANSITIONAL MEASURES	3
8 ANNEX: COUNTRY DESCRIPTION	ERROR! BOOKMARK NOT DEFINED.
DESCRIPTION OF ELIGIBLE PARTNER COUNTRIES AND REGIONS	ERROR! BOOKMARK NOT DEFINED.

1 Context and summary of the programme

The New Neighbourhood Policy of the EU

The Black Sea Basin is one of the main areas of interaction between the European Union (EU) and its eastern neighbours, and it is experiencing rapid and intense structural evolution. After the last enlargement in 2007, with the accession of two littoral states, Bulgaria and Romania and with Turkey conducting accession negotiations, the EU now has shores on the Black Sea. As a result, the EU's interest in furthering stability and security in this region has grown even stronger.

In order to address the challenges emerging in this area and in terms of relations with the other southern and eastern EU neighbours, the EU decided during 2003 to promote a new approach in the cooperation with neighbour countries, which resulted in the release of a comprehensive new strategy in May 2004, the European Neighbourhood Policy (ENP)¹. In order to implement this Strategy, financial means are being made available through the European Neighbourhood and Partnership Instrument (ENPI)².

The current relevant **legal frameworks** for EU relations with these countries are set out in the Partnership and Cooperation Agreements or Association Agreements. Mutual priorities are to be addressed through ENP Action Plans and Road maps for Russia.

Cross-border cooperation (CBC) is an integral component of the ENP and of the EU-Russia Strategic Partnership enabling both EU Member States and partner countries to work together on a regional basis. These ENPI CBC programmes cover the countries of Eastern Europe, the Southern Caucasus, and the Eastern and Southern Mediterranean. Objectives for the programmes, along with eligible areas and indicative financial allocations are outlined in the ENPI CBC Strategy paper.³

The **core policy objectives of CBC** on the external borders of the Union are to support sustainable development along both sides of the EU's external borders, to reduce differences in living standards across these borders, and to address the challenges and opportunities following EU enlargement or otherwise arising from the proximity between regions across European land and sea borders.

The Black Sea Basin CBC programme is one of three maritime basin programmes established in the framework of the ENPI CBC strategy, and one of the most complex, even if with a limited financial allocation.

The eligible area

The Black Sea Basin eligible area occupies a territory of 834,719 sq. km. and includes a population of 74.2 million people. It involves ten countries, some of which include the whole of their national territory (Armenia, Azerbaijan, R. Moldova and Georgia), while for some others

¹ European Neighbourhood Policy STRATEGY PAPER COMMUNICATION FROM THE COMMISSION COM (2004) 373 final Brussels, 12.5.2004

² 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.

³ European Neighbourhood and Partnership Instrument Cross-Border Cooperation: Strategy Paper 2007-2013, Indicative Programme 2007-2010

those regions closest to the Basin (Bulgaria, Greece, Romania, Russia, Turkey⁴ and Ukraine). The ten countries include four (Greece, Armenia, Azerbaijan and R. Moldova) not physically on the coast of the Black Sea, but clearly integrated or connected to the Black Sea Basin in terms of historical, economic, cultural, social and environmental factors. The other six countries (Bulgaria, Romania, Russia, Turkey, Georgia and Ukraine) have direct access to the Black Sea.

The programming process

According to the ENPI CBC Strategy Paper, joint ownership of the process, based on the awareness of shared values and common interests, is essential. The EU does not seek to impose priorities or conditions on its partners. Therefore a partnership for programming has been promoted, involving all participating countries, and with the support of the European Commission (EC) through Technical Assistance (TA) projects, for both EU member states and partner countries in the programme partnership⁵. Common and equal participation of each participating country has been promoted during the programming process, and in the institutional architecture for programme implementation.

The Joint Managing Authority (JMA) has been established in Romania, in the Ministry for European Integration, now Ministry for Development, Public Works and Housing. The participating countries established a Joint Task Force (JTF) in the summer of 2006. Regular meetings were held over the following year, in order to reach agreement on the strategy of the programme and the arrangement of the principles and procedures for programme implementation.

The 10 participating countries of the Black Sea Basin programme organised consultations in the eligible regions, involving local and central authorities, stakeholders, and potential beneficiaries. In the period between October 2006 and February 2007 these consultations led to the identification of key strengths and weaknesses as well as the most relevant opportunities and threats in the eligible area. At the same time the objectives of the ENPI CBC Strategy Paper were considered in comparison with the objectives and priorities identified by the regional actors, leading to the formulation of the objectives and priorities for the Black Sea Basin programme. In some regions, like in Romania, events of a more promotional character were organised in addition, starting from April 2007, presenting the opportunities offered by the programme and describing the cross border partnerships that could be supported under the programme.

The Strategic Environmental Assessment (SEA)

After the agreement on the basic content of the programme's strategy and priorities, the JMA started the process for the Strategic Environmental Assessment (SEA) early 2007, in cooperation with the programme partners and the EC.

The characteristics of the directions for support specified in the Programme and the level of detail in the description of the directions for support only made it possible to make a specific assessment of the likely environmental impacts of a limited part of the programme. To the extent an assessment was allowed it has been possible to give an overall qualitative assessment

⁴ Turkey as a negotiating candidate country is not covered by the ENPI Regulation (EC) N° 1638/2006 but allowed to participate in the Black Sea Basin Programme in accordance with art. 86(4) of the Commission Regulation (EC) No 718/2007 and the Article 9(5) of ENPI Regulation.

⁵ Partner countries have been supported for their participation in the programming process by the Regional Capacity Building Initiative (RCBI), a TA project financed by the TACIS instrument, while Romania and Bulgaria have been supported by projects financed from PHARE.

indicating if the effects on the identified environmental issues are likely to be positive, negative or neutral.

The overall conclusion of the SEA is that no significant environmental effects are likely to influence any of the identified environmental objectives negatively.

According to the SEA Directive Article 10, significant environmental effects of implementation of plans and programmes shall be monitored in order to identify at an early stage unforeseen adverse effects, and to be able to undertake appropriate remedial action.

However, as no significant negative environmental impacts are expected from the implementation of the JOP there is no need to establish a specific system for monitoring

It will, however, be important when preparing the interim and ex post evaluations of the programme to include an explicit requirement on assessing the environmental effects of activities and projects on the relevant environmental objectives. Also an explicit requirement should be included to the interim evaluation to propose corrective measures if the evaluation shows unexpected adverse environmental effects.

The main development issues and common challenges

All eligible regions lag behind the EU average level of development, both in the new member states and in the partner-countries. The annual per capita GDP is below 3,600 Euro on average, with the only substantial exception being the Greek regions. Even though all regions are experiencing a very dynamic economic growth, which is slightly reducing this gap and creating the basis for further improvements, the economic imbalances are still strongly evident.

As a consequence, all countries in the Basin are experiencing a strong “push” factor for migration, that together with the “pull” factor due to the proximity to the rich European economies, has generated negative or strongly negative net migration balances. In some cases this migration is so strong, especially among the active-age population and the most skilled workers, that it is becoming a constraint for local development.

The quality and quantity of the region’s infrastructure reflects the general level of economic development. The availability of transport infrastructure is limited, even taking into account the sometimes relatively low intensity of use of some of this infrastructure, which reflects the lower levels of economic development. Utility infrastructure is also still underdeveloped, with water-related infrastructure not available for many of the region’s inhabitants, especially in rural areas.

In addition, many other common challenges can be observed. Among these are the recent internal and international tensions, which have become frozen conflicts, illegal human trafficking, illegal migration, structural geographical constraints and insufficient social and economic infrastructure. Nevertheless, the challenge identified by the partners as being the most relevant for the programme strategy is the environmental degradation that is rooted in the geological structure of the Basin, but has been accelerating due to human factors, especially since the geopolitical and economic changes in the early 90s. All countries are extremely energy intensive, which has a great impact on the environment. The insufficient environmental infrastructure leads to heavy pollution, especially of rivers within the Sea Basin and the Black Sea itself.

The strategy

The partners have designed the strategy of the programme applying a number of main principles:

Identifying a consistent strategic framework combining the ENPI CBC Strategy Paper and the specific issues that have emerged from the analysis of the area

Choosing a realistic overall objective in the framework of the ENPI CBC Strategy Paper by taking into account the financial budget of the programme

Choosing specific objectives that can be practically addressed by the programme partners, taking into account the administrative and legislative framework in the partner regions

Adopting a strategy capable of maximizing impact at cultural level, and spreading awareness of the potential for partnership and cooperation to address the common challenges that face



Objectives and priorities

Taking into account the adopted strategic programming principles, the partners have agreed that the overall objective of the programme is to **achieve stronger regional partnerships and cooperation**.

In doing so, the programme aims to contribute to its key wider objective: **“a stronger and sustainable economic and social development of the regions of the Black Sea Basin”**.

The programme’s three **specific objectives**, based on those of the ENPI CBC Strategy Paper are:

1. Promoting economic and social development in the border areas
2. Working together to address common challenges
3. Promoting local, people-to-people cooperation

These three specific objectives will be pursued by means of three **priorities**, which together form the programme’s approach to achieve these objectives:

1. Cross border support to partnership for economic development based on combined resources
2. Networking resources and competencies for environmental protection and conservation
3. Cultural and educational initiatives for the establishment of a common cultural environment in the basin

The three priorities will be implemented through a total of 7 measures at operational level. These measures are presented in detail in Chapter 4 of this programme document.

Of the four main objectives in the programming guidelines, the objective of “Targeting efficient and secure borders” of the ENPI CBC strategy will not be addressed by the Black Sea Basin programme in the 2007-2013 programming period

Financial allocations and the programme financial plan

The programme will be financed from the ENPI instrument. The Instrument for Pre-accession Assistance (IPA) will finance the participation of Turkey, as a EU Negotiating candidate country, to this programme. The participating countries will ensure a 10 % level of co-financing. 10% of the EU allocation will be allocated for the TA for the programme management activities not financed by the partners, such as the operational costs of the JMA, which will be funded by Romania.

The total ENPI budget for the years of the programme period (2007-2013) is 17,305,944 Euro. The indicative allocation of IPA funds to finance the participation of Turkey in the programme is 1,000,000 Euro per year for the period 2007–2009 (to be confirmed on a yearly basis through annual financing decisions).

The implementation strategy

According to one of the principles of the ENPI CBC Strategy Paper, all partners of the programme will have equal status and share responsibility for the programme. This joint responsibility began with the establishment of the JTF for the programming process, and will continue throughout the implementation stage, with the establishment of the following joint implementing structures:

- **Joint Monitoring Committee (JMC):** supervises and monitors programme implementation;
- **Joint Managing Authority (JMA):** responsible for the management and implementation of the programme;
- **Joint Technical Secretariat (JTS):** assists the JMA and the JMC;
- **Selection Committee (SC):** assesses project proposals;
- **Audit Authority (AA):** carries out the annual financial audit on JMA expenditure and accounts;
- **National Authorities (NA): counterparts of the JMA in the programme preparation period** who are responsible for the coordination of the programming process in their countries, participation in JMC meetings, and proposing candidates for approval by the JMC as members of the SC, support to the implementation of the programme, the financial management of the funds in case of the EU Member States, including the recovery of any unduly spent amounts on their territory.

In partner countries⁶, the NA will sign the Financing Agreement with the EC regulating the division of responsibilities among the participating countries.

Specific provisions govern the participation of Turkey in the programme. The **Central Finance and Contracts Unit (CFCU) in Turkey** will fulfil the role of contracting authority for Turkish partners participating in a joint project, in case of a contribution from IPA funds; the NA in Turkey will be the **Operating Structure**.

The projects will be implemented by partnerships that will always involve partners from both EU Member States and partner countries. The participation of Turkish partners is only possible in tripartite projects involving at least one partner from a Member State and one partner from a partner country.

All partnerships will be led by a **Beneficiary / Lead Partner**⁷ responsible for financial management of the project in question and signing a contract on behalf of the partnership with

⁶ Partner countries are defined according to art. 2 of the Regulation (EC) No 951/2007

the JMA. For Turkey special procedures will be established based on the IPA rules of implementation.

Country	National Authority
Armenia	Ministry of Finance and Economy
Azerbaijan	Ministry of Economic Development
Bulgaria	Ministry of Regional Development and Public Works
Georgia	State Ministers Office on European and Euro-Atlantic integration
Greece	Ministry of Economy and Finance
R. Moldova	Ministry of Economy and Trade
Russian Federation	Ministry of Regional Development
Turkey	Turkish International Cooperation and Development Agency (TIKA)
Ukraine	Ministry of Economy

⁷ **Beneficiary** is defined according to the definition in the Regulation (EC) No 951/2007, art. 2.2.

2 Description and analysis of the geographical areas concerned by the programme

2.1 Description of the eligible area

The countries participating in the Black Sea Programme belong to three different groups:

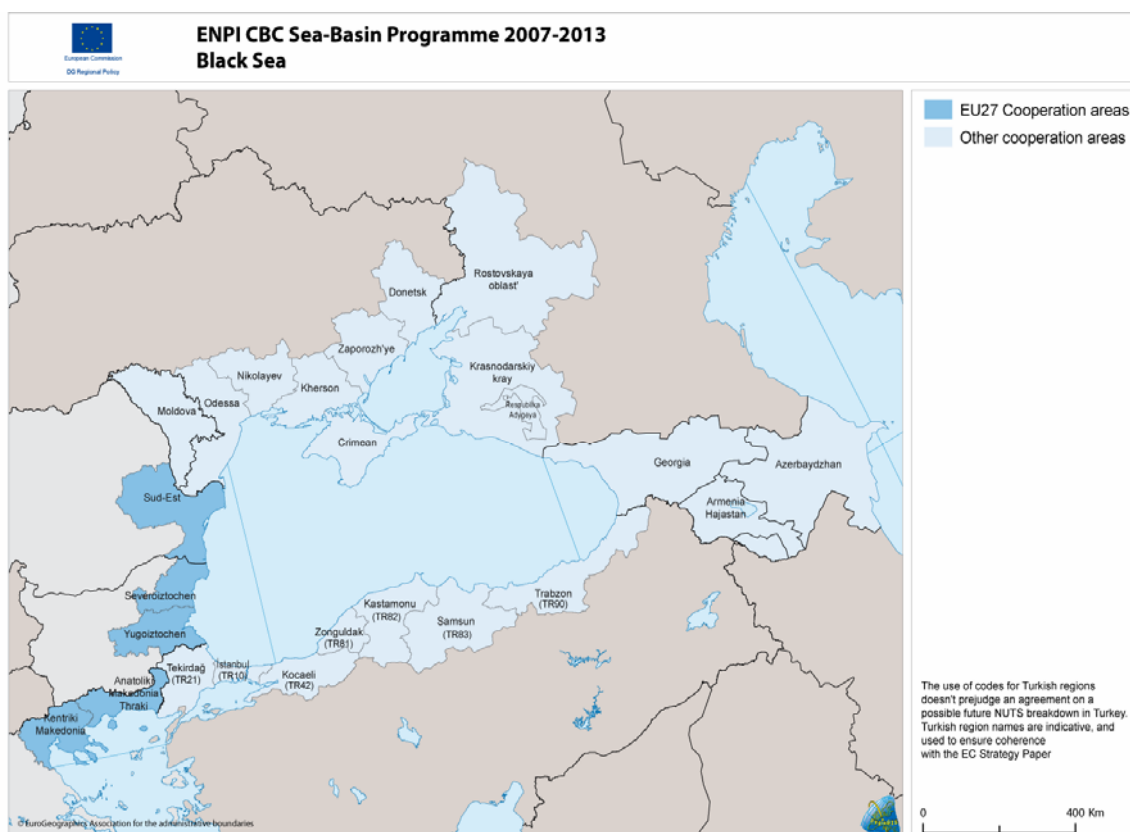
- Countries included in the Annex to the ENPI Regulation (EC) No 1638/2006: Armenia, Azerbaijan, Georgia, R. Moldova, Russia and Ukraine;
- Member States: Bulgaria, Greece and Romania;
- Negotiating candidate country: Turkey.

The following regions or countries form the eligible area of the Black Sea Programme, as defined in the ENPI CBC strategy paper⁸:

- **Bulgaria:** NUTS II regions of Severoiztochen and Yugoiztochen
- **Greece:** NUTS II regions of Kentriki Makedonia and Anatoliki Makedonia - Thraki
- **Romania:** NUTS II region of South-East
- **Russia:** Rostov Oblast, Krasnodar Krai and Adygea republic
- **Turkey:** NUTS II equivalent regions of Istanbul, Tekirdağ, Kocaeli, Zonguldak, Kastamonu, Samsun and Trabzon⁹
- **Ukraine:** Odessa, Mykolaiv, Kherson, Zaporosh'ye and Donetsk Oblasts, Crimea Republic and Sevastopol
- **Armenia, Azerbaijan, Georgia, R. Moldova:** all regions

⁸ ENPI CBC strategy paper; Annex 2 geographical eligibility

⁹ More precisely: NUTS II equivalent regions of TR10 (İstanbul), TR21 (Tekirdağ, Edirne, Kırklareli), TR42 (Kocaeli, Sakarya, Düzce, Bolu, Yalova), TR81 (Zonguldak, Karabük, Bartın), TR82 (Kastamonu, Çankırı, Sinop), TR83 (Samsun, Tokat, Çorum, Amasya) and TR90 (Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane)



Overview¹⁰

The Black Sea Area is a crossroad of civilisations, a confluence of Muslim, Orthodox, Persian, Turkic and Western political and societal cultures. The lands that surround the Black Sea have been the scene of some of the most ancient multicultural settings in human history, as described by one expert on the region's history¹¹: *"At various points of history, the lands around the Black Sea have been frontiers in two main senses: the locus of distinct communities defined by their positions between empires and states, and a foil against which the cultural and political identities of outsiders have been built"*. According to the same scholar none of these frontiers have lasted for long and periods of isolation have been replaced by periods of strong integration with the Mediterranean and European civilizations. Also now, the common need of the population in the area is to move toward such a period of peaceful and fruitful integration.

In the present time, the Black Sea Basin is emerging as a decisive geo-strategic crossroad for the future of a wider Europe. The region has generated some of the most important challenges to the security of today's and tomorrow's Europe: from legal and illegal migration to Europe to environmental degradation; from the security of energy supplies to illicit trafficking of drugs and weapons and "frozen" conflicts.

The level of economic development is extremely unequal in the regions directly surrounding the Black Sea and even more so among the regions eligible for this programme, ranging from Greece in the West to Azerbaijan in the East. Furthermore, in most of the partner countries, the eligible regions are among the least developed within national contexts.

¹⁰ Although only four of the participating countries are eligible as a whole country, statistical information (except territory and demography population) for all participating countries has been provided on the base of national level because of unavailability of such statistical information on the base of eligible regions

¹¹ From: C. King, "The Black Sea", 2004

The regions belonging to EU Member States in the Black Sea Basin area are still lagging behind other regions in the EU. The large development gap between the EU overall and the eligible regions of the Black Sea Basin programme is one of the most prominent structural challenges for all EU and partner countries. A reduction of this gap with the more advanced EU regions will be the dominant objective for all sides relevant regions of the Black Sea Basin in the coming years.

The recent macroeconomic performance is relatively homogeneous and brings positive news. In fact, growth figures have been clearly higher than those of the EUGDP growth has been up to two or three times stronger on average in the Black Sea Basin than in the EU, and is quite clearly helping to reduce the development gap.

The economic structures of the Black Sea regions are extremely heterogeneous. In Greece, the **service sector** is relatively dominant, especially in terms of tourism and maritime activities. In Turkey, tourism, commercial and public services are also dominant (65.2%), followed by the industrial sector (25.6 %). Many other countries in the area, such as Russia, R. Moldova, Romania, Ukraine, Bulgaria and Azerbaijan show a more **industrially oriented** economy. This is also true for their regions eligible for the Black Sea programme, although the relative weight of the service sector in the eligible regions of Ukraine and Russia, especially tourism and maritime services, is somewhat higher than the national average, due to their proximity to the sea. In other countries, including Armenia and Georgia, and to a lesser extent R. Moldova, the **agricultural sector** is more strongly represented.

The administrative systems that prevail in the ten countries (with the exception of Greece) are based on two layers: the central and local administrations, with a strong dominance by the central institutions and very little space for regional institutions between the local and central levels. This represents another challenge for the programme. In fact the priority to create administrative capacity for local development policies will be among the first to be addressed in the programme, together with the other priorities targeting the main objectives of a sustainable development.

Territory and demography

The Black Sea Basin eligible area occupies a territory of **834,719 sq. km.** and includes a population of **74.2 million people**. The population density is therefore 89 people/km² on average, ranging from 2237 people/km² in strongly urbanised Istanbul to 30 people/km² in Kastamonu (Turkey). Aside from Istanbul, the average density in the Black Sea programme area is 78 people/km², which is about one third below EU average (115.6 people/km²).

The programme area is characterized both by the inclusion of several large **rural areas**, in particular in Russia, Ukraine, Turkey and Bulgaria, and by the inclusion of **8 cities**, (including 3 capital cities) of over 1 million inhabitants: Istanbul, Thessaloniki, Baku, Tbilisi, Yerevan, Donetsk, Rostov and Odessa. The average proportion of the urban population in the total population of the programme area is 59%. This percentage is lower than in most of the EU countries, but still quite high, signalling the presence of many of the environmental, social and economic problems generated by urbanization.

Table 2.1 - Territory and population in eligible regions

	<i>Land area (Sq. km)</i>	<i>Number of inhabitants (thousands)</i>	<i>Out of which: Urban (%)</i>	<i>Out of which: Rural (%)</i>	<i>Population density (People/sq km)</i>
Azerbaijan	86.600	8.436	52	48	97
Georgia	69.700	4.315	52	48	62
Armenia	29.743	3.216	64	36	108
R. Moldova	33.843	3.383	41	59	100
Russia	184.600	9.980	58	42	54
Bulgaria	33.679	2.132	55	45	63
Greece	33.303	2.523	67	33	76
Ukraine	174.819	13.595	74	26	78
Romania	35.762	2.850	54	46	80
Turkey	152.671	23.811	73	27	156
Total Black Sea Programme Area	834.719	74.241	59	41	89

Source: partner countries national statistics institutions

The **demographic situation** of the countries involved in the programme is overall stable though disparate, with a natural growth in Azerbaijan and Turkey, while Bulgaria, Georgia, R. Moldova and Ukraine recorded a decline over the last few years. In the area, the population above 65 years accounts for approximately 15%¹², compared to 17% of the EU-27. The difference is largely explained by the negative gap in life expectancy more than by fertility. In fact, average life expectancy in the area is 71 years, with considerable disparity ranging from 65 years in Russia to 79 years in Greece¹³, but in any case below the EU average (76 men, 81 women in 2005¹⁴).

Table 2.2 - Net migration rate 2000-2005

	%
Armenia	-6,6
Azerbaijan	-2,4
Bulgaria	-1,1
Georgia	-10,8
R. Moldova	-12,5
Russian Fed.	1,03
Turkey	-0,1
Ukraine	-0,7
Romania	-2,5
Greece	2,08
Europe	2,2

Source: UN - World population prospects 2007

As shown in Table 2.2, the area plays a central role both as gateway to Europe for many legal and illegal immigrants, and as a source of these migration flows. Among the partners of the Black Sea Basin Programme, only Greece and Russia as a whole present a positive net migration rate in the period 2000-2005. All the others, including the new EU members – Bulgaria and Romania - show negative rates, and in some cases even extremely negative, such as R. Moldova, which has experienced a -12% net migration rate over the mentioned period. The migration balance is even more markedly negative among the active population. At regional level available

¹² See statistical annex (excludes Turkey)

¹³ World Bank World development indicators (WDI), 2004

¹⁴ EU statistical yearbook 2006-2007

information is less detailed, but the balance of migration flows can be estimated as negative in most of the regions eligible for the programme, including also Russian regions such as Krasnodarskiy krai, which contrasts with the national average. The fact that the new EU Member States of the area are also net contributors to the migration flows to the EU constitutes a clear difference from the dynamics on other borders of the EU. For example in the case of the Mediterranean Sea Basin, where part of the migration flows are internal to the basin, and the Northern side of the Mediterranean, where Spain, Italy and Greece are experiencing the economic and social impacts of immigration. As a consequence, one of the main objectives for cooperation in the Black Sea area is stronger local development on all sides of the Basin, in order to confront the strong forces that pull migration flows towards rest of the EU.

Economic structure and performance

The indicator of GDP per capita reflects the great disparities between the countries' economies, ranging from approx 650 Euro for R. Moldova to approximately 14,400 Euro for Greece, with an average of 3,270 Euro in 2005. This average is more than six times lower than the EU average GDP per capita and corresponds to an upper middle-income level according to the World Bank classification.

Table 2.3 - Gross domestic product per capita, current prices (1000 Euro)

Country	2000	2001	2002	2 003	2004	2005	2006
Armenia	0,36	0,48	0,53	0,62	0,71	0,82	0,89
Azerbaijan	0,47	0,50	0,55	0,63	0,75	1,07	1,72
Bulgaria	1,14	1,23	1,43	1,84	2,25	2,49	2,66
Georgia	0,50	0,53	0,56	0,66	0,87	1,07	1,27
Greece	7,47	7,71	8,76	11,33	13,49	14,46	14,79
R. Moldova	0,25	0,30	0,33	0,40	0,52	0,60	0,66
Romania	1,21	1,31	1,50	1,96	2,49	3,27	3,78
Russia	1,28	1,52	1,71	2,15	2,97	3,87	4,56
Turkey	2,22	1,58	1,93	2,49	3,09	3,64	4,10
Ukraine	0,45	0,56	0,63	0,75	0,99	1,25	1,45

Source: International Monetary Fund, World Economic Outlook Database, April 2006

Table 2.4 - Gross Domestic Product purchasing-power-parity (PPP) per capita GDP (1000 Euro)

Country	2000	2001	2002	2003	2004	2005	2006
Armenia	1,43	1,89	2,18	2,53	2,84	3,07	3,25
Azerbaijan	1,84	1,99	2,17	2,45	2,74	3,31	4,25
Bulgaria	4,52	4,85	5,21	5,59	6,09	6,64	7,20
Georgia	1,61	1,74	1,87	2,14	2,35	2,61	2,79
Greece	11,97	12,74	13,41	14,28	15,24	16,12	16,93
R. Moldova	1,09	1,19	1,30	1,43	1,57	1,71	1,83
Romania	4,18	4,54	4,87	5,25	5,85	6,32	6,80
Russia	5,19	5,62	6,00	6,61	7,31	7,95	8,57
Turkey	4,73	4,41	4,62	4,90	5,39	5,72	6,03
Ukraine	2,96	3,35	3,61	4,08	4,73	5,16	5,59

International Monetary Fund, World Economic Outlook Database, April 2006

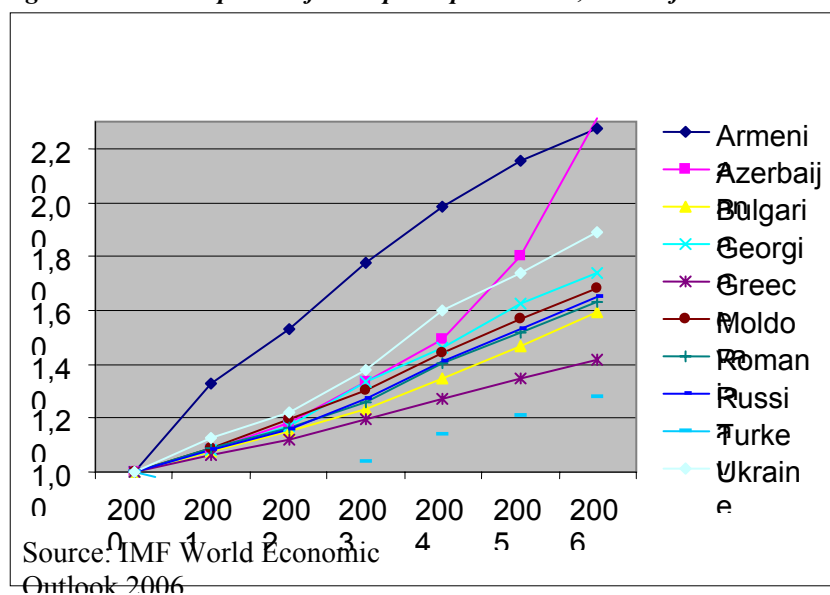
When compared in Purchasing Power Parity (PPP) units, the picture appears slightly different, with some countries ranking at a lower position than that observed in current prices. This is especially true for Turkey. Some other countries, such as Bulgaria, show a much stronger purchasing power than that measured in current currency.

Table 2.5 - Ranking of countries by GDP per capita – PPP and current prices

In PPP (1,000 Euro)		In current prices (1,000 Euro)	
Greece	16,93	Greece	14,79
Russia	8,57	Russia	4,56
Bulgaria	7,20	Turkey	4,10
Romania	6,80	Romania	3,78
Turkey	6,03	Bulgaria	2,66
Ukraine	5,59	Azerbaijan	1,72
Azerbaijan	4,25	Ukraine	1,45
Armenia	3,25	Georgia	1,27
Georgia	2,79	Armenia	0,89
R. Moldova	1,83	R. Moldova	0,66

Source: IMF, World Economic Outlook Database, April 2006

The Black Sea Basin is experiencing a very dynamic economic scenario, with most countries in the Black Sea Basin eligible area having experienced an intense economic growth for the last few years, much stronger than the EU average. In 2004, GDP growth for 8 out of the 10 countries was above 7%, while the area enjoyed an average growth of 7.8%¹⁵. GDP growth led to a slight increase in the gap between the higher and the lower incomes in the area, even if all together the other 9 countries got closer to Greece.

Figure 2.6 – Development of GDP per capita in PPP, index of 2000 = 1.00

The eligible regions, where the entire country is not part of the programme area, often show a lower GDP per capita than the national average, as is the case in Ukraine, Bulgaria and Romania¹⁶.

¹⁵ United Nations (UN) statistics

¹⁶ See Annex. Statistical survey of eligible regions

The productive structure in the Black Sea Basin programme eligible area shows a larger share of agricultural and industrial sectors than the EU average. Agriculture accounts for about 14% of total GDP, the industrial sector for 30% and services for 56%. The eligible regions show a large diversity in this respect, from predominantly rural areas to heavily industrial regions, in some cases strongly linked to the oil industry, and to service oriented economies in the tourism areas.

The large energy and mineral resources have a substantial economic impact on many of the eligible regions. Most Black Sea Basin countries have major stakes in the oil and gas sectors, either as producers (Russia, Azerbaijan) or because of transit pipelines and maritime transport of these resources to Europe (Russia, Georgia, Romania, Turkey, Ukraine and Azerbaijan). The regions on the Black Sea are directly impacted by the development of energy networks and future energy transit corridors to the EU, being the site of some of the main existing and planned infrastructure.

International trade and investment

Most of the countries in the Black Sea area have a deeply negative trade balance, contrasted by a strong positive balance in investment flows for most of them. Both commercial trade and investment flows are almost entirely oriented to external (i.e. outside the Black Sea region) commercial and financial partners, with a few exceptions such as the Greek economic initiatives in some of its neighbouring (Black Sea Basin) countries. All countries but Russia and Ukraine have a negative balance in international trade. The deficits amount to up to 38% of GDP. In most countries this negative balance is growing, with the exception of Russia, where the surplus is substantial and slightly growing in the last years. The share of trade that remains internal to the Black Sea Basin is very limited, consisting mostly of energy.

Table 2.7 – Trade balance (export – import) as % of GDP

	2002	2003	2004	2005
Armenia	-18	-18	-15	-13
Azerbaijan	-7	-24	-24	3
Bulgaria	-7	-9	-10	-16
Georgia	-13	-14	-12	-12
R. Moldova	-25	-34	-31	-38
Russian Federation	11	11	13	13
Turkey	-2	-4	-6	-7
Ukraine	4	3	7	1
Romania	-6	-7	-9	-10
Greece	-9	-9	-9	-7
Euro zone	3	2	2	1

Source: World Bank Development Indicators

The capability of the participating countries to export high technology is very far below the EU average, the only exceptions being Russia and Greece. Georgia shows a very high index as well but this is probably due a different statistical structure of this indicator in Georgia and the very limited range of exports of this country.

Table 2.8 - High technology exports as percentage of total exports

	2002	2003	2004	2005
Armenia	1	1	1	1
Azerbaijan	8	5	2	1
Bulgaria	4	4	4	5
Georgia	44	18	38	23
R. Moldova	5	3	4	3
Russian Federation	13	19	9	8
Turkey	2	2	2	2
Ukraine	5	7	6	4
Romania	3	4	3	3
Greece	12	12	11	10
Euro zone	16	16	16	16

Source: World Bank development indicators

Attractiveness for foreign direct investment

The external macro economic equilibrium is supported at the moment by certain key factors balancing the widespread trade deficit. Among the first positive factors is that of foreign direct investments (FDI), closely followed by transfers made by emigrants to their home country.

The impact of FDI is substantial on the acceleration of economic development, the growth of technologically advanced activities and the balancing of factors pushing the most skilled and educated workers into emigration. All countries in the area have proven to be attractive for FDI, with the key indicator of FDI as % of GDP being much higher than the EU average. Furthermore, all of the countries show growth in this indicator over the last five years. For Greece the statistical indicators show that the FDI as % of GDP is situated at the level of EU average.

FDI is focussed mainly on the exploitation of natural resources, the construction of infrastructure for energy networks and most importantly, the creation of manufacturing plants. The latter seems to be due to the competitiveness of the labour supply in the area, with good availability of skilled workers and a very low level of salaries, as will be described in the section below regarding the labour market.

Table 2.9 - Foreign direct investments as a percentage of GDP

	2002	2003	2004	2005
Armenia	4,66%	4,31%	6,12%	5,27%
Azerbaijan	22,33%	45,15%	40,97%	13,37%
Bulgaria	5,81%	10,52%	10,92%	9,81%
Georgia	4,93%	8,52%	9,74%	7,03%
R. Moldova	5,06%	3,72%	3,30%	6,81%
Russian Federation	1,00%	1,84%	2,62%	1,98%
Turkey	0,62%	0,73%	0,95%	2,70%
Ukraine	1,63%	2,84%	2,65%	9,42%
Romania	2,50%	3,10%	8,53%	6,73%
Greece	0,04%	0,76%	1,01%	0,28%
European Monetary Union	0,04%	0,76%	1,01%	0,28%

World Bank development indicators

The two main factors that could hinder this scenario in the next years are competition from other areas, especially from Asia, in terms of labour costs and natural resources and the risks associated with renewed political and economic instability. The accession of Romania and Bulgaria to the EU could have positive and negative impacts for the flows of FDI. On the one hand, there are the improvements in overall stability and the legislative framework in these

countries, but on the other hand it is likely that there will be increasing labour costs due to the stronger integration of these countries' labour markets into the EU. These factors could also generate the transfer of some of these flows to other regions in the same Black Sea Basin.

Labour market

On average, about half of the Black Sea Basin population is active in the labour market. The employment rate is close to 45%, almost 20% lower than the EU average, which was 65% in 2005¹⁷. This average for the Black Sea conceals strong differences among the 10 countries, with the lowest levels in Armenia and R. Moldova and the highest, close to the EU average, in countries like Georgia and Ukraine.

The unemployment rate is on average 9.1% of the active population, a percentage very close to the EU average (in 2005 this was 7.9% for the EU-15 and 8.8% for the EU-25), but again a strong variability can be observed at regional level (from 1.4% to 18.2%). These differences among the countries in the Basin are explained by both the structural heterogeneities (share of traditional industries, weight of the agricultural sector) and the pace of economic development and restructuring of the productive sectors in the area (decline in the state industries, growth of services and oil industries, etc).

Inequalities also appear in regard to age and gender. Youth are often more affected by unemployment. Women's unemployment represents on average about half the total unemployment in the eligible area, but with great disparities at regional level, reflecting strongly varying degrees of integration of women into the labour market. Female unemployment is two to three times higher than male unemployment in the eligible regions of Russia, Armenia, Ukraine and Greece, but it is considerably lower in R. Moldova and Romania and only represents 28% of total unemployment in Turkey. However, the strong heterogeneity of economic structures suggests prudence in making direct comparisons between national cases.

Wages levels also reflect the structure of the national economies, with only Greece close to the EU average. All other countries present average levels that are 10% to 25% of the level in Greece.

Table 2.10 – Estimated average monthly wages

	Year	Average wage in Euro
Azerbaijan	2005	113,3
Georgia	2005	91,3
Armenia	2005	116,9
R. Moldova	2005	83,8
Russia	2005	238,3
Bulgaria	2005	161,0
Greece	2004	1315,0
Ukraine	2005	150,8
Romania	2004	207,7
Turkey	2005	291,9

This level of salaries represents at the same time an asset for growth and competitiveness and a threat for sustainable development. The most important positive impact of the relatively low salary levels in the area is that of increasing attractiveness for FDI. As shown above, FDI has accounted for a very significant share of total investment in the area. When not deterred by other factors, like political instability, corruption and imperfect legislative frameworks, FDI in the

¹⁷ Eurostat Yearbook 2006-2007; Statistical survey of eligible regions

manufacturing sector is strongly attracted by labour cost which represents a substantial competitive factor in international markets. At the same time the very low salaries, and the proximity to the EU labour market, represent a strong push for migration, both legal and illegal. Migration often involves the most skilled workers and the most dynamic part of the active population.

Infrastructure

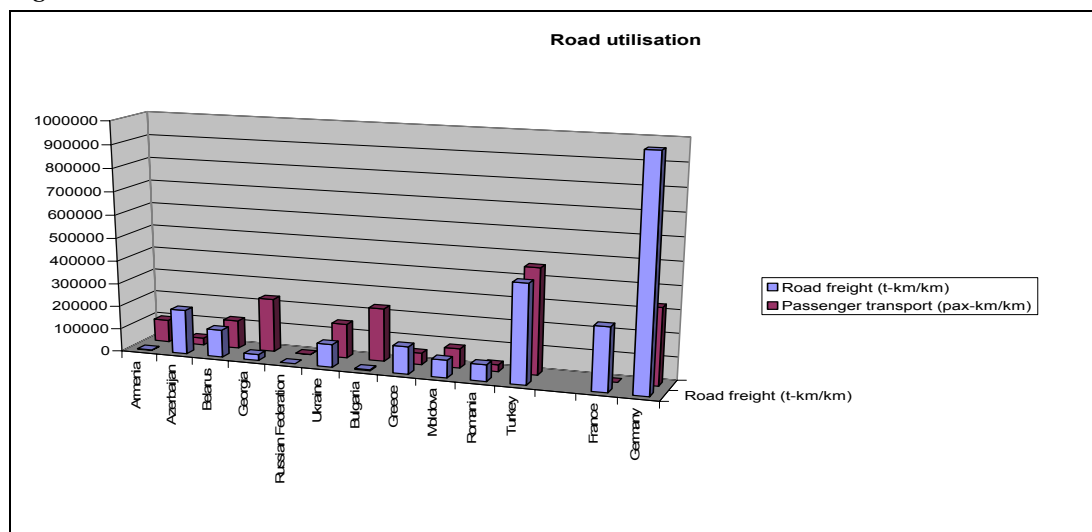
Assets in terms of public infrastructure reflect the impact of three main factors:

- The economic development gap of partner countries compared to EU levels;
- The process of fast economic growth and restructuring of national economies resulting from reforms which began in the 1990s;
- The growing integration of European and Asian economies.

These factors are leading to a considerable growth of trans-national transport flows over the last years in the Black Sea Basin, as well as to new requirements in terms of efficiency of international transportation. There have been positive tendencies in the development of transport infrastructure, but transport in the region still lags in the development of combined transportation and modern logistic technologies as well as from a low level of transport system information technologies.

The road utilization rate, as measured in tonne-km/km is still much lower than in other EU countries, with the only exception being Turkey. On the other hand, the number of passengers per km is already much closer to the average of some of the EU countries.

Figure 2.11 – Road Utilisation



Source: A. Pearce. Developing highway infrastructure around the black sea - Third International Conference on "The Black Sea Area Transport Network Formation" Odessa/ Ukraine on June 9th –11th, 2004

Rehabilitation of **transport** systems and connections in the Black Sea Basin area combines national transport programmes with the development plans of the Pan-European transport corridors. In the Black Sea Basin area, three major initiatives and processes are currently under way regarding transport networks:

- The transport corridor Europe-Caucasus-Asia (TRACECA), launched in 1993 now covers 14 Black Sea and Central Asian countries;
- The 'Central Transport Axis' including the Northern Black Sea (linking central Europe to Ukraine);

- The 'South-Eastern Transport Axis' including the Southern Black Sea (linking the Balkans, Turkey, Caucasus and Caspian).

Other initiatives in the area include:

- The Baku Initiative, launched in 2004 bringing together EU, Black Sea and Caspian Sea littoral states;
- The Baku-Tbilisi-Kars railway project, a joint initiative of Azerbaijan, Georgia and Turkey;
- The Black Sea Ring Highway.

The trans-national operational-institutional framework, involving transport corridors, the Pan European Transport Areas (PETRA) and initiatives such as Motorways of the Sea, allow the consideration and promotion of the international transport of passengers and goods in a regionally integrated multi-modal transport network.

The infrastructure potential of the region is not fully utilized and some already existing operable roads, such as Kars-Gyumri rail line, are not functioning.

In the **energy** sector, the Black Sea area serves as an East-West corridor for the transport of hydrocarbons connecting Central Asia and the Caspian with continental Europe. This includes, inter alia, the gas and oil pipelines linking Azerbaijan to Turkey: Baku-Tbilisi-Erzurum and Baku-Tbilisi-Ceyhan, the Turkey - Greece gas pipeline with the planned interconnection with Italy: the so-called TGI Interconnector, a North-South corridor (including the gas pipeline linking Russia to Turkey- Bluestream I) as well as the Samsun-Ceyhan oil pipeline. Energy transit infrastructure and the related energy trade have crucial strategic and political implications in the Black Sea Basin area taking into consideration the volumes of EU's energy imports that are expected to cross the Black Sea area in the coming years. Figures 2.12 to 2.15 illustrate this issue. With future prospects for development of additional energy infrastructure, including inter alia the Nabucco gas pipeline, the Pan European Oil Pipeline (PEOP or Constanta-Trieste), as well as the Bourgas-Alexandroupolis oil pipeline, the Black Sea area will continue to contribute to enhancing energy security for the region and the EU.

Figure 2.12 – Proposed Priority Axes for Crude Oil Pipelines

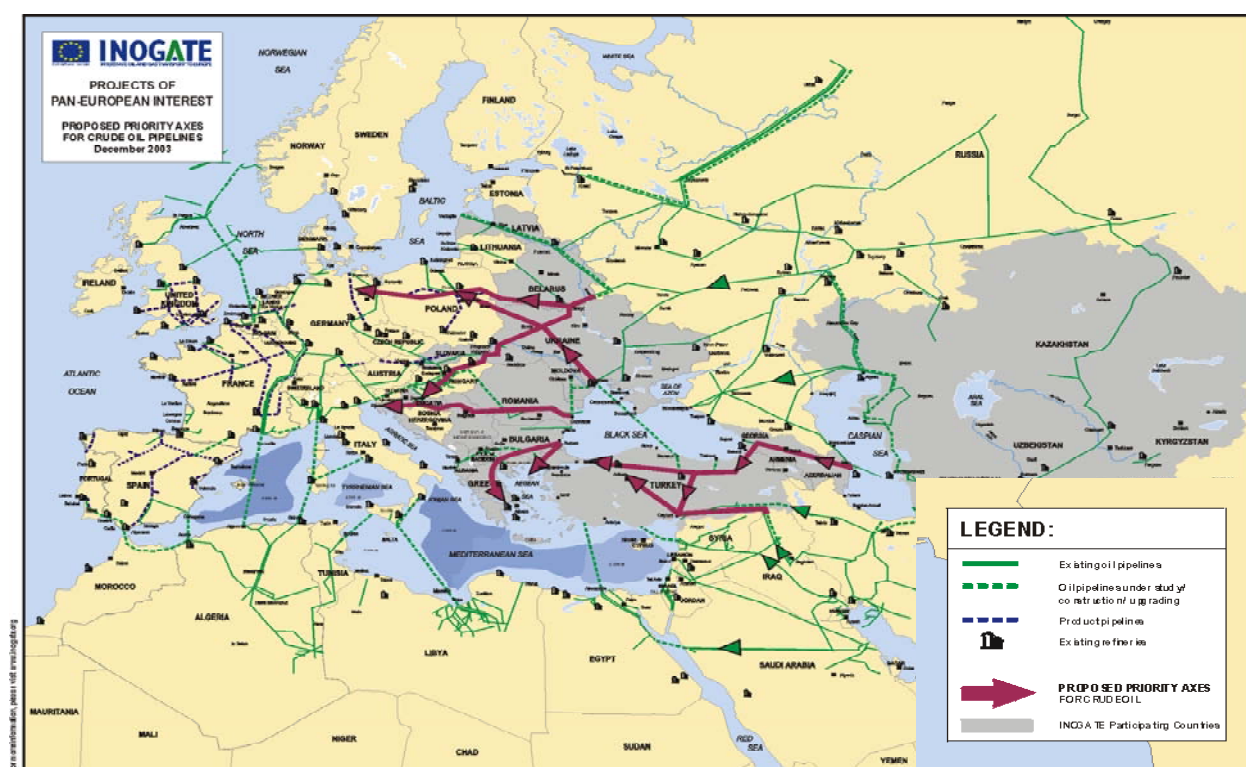
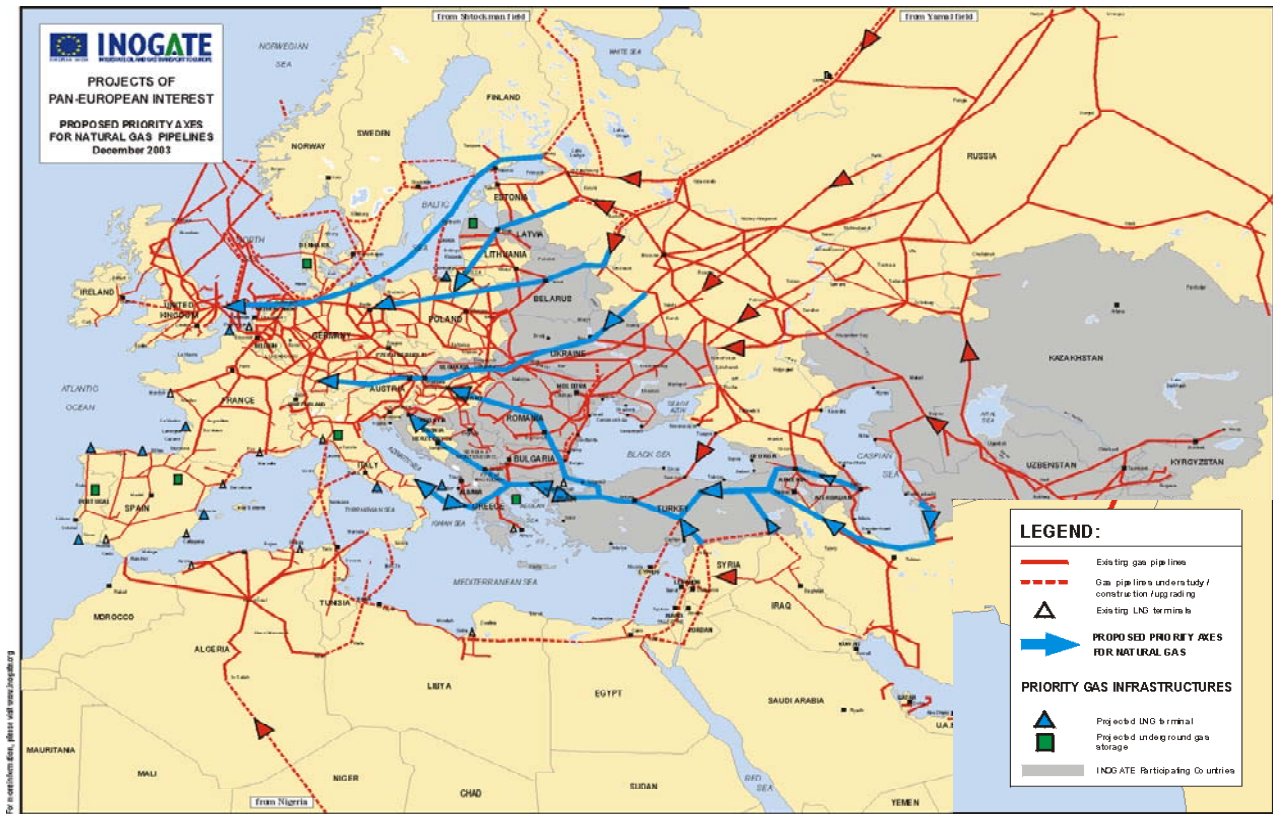


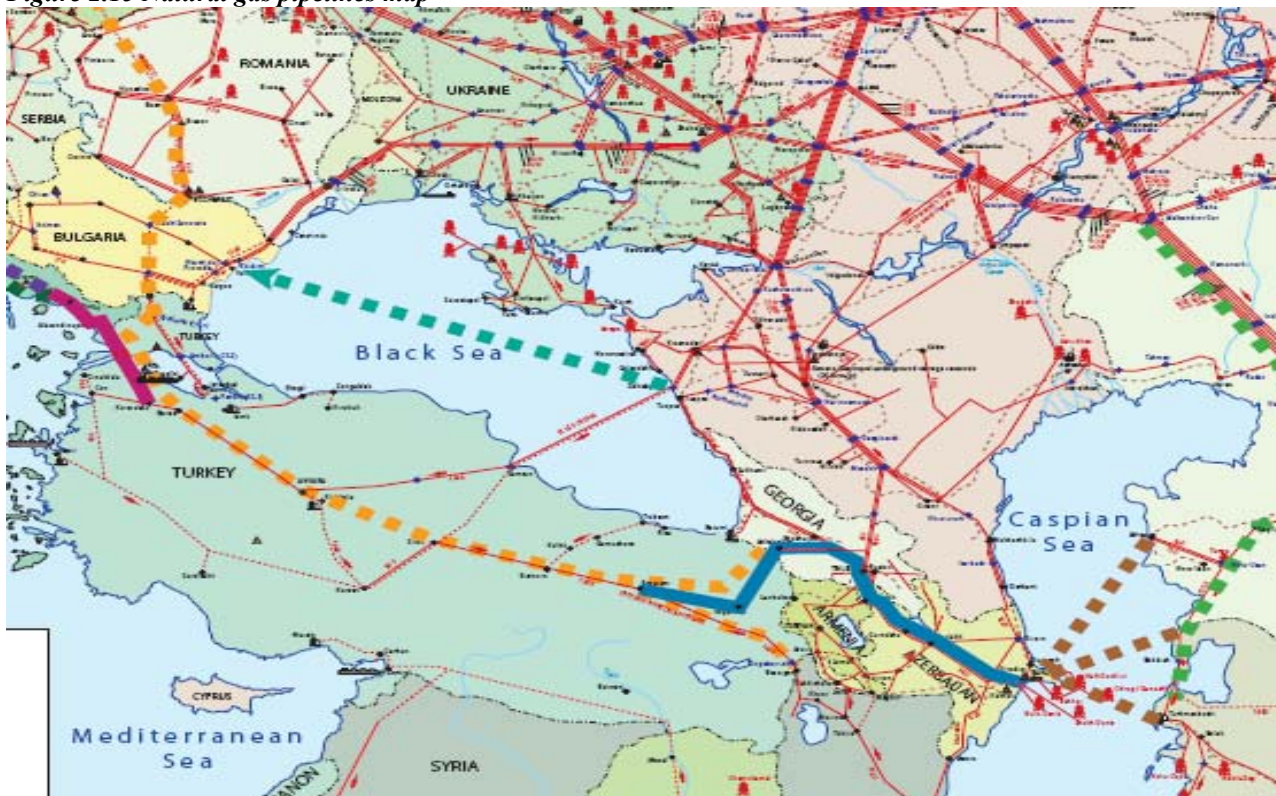
Figure 2.13 – Oil Pipelines Map -¹⁸



Figure 2.14 – Proposed Priority Axes for Natural Gas Pipelines



¹⁸ Extract from *Oil pipelines map, projects as of October 2007*, Energy Charter based on maps from Centre for Global Energy Studies

Figure 2.15 Natural gas pipelines map¹⁹

In regard to **telecommunications**, access to telephone lines or mobile phones is very uneven among eligible regions, from 203.3 subscribers per 1000 people in Armenia to 1,465 in Greece in 2004. But a strongly increasing investment can be seen. For instance in Armenia in 2005, the number of telephone lines was already 678.8²⁰ per 1000 people.

Internet access is still limited, with Internet users ranging from 4% in Georgia to 28% in Bulgaria, as compared to an average 49% of the population in the EU. Internet access is nonetheless expanding rapidly in all regions: between 2002 and 2004 the number of Internet users has multiplied by 2 to 4 in most eligible regions.

¹⁹ Extract from *Natural gas pipelines map, projects as of October 2007*, Energy Charter based on maps from Centre for Global Energy Studies

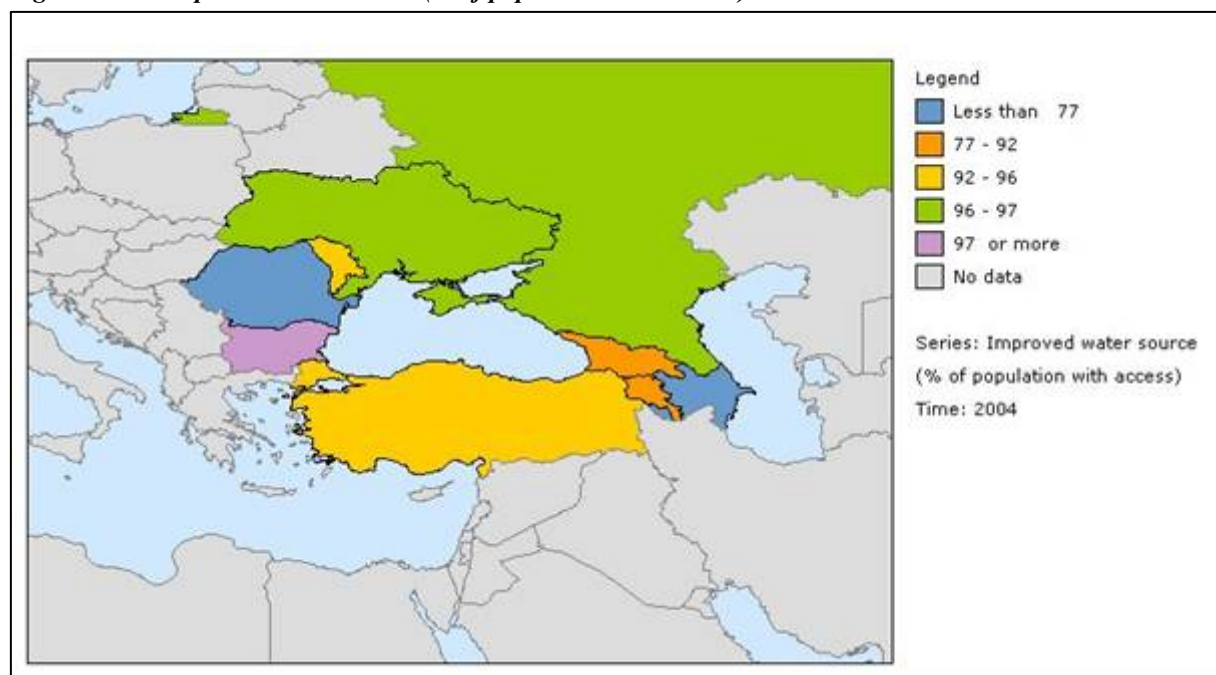
²⁰ National statistical service of the Republic of Armenia

Table 2.15 – Number of fixed line telephones and Mobiles /1000 inhabitants

	2001	2002	2003	2004	2005
Armenia	182	201	223	260	..
Azerbaijan	197	210	243	299	397
Bulgaria	561	695	808	958	1128
Georgia	187	248	302	337	..
Greece	1239	1421	1382	1415	1472
R. Moldova	203	249	299	391	480
Romania	360	428	523	673	820
Russian Federation	281	366	500	780	1119
Turkey	561	606	662	757	868
Ukraine	265	301	368	545	..
Euro zone	1272	1317	1367	1426	1511

Source: The world bank development indicators

In terms of **water infrastructure**, a substantial gap can be observed in the access of the population to improved water sources and sanitation facilities, when compared to the EU average. On average only 86% of the Black Sea Basin population has access to improved **water** sources and 91% of the urban population has access to improved **sanitation** facilities. According to World Bank statistics, the poorest infrastructure can be observed in Romania and Azerbaijan, followed by Armenia and Georgia.

Figure 2.16 – Improved water source (% of population with access) 2004

Source: World Bank development indicators. The World Bank 2006

Education, research and culture

A high level of education characterises the eligible Black Sea Basin area, with more than 20% of the active population having completed University studies. Secondary school enrolment is widespread and the average of 89% is quite representative for the situation in the whole area. The situation is more unbalanced for higher education, as the current average of 44%²¹

²¹ Compared to the number of people in the corresponding age group, UN statistics

enrolment is coupled with great educational disparities, 15% of the 18-22 years age group are students in Azerbaijan, compared to 79% in Greece.

Table 2.17 – School enrolment in third level education (gross % - total enrolled of relevant age class)

	2001	2002	2003	2004	2005
Armenia	25	26	25	26	28
Azerbaijan	16	16	15	15	15
Bulgaria	42	40	41	41	..
Georgia	39	41	42	41	46
Greece	59	66	72	79	..
Romania	28	32	36	40	..
Russian Federation	65	68	..
Turkey	23	24	28	29	..
Ukraine	53	58	62	66	69
R. Moldova	32	33	34	37	34
Euro zone	56	57	60	62	..

Source: the World Bank. World development indicators

Most countries in the eligible area have a rich legacy in science and technology and a promising future in this field, despite the difficulties experienced, in particular in keeping the pace of technological progress in educational and research infrastructure. Several of the regional actors are currently involved in the EU's research activities through their association to the European Framework Programme (Bulgaria, Greece, Romania and Turkey).

Nevertheless the current composition of exports proves that most of the countries in the area suffer from lower levels of research and innovation and a critical dependency on the exports of natural resources. Also the trend in this indicator tends to be negative which shows that the countries are experiencing an increasing gap.

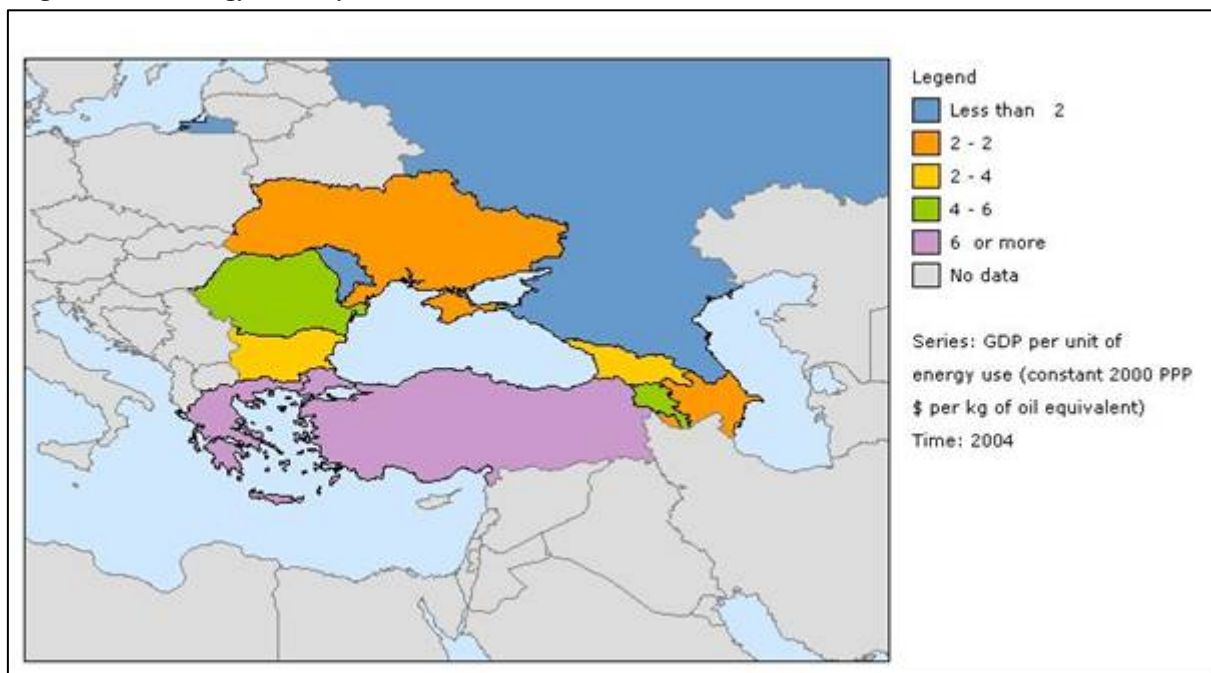
At **cultural** level, all the countries of the eligible area show their commitment to shared values through their participation and cooperation in the Council of Europe. Cross-cultural interaction also takes place at the level of society in many regions. Most eligible countries keep rich and vivid folk traditions, in particular in the area of music with specific traditional instruments. A diversity of handicraft traditions also remains.

In several regions important archaeological remains and a rich architectural heritage can be found. This heritage is cultivated and protected by international organizations that promote archaeological and historical studies and research. In terms of culture, the broader region of Macedonia and Thrace has 9,000 years of history (written and unwritten) reaching from the early Stone Age to the present. Since the Neolithic period, civilization in the whole area had been developed including with the cultural influence of the Classical, the Hellenistic, the Byzantine and Ottoman eras. The numerous archaeological sites, temples, churches, monasteries, mosques, bazaars, caravanserais, settlements, museums and libraries, as well as the development of modern arts, show the rich cultural life of the region that became home to populations of diverse ethnic and religious origins and has contributed to making the area a major tourist attraction.

Environment and natural protection

Environmental protection - and in particular the protection of the maritime ecological systems - can be easily identified as the main common challenge in the eligible regions. A first indicator of the pressure on the environmental equilibrium can be considered the energy consumption per unit of GDP. Most of the partner countries are still very energy-intensive - as is displayed by the map below - and this indicator is from 3 to 4 times higher than in the EU average.

Figure 2.18 – Energy intensity

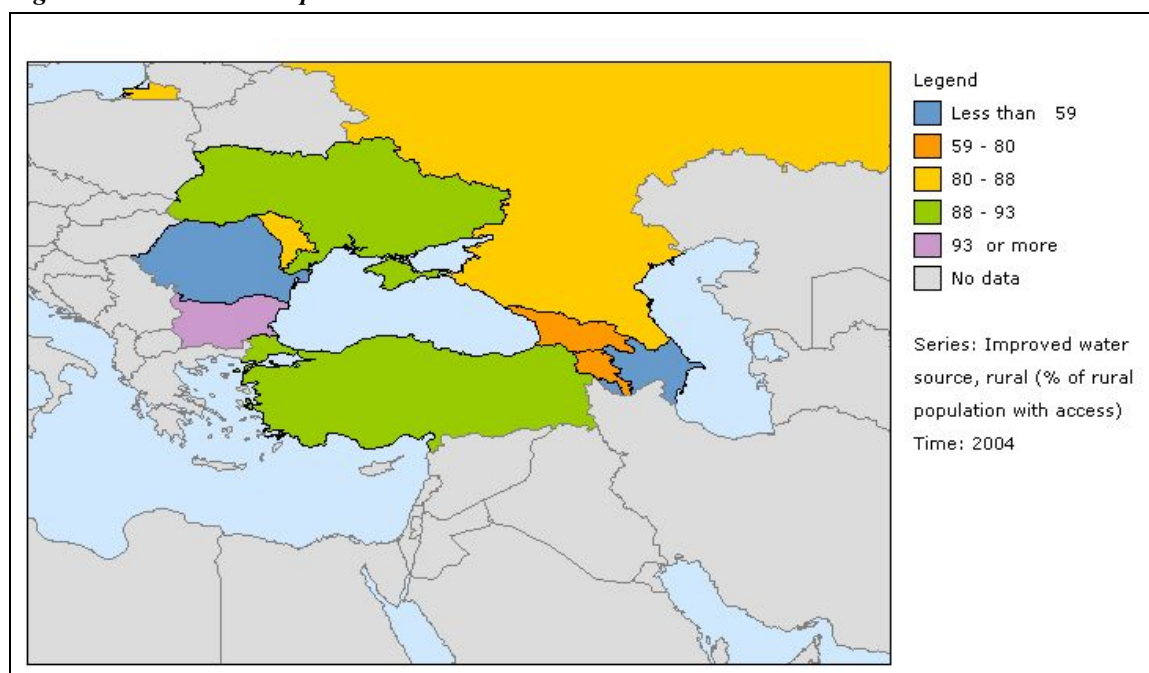


Source: World Bank world development indicators

Industrial, urban and agricultural activities all generate threats to the ecological equilibrium. The Black Sea once supported a rich and diverse marine life, with abundant fisheries and highly valuable habitats, such as the Danube delta, contributing to biodiversity. Its beauty drew millions of visitors. But by the 1990s, the Sea's environment had deteriorated in terms of its biodiversity, habitats, recreational value, and water quality. Pollutants, including agrochemicals, toxic metals and radio nuclides, made their way into the sea either through the atmosphere or by means of river discharges. Almost one third of the entire land area of continental Europe drains into this sea through the second, third and fourth major European rivers: the Danube, Dnieper and Don. Increased nutrients have caused an overproduction of phytoplankton, which blocks the light from reaching the sea grasses and algae. The eutrophication problem has been amplified by the almost totally landlocked nature of the Black Sea.

Overexploitation of marine living resources, as well as industrial activity, mining, shipping, oil extraction and transport, have further contributed to the sea's deterioration. Some countries have dumped solid waste into the sea or onto wetlands. Urban areas flushed untreated sewage waters and poor planning has destroyed much of the aesthetics of the coastlines. The large number of towns around the Sea, 155 above 50.000 inhabitants, gives an idea of the environmental challenge generated by human settlement.

Figure 2.19 – Access to improved water sources



Source: World Bank Environmental indicators

The main environmental problems are also connected to access to good quality drinking water for all of the human settlements, the availability of sewerage networks, air and water quality in certain areas, and the control of the impact of industrial activities on natural resources, such as forests, rivers, lakes, and the sea. In many countries, the intense and uncontrolled process of economic change has led to an unprecedented impact on natural resources and pollution. In this regard, the accession of all the countries in the region to the relevant international conventions becomes alarming necessary.

Table 2.20 – Particulate matter in Urban areas (PM10 indicator) - Average country level

	2000	2001	2002	2003	2004
Armenia	91	88	92	87	69
Bulgaria	70	74	69	65	55
Georgia	66	51	49	51	45
R. Moldova	42	40	39	39	39
Romania	21	22	21	19	16
Russian Federation	28	26	24	23	20
Azerbaijan	98	70	66	61	59
Turkey	56	60	56	51	48
Ukraine	29	28	30	30	27
Greece	49	51	48	43	41
Euro zone	28	28	27	26	24

Source: World Bank Environmental indicators

In most of the countries of the area the PM10²², the concentration of micro particles of pollutants per cubic meter of air, a critical indicator of the quality of air, is two or three times higher than the level in European countries²³.

²² Particulate matter (PM), aerosols or fine particles, are tiny particles of solid or liquid suspended in a gas. They range in size from less than 10 nanometres to more than 100 micrometres in diameter. The notation PM10 is used to describe particles of 10 micrometres, WIKIPEDIA definition

²³ From the World Bank database the only comparable aggregate area for environmental indicators comes from the Euro zone, made up of the 12 countries adopting Euro.

The environmental condition of the Kur and Araz Rivers, which cross four countries of the region, is already causing great concern with their waters being contaminated by harmful chemical matters, organic pollutants and heavy metals. The increasing discharge of industrial and agricultural wastes with toxic pollutants is leading to ecological disaster not only in the river basins, but also threatens the unique marine life of the Caspian Sea.

In each of the countries of the area some specific environmental problems can be mentioned in addition. For instance, in Armenia, according to expert estimation, massive deforestation has led to the shrinking of forested areas from almost 12% of the total land area to only 8-9% at present. The waters of Lake Sevan have been used for energy generation leading to a reduction in the water level, intensified soil degradation, and desertification. In Azerbaijan, the combination of industrial pollution, agricultural use of chemicals and especially oil-drilling activities has created an environmental crisis around the Caspian Sea. In Bulgaria, there are still districts, like Targovishte and Yambol, where there are no wastewater treatment plants. In Greece, the main issues of concern are related to solid waste, waste water management and management of water resources, as well as to problems created due to urban development (e.g. illegal construction). In Turkey, agricultural pollution not in coastal but in watersheds flowing to the Black Sea, deficiency in wastewater treatment plants are the primary problems in the coastal area of the Black Sea Region. Land-based pollution, due to untreated domestic and industrial wastewater discharge into the rivers or directly into the sea, also has adverse effects on the marine environment, the flora and fauna of the region and on human health.

Notwithstanding the various dramatic challenges to the environmental equilibrium in the Black Sea Basin, many precious assets can still be found among the natural and biological resources in the same area. The Black sea coast includes some of the most valuable natural sites in Europe and the Caucasus. These include the Black Sea Riviera in all the six countries with direct access to the Sea, the Danube Delta, the Crimea peninsula and the Turkish coastal regions. For instance, in Russia in the Rostov region, the steppes, forest, the flow-lands of the Don and the coastline of the Azov Sea play host to more than one hundred different kinds of animals and valuable fish. The high mountains (over 3000 m) with relict forests in Adygea and the seashore in Krasnodar krai represent unique natural regions.

The obvious cross-border dimension of environmental pollution around the Black Sea has encouraged a tradition of cooperation on this issue over the last 15 years, at least at the level of the littoral states which are most affected. This international cooperation and political commitment to reduce nutrients and stop persistent toxic substances being released has started to produce encouraging results (that still need to be confirmed) for the Black Sea to recover from its deep environmental crisis. Agricultural pollution is being reduced and wetlands are being restored in the upstream basins to serve as nutrient sinks.

Some interventions that began in the last few years have already started to counteract the environmental degradation. Among the environmental achievements of the last few years are the consistent increase in water levels in Lake Sevan in Armenia due to strict rationing of water use and the diversion of the Vorotan River waters to the Lake via the Arpa-Sevan tunnel. In Bulgarian regions, in recent years, a large number of wastewater treatment plants have been constructed along the Black Sea coast – 11 in the Varna District and 7 in the Bourgas District. In Georgia, 2.8% of Georgia's total land area has been given protected status. Efforts to protect coastal wetland areas also have been started. In Greece, Central Macedonia is home to the largest number of protected areas in the European network NATURA 2000 (40), representing 13% of the total, while Eastern Macedonia and Thrace follows with 36 sites. The size of the sites accounts for about 20% of the whole area of the region.

Frozen conflicts, Justice and Home Affairs

The programming partners have also pinpointed some issues of special relevance for the countries in the Basin, among which are frozen conflicts, corruption and organized crime. Most of the countries experience the impact of some of these problems, which can substantially constrain economic and social development. The two new EU member states have implemented strategies for improving the fight against corruption and organized crime. All other partner countries are also promoting initiatives in these fields, in some cases in the framework of international cooperation initiatives, including the “Söderköping Process”, which involves some partners from the Black Sea Programme (R. Moldova, Ukraine and Romania).

2.2 The SWOT analysis

The information produced in the analysis of the area has been discussed with the partners using the methodology of SWOT analysis, in order to establish a clear logical connection between the analysis and the selected objectives and priorities. Common features in demographic and economic structures, tendencies in economic and social development and emerging issues in environmental dynamics have all been considered.

During the drafting of the SWOT analysis, 5 main rules were applied. These are:

1. Concentrate on the elements most frequently observed in the eligible regions by participating countries, taking into account that some issues can be relevant only in a part of the eligible area and are therefore considered to be of secondary priority in comparison with those issues that are perceived to be relevant in the whole Black Sea Basin area. Furthermore, what is a weakness in some countries can sometimes be a strength in others;
2. Focus on the regional issues that can be observed in the eligible regions, in cross-border relations and regional development and especially on those that show local factors and roots and then can be addressed using or involving local resources;
3. Especially consider those elements that are connected to common constraints and interregional interactions in the Basin;
4. Make a ranking of the topics identified in each category of the SWOT analysis, in order to focus on the most relevant, for future definition of most relevant objectives and priorities;
5. Limit the analysis to the most relevant and frequently observed elements in order to obtain a restricted set of crucial elements in each part of the SWOT analysis.

On the basis of these criteria, the following SWOT has been developed. This overview has been at the basis of the development of objectives and priorities, to be presented in Chapter 4.

Table 2.21 – SWOT analysis

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Strategic geopolitical role and position: one of the main external border areas of the EU for trade and labour migrations; 2. EU gateway for energy resources trade; 3. Strong Foreign Direct Investment inflows; 4. High potential environmental diversity, and agricultural, tourism and fishery resources; 5. Low labour costs/good skills and competencies, compared to labour forces from competitors as close to the EU; 6. Rich cultural heritage, human capacities and social values. 	<ol style="list-style-type: none"> 1. Poor quality of industrial and transport infrastructure; 2. Intra- and inter-regional disparities in economic development; 3. "Closed sea"- negative environmental impacts from external agents located in the Black Sea physical basin; 4. Demographic decline due to migration; 5. Low level of administrative capacity for implementation of local development policies; 6. Scarcity of education infrastructures, low technological level of innovation centres; 7. Constraints to economic development from physical-climatic conditions, especially in the South, and environmental degradation; 8. Geopolitical constraints to trade and mobility of persons; 9. Security issues / frozen conflicts, corruption, organized crime.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Substantial growth of GDP after 2000, multiplicative effects in neighbouring regions; 2. Large parts of the coastal area in Member States will have access to Cohesion Policy funds; 3. Improving political and economic stability facilitating attraction of FDI; 4. Growth in demand for tourism services, potentially extended to all coastal regions; 5. Large investments planned in pan-European transport axis, petrol/gas pipelines; 6. Introduction of new methodologies in education, training and life-long learning, to overcome physical and structural constraints (e.g. Bologna-process, ICT, VET reform); 7. Increased relations among coastal regions of Black Sea promoted by International partnership initiatives. 	<ol style="list-style-type: none"> 1. Return to macro-economic instability - due to economic and political factors (e.g. oil prices); 2. Migration of most skilled workers to EU-industrialized countries; 3. Competition from Newly Industrializing Countries in industrial development and attraction of FDI; 4. Increasing environmental degradation due to external factors; 5. Increasing distance between EU members and neighbours in customs, common market and labour mobility; 6. Increased threats due to local conflicts, organized crime, corruption, terrorism; 7. Delays in resolving/combating: frozen conflicts, organized crime, corruption, and terrorism.

3 Coherence with other programmes and existing strategies

A substantial value of the ENPI-CBC Black Sea Basin programme lies in its complementarity with other programmes and initiatives. It creates a new cooperation area, targeting the common priorities of the Black Sea coastal and adjacent regions.

The existing cooperation and development programmes active in these regions reflect by their diversity and different status the large socio-economic, cultural and political differences within the Black Sea Basin. The ENPI-CBC programme will build upon and complement these various initiatives at national, cross-border and international level. It will also integrate into and contribute to the EU 'Black Sea Synergy', a new regional cooperation initiative.

3.1 Coherence with other international initiatives and cross border programmes

The EU 'Black Sea synergy' regional cooperation initiative

Three EU policies support cooperation programmes in the Black Sea area: the pre-accession process for Turkey, the European Neighbourhood Policy for Armenia, Azerbaijan, Georgia, R. Moldova and Ukraine and the Strategic Partnership with Russia. Under the framework of the European Neighbourhood Policy (ENP), the EC launched its Communication on 11 April 2007, called the "Black Sea Synergy – A new Regional Cooperation Initiative in order to specify and enhance the ENP in the wider Black Sea area". The Commission's Communication endorsed by the General Affairs and External Relations Council Conclusions of 14 May 2007 and the European Council Conclusions of 22 June 2007, is aiming at developing co-operation within the Black Sea region itself and with the European Union, stimulating ongoing cooperation processes, building on synergies with regional bodies and intensifying regional cooperation in sectors of cross-border relevance such as:

1. Democracy, respect for human rights and good governance
2. Managing movement and improving security
3. The 'frozen conflicts'
4. Energy
5. Transport
6. Environment
7. Maritime policy
8. Fisheries
9. Trade
10. Research and Education Networks
11. Science and Technology
12. Employment and social affairs
13. Regional development

These cooperation sectors are supported under various EU programmes, including ERDF funds for EU Member States, the National, Regional and CBC programmes of ENPI and other sectoral initiatives.

The strategy of the ENPI-CBC Black Sea Basin programme is coherent with the EU Black Sea Synergy regional initiative, though obviously less ambitious in terms of priorities and scope of cooperation. It will contribute to the Black Sea Synergy cooperation sectors 1, and 6 to 13, with a clear focus on civil society and local level cross-border cooperation.

Synergies at project level with the ENPI-CBC programme are expected in particular for the programme objectives “promoting local, people-to-people cooperation”, with the EU Tempus programme, the external cooperation window of the Erasmus Mundus programme and the 7th Research Framework Programme (FP7), targeting research and education communities. The JMA/JTS will also keep regular contacts with the DABLAS – a Task Force set up in 2001 with the aim to provide a platform for co-operation for the protection of water and water-related ecosystems in the Danube and Black Sea Region. This is to ensure coordination of support under programme priority ‘Networking resources and competencies for environmental protection and conservation’.

Coherence with other international projects and initiatives

There is active cooperation between countries of the Black Sea Basin in various international projects and initiatives that will be taken into account by the ENPI-CBC programme in order to avoid overlapping of projects and ensure complementarities.

Within the framework of the **Council of Europe**, three main initiatives will be implemented during the ENPI-CBC programme period:

- The initiative to establish a **Black Sea Euroregion** was launched at an International Conference on Interregional Cooperation in March 2006 in Constanța, Romania. The objective of the Euroregion initiative is to reinforce regional cooperation in order to protect natural resources, strengthen social cohesion through joint projects and provide a platform for cultural cooperation and exchange. The initiative involves all the countries participating in the ENPI-CBC Black Sea programme; therefore the need and potential for complementarity of actions is high. The potential for synergy with the programme activities is reflected by the fields of cooperation chosen for the Black Sea Euroregion, which show similar priorities.
- The **Kiev initiative** is a regional programme of cultural cooperation between Armenia, Azerbaijan, Georgia, R. Moldova and Ukraine, which started in December 2006. It aims to promote dialogue, democratic development and respect for cultural diversity through actions in the cultural and natural heritage fields.
- The **Creating Cultural Capital (CCC)** project supports cultural diversity and creativity through the development of policy and management tools in the areas of cultural tourism and entrepreneurship. Participating States include Bulgaria, Russia, Ukraine and, more recently, Greece and Azerbaijan, while Turkey also showed a strong interest. Synergy with this initiative could be supported at project level under programme Priority Three, as well as Priority One for the impact of culture on tourism and local economic development.

Furthermore, the United Nations Development Programme (UNDP) is co-financing alongside with Greece and Turkey, a three-year programme starting in January 2007, called **The Black Sea Trade and Investment Promotion Programme**, and aimed at the expansion of intra-regional trade and investment links. This programme could generate relevant synergies especially with Priority One, focused on local development, where the promotion of a business environment favourable to investments in public and private initiatives is one of the key areas.

The OECD Development Centre will produce - with the financial support of donors (mainly Greece, Romania and Turkey) - **the Black Sea and Central Asia Economic Outlook (BSECAO)** project in order to promote the systematic monitoring and evaluation of economic performance and underlying policies in the Black Sea and Central Asian regions, facilitate information sharing and evidence-based policy dialogue at international or national level and contribute to building capacity by establishing strategic partnerships with selected regional institutions and networks of research institutes.

The German Marshall Fund of the United States (GMF) created The Black Sea Trust for Regional Cooperation in June 2006. It will provide grants to promote democracy consolidation and civil society development in the Black Sea region. Grants will be awarded through two programmes: Civic participation and Cross-border cooperation. The latter will support sub-national and trans-border collaboration among governments, NGOs, civic initiatives, and other institutions working to improve understanding, stability and cooperation throughout the region. This cross-border grant scheme may provide opportunities for synergy with the ENPI-CBC Black Sea Basin programme projects supported under priority Three, but it also presents a risk of projects overlapping. This risk will be taken into account by the JMA. Other international organizations such as **USAID** and the **UN agencies** provide regular support to projects focusing mostly on structural reforms and poverty alleviation.

Coherence with other regional cooperation frameworks in the Black Sea Basin

Most Black Sea Basin countries already have experience of cooperation at multilateral level through various regional initiatives. This cooperation demonstrates the recognition of the need for a regional approach to local issues.

The main initiative for cooperation in the Black Sea Basin is the **Organization of the Black Sea Economic Cooperation (BSEC)**, created in 1992. It has a larger regional scope than the ENPI CBC programme, as it **currently** brings together twelve States: Republic of Albania, Hellenic Republic, Bulgaria, Republic of Moldova, Romania, Georgia, Russia Federation, Republic of Serbia, Republic of Armenia, Republic of Azerbaijan, Republic of Turkey and Ukraine. Its main areas of cooperation include: trade and economic development, transport, energy, combating crime, tourism, small and medium-sized enterprises (SMEs), communications, environmental protection, science and technology and education. Examples of this cooperation include support to projects such as 'Motorways of the Sea' for the Black Sea, as well as the development of a 'Black Sea Ring Highway'. Work to prevent oil-related pollution and to allow for effective use of hydrocarbon resources is also foreseen. An Agreement for cooperation in case of natural or man-made disasters has been signed and work is underway for its implementation.

The BSEC has a permanent Secretariat in Istanbul, a Parliamentary Assembly (PABSEC), which has been active in adopting recommendations in various fields, from promoting economic integration to combating organised crime, and a Business Council. A project Development Fund established at BSEC finances feasibility studies for possible projects in the Black Sea Basin, which presents a potential for synergies with the Black Sea Basin ENPI-CBC programme. The Black Sea Trade and Development Bank (BSTDB), based in Thessaloniki, is an international financial institution established by Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, R. Moldova, Romania, Russia, Turkey, and Ukraine. It is considered as the main financial pillar of the BSEC. The Bank supports economic development and regional cooperation by providing trade and project financing, guarantees, and equity for development projects supporting both public and private enterprises in its member countries. The International Centre for Black Sea Studies (ICBSS), based in Athens, is a regional think-tank associated with the BSEC, governed by

an international Board of Directors, where the twelve BSEC Member States are represented. It has developed a Black Sea Research Network, which aims to exchange views and practices among research institutes in the Black Sea Basin. The Black Sea Capitals' Governors and Mayors Association (BSCA), an initiative under the auspices of PABSEC, involves regional cooperation at sub-national level. The association may provide a useful forum for the dissemination of the results of the ENPI-CBC projects.

BSEC granted observer status to the EC, welcomes the BSEC Member States' participation in the EU initiatives, especially in the ENPI-CBC Black Sea Basin programme 2007-2013 and invited the EU to hold a ministerial meeting in order to launch the Black Sea Synergy Process. The BSEC objectives are highly coherent with those of the ENPI-CBC programme for the Black Sea Basin. Real synergies between the two formats of cooperation in the Black Sea region can be realised, and may progressively shape a space of enhanced regional cooperation. The Commission's Communication on the Black Sea Synergy identifies BSEC as one of the EU's important regional partners for dialogue and paves the way for wide interaction that we believe encourages further synergies in the Black Sea area.

Of the BSEC main areas of co-operation, the greatest areas of synergy with the ENPI-CBC Programme would be trade and economic development and tourism (Priority One), environmental protection (Priority Two) and education (Priority Three).

In June 2006 the **Black Sea Forum for Dialogue and Partnership** was launched at a summit held in Bucharest. The declaration adopted by the heads of state and government delegations from Armenia, Azerbaijan, Bulgaria, Georgia, Greece, R. Moldova, Romania, Ukraine and Turkey indicates as main areas for strengthening future cooperation: fostering synergy and a common agenda, promoting good governance, strengthening tolerance, sustainable development, environmental protection and civil emergency planning. The Forum is not meant to establish a new structure, but to enhance problem-solving and result-oriented cooperation in the region. Its added value stems from focusing on involving, alongside governmental and inter-governmental actors, a wider range of stakeholders like civil society, the business sector, academics and mass media, in promoting regional partnerships and networks.

There has also been active cooperation in the environmental field for the last 15 years between the six littoral states of the Black Sea (Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine), reflecting the need to react in a coordinated way to the deterioration of the Black Sea environment. A **Commission for the Protection of the Black Sea against pollution**, with a permanent Secretariat in Istanbul, acts as the coordinating mechanism for the implementation of the Convention on the Protection of the Black Sea against pollution (adopted in 1992) and the Black Sea Strategic Action Plan (adopted in 1996, revised in 2002). Land-based sources of pollution, the introduction of alien species and inadequate resources management are some of the main issues highlighted. The concepts of sustainable development, precautionary principle and anticipatory action such as contingency planning, environmental impact assessment and strategic environmental assessment have been introduced. The ENPI CBC Black Sea programme will build upon the experience accumulated, and look for synergies with the ongoing activities, particularly in relation to measures under Priority Two "Sharing resources and competencies for environmental protection and conservation".

Other initiatives have been developed in the last years, proving a very fertile environment for cross-border cooperation. The Border Guard Service or Institutions having similar functions, of Bulgaria, Georgia Romania, Turkey and Ukraine have established the **Black Sea Littoral States Border / Coast Guard Cooperation Forum** (BSCF). The BSCF aims

to promote meetings, negotiations, sharing of experience, ideas and major principles of cooperation development.

In the agricultural and tourist sector **The Wine Road programme** is being drafted in the framework of the **Kiev Initiative**. The objective of the programme is to develop wine- and grape-industry related tourism in the region. These initiatives provide fertile ground for synergies with Priority One, Measure 1.2 – Creation of tourism networks for integration and promotion of tourism development initiatives and traditional products - (see Chapter 4).

Coherence with national and cross-border programmes and strategies

Bulgaria, Greece and Romania, as EU Member States, share a common planning system for development programmes (mostly funded through the EU Structural Funds) that will also be implemented in the ENPI-CBC eligible regions. Each country has prepared a National Strategic Reference Framework (NSRF). In addition, Regional Operational Programmes and other thematic Operational Programmes have been developed and were approved by the EC. Thus, a considerable budget allocation is already foreseen in these countries for the period 2007-2013 for the promotion of economic development and social cohesion. This should have an impact on the eligible coastal regions, improving in particular their competitiveness and their environmental situation. Lessons learnt in these programmes could be disseminated around the Black Sea Basin via the cross-border-cooperation projects.

Bulgaria, Greece, Romania, Moldova and Ukraine are all partners in the South East Europe transnational cooperation programme financed by ERDF and IPA funds.

Bulgaria, Greece, Romania and Turkey on the other hand participate in CBC programmes under the ERDF and the IPA while **R. Moldova and Ukraine** cooperate at cross-border level with Romania under the ENPI instrument. (see table at the end of this Chapter).

In order to avoid the risk of overlapping between the transnational, bilateral and trilateral CBC programmes and the Black Sea Basin programme, the latter will mainly concentrate on those priorities that are commonly identified by all participating countries for the whole Black Sea Basin. At the stage of project selection and before signing grant contracts, the JMA will exchange information with its counterparts in the other programmes, in order to check that the activities proposed are not already funded or considered for funding under another CBC programme.

Armenia, Azerbaijan, Georgia, R. Moldova, Russia and Ukraine, as neighbours and partners of the EU, have an active cooperation with the EU at national level, with various projects operating at regional level, focusing in particular on regional economic development.

In the framework of the conference held on October 25-27, 2006 in Portugal capital city, Lisbon, Ministry of Municipal Engineering of the RA, National Security Board Office of Georgia and Ministry of Transport, Building and Municipal Engineering Affairs of Federal Republic of Germany signed Memorandum of Understanding on the programme named “CEMAT model region. Armenia-Georgia. Sustainable spatial development of border regions”, in the frames of which it is envisaged to organize corresponding measures with the participation of interested parties in the autumn 2007.

Most of these countries also implement national programmes of regional development, taking into account the specific needs of the regions. The ENPI-CBC JMC members will remain aware of their country's regional development policies, as well as of the regional

cooperation projects supported, in order to ensure that the projects funded under ENPI-CBC are coherent with existing initiatives.

3.2 Conclusions for the ENPI CBC Black Sea Basin programme strategy

Drawing on the analysis of the existing cooperation initiatives and programmes in the Black Sea Basin, a few conclusions can be drawn in terms of the added value of the ENPI-CBC programme, compared to existing initiatives, on the need to build synergies, avoid overlapping, promote a springboard effect and build upon results.

Value added of the ENPI CBC Programme

The ENPI-CBC Black Sea Basin programme has a specific scope and focus, which adds value to existing cooperation frameworks and initiatives:

- The eligibility of Project partners is based on the ENPI regulation, but priority will be given to local and regional authorities, civil society and NGOs, chambers of commerce, and the academic and educational community²⁴;
- Project definition is in the hands of these local and regional actors on the basis of the programme's priorities;
- Projects are prepared and implemented in a partnership spirit, with similar organisations sharing experience with their partners across the borders, working together to address common challenges or to develop a joint potential;
- Projects will have a cross-border impact;
- The programme priorities concentrate on the common needs of the eligible regions, and were jointly identified by the 10 participating countries;
- The area of cooperation defined by the programme for the Black Sea Basin is broad, regionally coherent and unique.

The ENPI-CBC Black Sea Basin programme is therefore a new and original form of cooperation for the area, which will complement existing cooperation, mostly carried out at national level or on a smaller regional scale.

Building synergies with other programmes and initiatives

Complementarity of support is essential to ensure the best use of resources and the highest results for the eligible regions and stakeholders. The Black Sea Basin programme is committed to achieving synergy with existing cooperation and initiatives, which support projects with similar priorities in part or the whole of the eligible area. Table 3.1 gives an indication of the similarities, in terms of priorities, of the main cooperation initiatives and regional development support in the Black Sea Basin.

The ENPI CBC programme will ensure the coherence of its support with other regional initiatives and projects:

- Through regular exchange of information between the programme JMA/JTS, and regional and international organizations active in the eligible area;
- The members of the JMC will remain aware of the regional and national policies, of projects supported in their country through other initiatives and cooperation frameworks, in order to ensure that the projects funded under the ENPI-CBC programme are coherent and build synergy with them;

²⁴ ENPI CBC Strategy Paper 2007-2013 - paragraph 6.7.

- In their project proposals, the applicants will describe how their project of cooperation builds upon or complements other projects and initiatives, implemented by them or by other partners.

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 of discriminating against their proposals at the evaluation stage, but it will still be taken into account for the final selection of projects. It will raise the awareness of the JMC and JMA, ensuring appropriate consultation with other donors and programmes before the grant contract may be signed, in order to avoid double funding of activities should the project would be supported.

The main risk of overlapping identified in the coherence analysis is with the other CBC programmes supported by the EU, in particular the ENPI-CBC Romania-Moldova-Ukraine, South East Europe transnational programme and also - to a lesser extent - the ERDF-CBC programmes Romania-Bulgaria and Bulgaria-Greece as well as the IPA-CBC programme Bulgaria-Turkey (see Table 3.1). The Black Sea Basin JMA will systematically consult with the JMAs of the other programmes, both at the selection stage and before signing a grant contract, to make sure there is no overlap in the activities supported. The ENPI-CBC Romania-Moldova-Ukraine JMA representative may be invited to attend the Black Sea Basin JMC meetings as an observer, in order to ensure coordination of support.

Promoting springboard and multiplier effects

Given the limited budget of the ENPI-CBC Black Sea Basin programme, it is important, in order to achieve an impact in the eligible regions, that the programme promotes springboard or multiplier effects. In their application, project partners will be invited to describe how their proposal may have such springboard or multiplier effects, for instance by the dissemination or replication of results in other regions, or by the project's capacity to be considered as 'pilot' and be replicated on a larger scale under other initiatives. The applicants will also be encouraged to gather additional resources, either from their own co-financing (above the threshold imposed by the call for proposals) or from additional (public or private) funding.

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 ENPI-CBC programme strategy with the organisations active in the area. This should allow the programme to use the experience and get the results of 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' results and lessons learnt are made widely available to other programmes and initiatives.

Table 3.1 – Coherence of the Black Sea programme with other programmes and strategies

National and CBC programmes and strategies 2007-2013		Black Sea Basin ENPI-CBC		
		Objective 1 Economic and Social Development	Objective 2 Common challenges	Objective 3 'People-to- people'
EU MEMBER STATES REGIONAL AND STRUCTURAL FUNDS PROGRAMMES				
National Strategic Reference Frameworks (Bulgaria, Greece, Romania)	i. Improve business environment	✓		
	ii. Increase competitiveness of the economy	✓		
	iii. Promote human resources and achieve employment	✓		
	iv. Improve administrative capacity	✓		
Operational Programmes 'Regional Development' (Bulgaria, Greece, Romania)	i. Promote innovation	✓	✓	
	ii. Support entrepreneurship	✓		
	iii. Education and culture			✓
	iv. Encourage balanced regional development and support regions that lag behind	✓		
	v. Environmental management and administrative restructuring		✓	
Sectoral Operational Programmes Environment (Bulgaria, Romania, Greece)	i. Ensure general access to public utilities	✓	✓	
	ii. Contribute to sustainable flood management in vulnerable areas		✓	
	iii. Ensure Black Sea shore protection and rehabilitation		✓	
	iv. Reduce existing gaps with EU environmental standards		✓	
TRANSNATIONAL, TRILATERAL AND BILATERAL CBC PROGRAMMES IN THE BLACK SEA BASIN				
ENPI CBC programme Romania-Moldova-Ukraine	i. Economic and social development	✓	✓	
	ii. Addressing common challenges		✓	
	iii. Ensuring efficient and secure borders			
	iv. Promoting people to people cooperation			✓
ERDF-CBC programmes Romania-Bulgaria, Bulgaria- Greece and IPA-CBC programme Bulgaria-Turkey	i. Improve accessibility of regions	✓		
	ii. Increase economic growth and competitiveness of border regions	✓		
	iii. Encourage innovation and entrepreneurship	✓		
	iv. Support the growth of the knowledge economy	✓		
	v. Valorisation of human resources	✓		✓
	vi. Encourage job creation	✓		
	vii. Environmental protection and management		✓	
	viii. Enhanced cooperation through 'people to people' actions			✓
ERDF- South East Europe Transnational programme	i. Facilitation of innovation and entrepreneurship	✓		
	ii. Protection and improvement of the environment		✓	
	iii. Improvement of the accessibility	✓		
	iv. Development of transnational synergies for sustainable growth areas	✓		
PARTNER COUNTRIES COOPERATION WITH EU				
ENP Action Plans with Armenia, Azerbaijan, Georgia, Moldova, 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	✓		
	vi. Strengthen regional cooperation	✓	✓	✓
	vii. Promote peaceful resolution of conflicts			✓

	viii. Transport and energy		✓	
Strategic partnership with Russia	i. Common economic space	✓		
	ii. Common space of freedom, security and justice			
	iii. Common space on external security			
	iv. Common space on research, education, culture			✓
		Black Sea Basin ENPI-CBC		
Regional cooperation frameworks in the Black Sea Basin		Objective 1 Economic and Social Development	Objective 2 Common challenges	Objective 3 'People-to- people'
ORGANIZATION OF THE BLACK SEA ECONOMIC COOPERATION (BSEC)				
BSEC and Parliamentary Assembly of BSEC	i. Trade and economic development	✓		
	ii. Transport and energy			
	iii. Combating crime			
	iv. Development of tourism	✓		
	v. Support to SMEs	✓		
	vi. Development of communications	✓		
	vii. Environmental protection		✓	
	viii. Science and Technology			✓
	ix. Education			✓
Black Sea Trade and Development Bank	i. Promotion of trade	✓		
	ii. Support to public and private enterprises	✓		
International Centre for Black Sea Studies	i. Regional studies	✓	✓	✓
	ii. Cooperation between research institutes			✓
Black Sea Capitals' Governors and Mayors Association	i. Fostering cooperation at local level			✓
	ii. Promoting economic, social and administrative projects	✓		✓
BLACK SEA FORUM FOR DIALOGUE AND PARTNERSHIP				
	i. Promote good governance	✓		
	iii. Strengthen tolerance			✓
	iv. Sustainable development	✓	✓	
	v. Environmental protection		✓	
	vi. Civil emergency planning		✓	
COMMISSION FOR THE PROTECTION OF THE BLACK SEA AGAINST POLLUTION				
Black Sea Strategic Action Plan	i. Limit land based sources of pollution		✓	
	ii. Sustainable development		✓	
	iii. Contingency planning		✓	

		Black Sea Basin ENPI-CBC		
Other international projects and initiatives of regional scope		Objective 1 Economic and Social Development	Objective 2 Common challenges	Objective 3 'People-to- people'
EUROPEAN COMMISSION				
“Black Sea synergy”	i. Democracy, respect for human rights and good governance	✓		✓
	ii. Managing movement and improving security			
	iii. ‘Frozen conflicts’			
	iv. Energy			
	v. Transport			
	vi. Environment		✓	
	vii. Maritime policy		✓	
	viii. Fisheries	✓	✓	
	ix. Trade	✓		
	x. Research and Education Networks			✓
	xi. Science and Technology	✓	✓	✓
	xii. Employment and social affairs	✓		
	xiii. Regional development	✓	✓	✓
COUNCIL OF EUROPE				
Black Sea Euroregion	i. Protect natural resources		✓	
	ii. Strengthen social cohesion			✓
	iii. Cultural cooperation			✓
Kiev Initiative	i. Promote democratic development			✓
	ii. Promote respect for cultural diversity			✓
Creating Cultural Capital	i. Cultural tourism	✓		✓
	ii. Cultural entrepreneurship	✓		✓
UNDP (WITH CO-FINANCING FROM GREECE AND TURKEY)				
Black Sea Trade and Investment Promotion Programme	i. Expansion of the intra-regional trade	✓		
	ii. Promotion of intra-regional investment links	✓		
OECD (WITH CO-FINANCING FROM GREECE, TURKEY, ROMANIA)				
Black Sea and Central Asia Economic Outlook project	i. Monitor economic performances	✓		✓
	ii. Facilitate evidence-based policy dialogue	✓		
	iii. Partnerships with regional institutions and research networks			✓
BLACK SEA LITTORAL STATES BORDER/COAST GUARD COOPERATION FORUM				
	i. Exchange of ideas and experience between border/coast guards			

4 Programme strategy: objectives, priorities and measures

4.1 Principles and methodology for the definition of the programme strategy

The partners have applied the following main principles when designing the strategy of the programme:

Targeting the critical needs

Based on the analysis of the Black Sea Basin, its economic structure and the macroeconomic dynamics, the main development needs have been identified, and threats and opportunities analysed. The main common questions that have emerged are the development gaps and inequalities in the area, both among the regions in the Black Sea Basin and among the countries to which they belong. The wider objective emerging from this analysis is the acceleration of the **economic and social development** based on local resources.

Another crucial issue in the Black Sea Basin is **environmental protection** in order to counter the process of degradation, which could substantially constrain sustainable economic development.

The third issue is the need for **stronger cultural interaction** among the peoples of the Black Sea Basin. After the accession of two of the countries in the EU, the relevance of the stronger cultural and social integration of the communities around the Sea has especially increased.

Maximising consistency and coherence

The assignment for the programming partners has been one of identifying a consistent strategy within the framework of the ENPI CBC Strategy Paper of the EU and the specific objectives that emerged from the analysis of the Black Sea Basin area and choosing a realistic strategy, with feasible specific objectives, taking in to account the available budget of the programme and the specific structural and political constraints of the partners.

In practice, this means **formulating realistic specific objectives** that can be practically addressed by the programme partners, taking in to account the administrative and legislative framework in the partner regions as well as the limited experience of the potential partners in this form of cross-border cooperation. The objective of ensuring secure borders as outlined in the EU strategy seems almost out of the scope of control at project level for most of the regional actors in this programme. This is due to the administrative structure and legislation in most of the countries, which is often based on only two layers, that of the central institutions and the municipal administrations. In this context, only the central institutions have the power and means to act on issues of secure borders.

In addition, there was a **need to set priorities capable of maximising the impact at cultural level**, and spreading awareness of the potential for partnership and cooperation to address the common challenges that face the communities in the Black Sea Basin. This also means **ensuring the strongest synergy and complementarity with other initiatives in the Black Sea Basin and with EU programmes** for regional development and territorial cooperation.

Strong regional dimension

One of the key assignments of the programming partners has been that of defining a strategy that puts **the regional dimension and the regional actors at the centre of the programme**. The specific approach of the Black Sea Basin programme is that of a bottom-up process for

generating the development strategy, based on the local actors' contributions. An original feature of the programme is the territorial eligibility that limits the programme geography to the regions directly integrated in the Black Sea system highlighting the contribution of the local actors above that of the national level. This principle was put into practice by carrying out regional public consultations during the programming process, as described below.

During several Black Sea programming and public consultation events, the relation between the individual SWOT elements (presented in section 2.2) and the list of possible objectives described in the EC programming guidelines for ENPI-CBC²⁵ were discussed. Although there were certain differences at the level of details between the different events, the following generally valid conclusions can be drawn:

Of the four main objectives in the programming guidelines, only "Efficient and Secure Borders" did not receive solid support from the SWOT analysis. According to the participants in the events mentioned above, Objective 1 "Economic and Social Development" received the most support from the SWOT analysis. The following topics mentioned in the ENPI-CBC programming guidelines were most strongly underpinned by the SWOT analysis:

- The combination of Local Development and Administrative Capacity Building
- Tourism (and Rural) Development
- The combination of Business environment development for SMEs and Trade Promotion
- The combination of Transport (and Energy) and Environmental Challenges
- Management of Natural Resources
- Education and Cultural Exchange

These conclusions have played a key role in identifying the priorities and measures of the programme.

4.2 Programme Objectives

The **overall objective** of the programme is to **achieve stronger regional partnerships and cooperation.**

By doing so, the programme is aimed at contributing to its key **wider objective**: **"a stronger and more sustainable economic and social development of the regions of the Black Sea Basin"**.

These objectives will be pursued taking into account the **principles** of sharing common values, the promotion of equal opportunities, especially the reduction of gender discrimination and the promotion of women's contribution to economic and social development, the improvement of the environmental sustainability of human activities, in particular those with a regional impact, and the promotion of cultural integration and reciprocal understanding of communities within the Black Sea Basin.

The ENPI CBC strategy identifies four main objectives for the ENPI-CBC programmes: economic and social development, addressing common challenges, ensuring efficient and secure borders, and promoting people to people actions. Based on the structural analysis and on the

²⁵ The European Neighbourhood and Partnership Instrument - ENPI CBC - How to Prepare Programmes: Guidelines for preparing CBC programmes under the ENPI, EC May 2006

results of the SWOT analysis, the participating countries of the Black Sea Basin have decided to concentrate on the following three objectives:

- Objective 1 Promoting economic and social development in the Black Sea Basin areas
- Objective 2 Working together to address common challenges
- Objective 3 Promoting local, people-to-people type actions

Objective 1: Promoting economic and social development in the Black Sea Basin area

This objective is strongly supported by the outcomes of the SWOT analysis, in particular by some of the opportunities that were identified by the partners in the SWOT analysis. These include the “Substantial growth of GDP after 2000”, which can be supported in the long run through support to a variety of local initiatives aimed at the creation of a favourable environment for SMEs and public initiatives. The pursuit of this objective will also mean the improvement of the capability of the coastal regions to make use of the opportunity of “Improved political and economic stability facilitating attraction of FDI”. It is also directly confirmed by the structural analysis that this objective is connected to the opportunity “Growth in demand for tourism services, potentially extending to all coastal regions”. The objective will also address some of the most relevant threats, like the “Migration of most skilled workers to EU-industrialized countries”.

Objective 2: Working together to address common challenges

Out of the many challenges that the Black Sea Basin communities face, the partners decided to focus on the environmental issues. The objective is connected on one side to the opportunity identified in the SWOT of “Increased relations between South and North coastal regions of Black Sea” and “Large investments planned in pan-European transport axis, petrol/gas pipelines”. On the other side it serves to counteract many of the threats and weaknesses that were identified, especially in the environmental sector. These include “Closed sea - negative environmental impacts from external agents located in the Black Sea physical basin”, and “Increasing environmental degradation due to external factors”.

Objective 3: Promoting local, people-to-people type actions

This objective is connected to many elements of the SWOT, starting from the identified strength of “Rich cultural heritage, human capacities and social values”. Equally relevant for this objective is its capability to counter identified weaknesses including: “Historical and Geopolitical constraints to trade and mobility of persons”, “Low level administrative capacity for implementation of Local development policies” and “Scarcity of education infrastructures, low technological level of innovation centres”. The initiatives under this objective will also allow the exploitation of some of the opportunities identified by the partners such as “Introduction of new methodologies in education, training and life-long learning to overcome physical and structural constraints” and “Increased relations among coastal regions of Black Sea promoted by International partnership initiatives”. Generally, through people to people actions, the programme aims to increase the level of cooperation among local and regional authorities in the area and to build a friendly environment for the development of long lasting economic relations (tourism, business development). The projects under the “People to people” objective will contribute to the creation of cultural cooperation among local institutions that will address the weaknesses of “Low-level administrative capacity for implementation of local development policies” and the challenges of migration and the risks of conflicts.

Considering the limited amount of available financial resources and the limited experience of most partners in EU CBC programmes, the programme cannot aim to have a direct and immediate impact on all the issues that emerged in the analysis and were synthesised in the

SWOT. Nevertheless, successful experiences in the selected areas of activities will provide relevant input for parallel and future initiatives. Regarding the need for more developed infrastructure, especially in the transport sector, IT sector and in terms of innovation centres, the programme will contribute by promoting:

- Projects that will establish partnerships for the analysis of needs and design of project ideas – e.g. through feasibility studies;
- Initiatives for the promotion of IT in the areas which lag behind the most
- The creation of networks of research and innovation centres that will facilitate the identification of projects for infrastructure that can then be supported by other EU programmes and initiatives or other national and international institutions.

The objective of “Targeting efficient and secure borders” of the ENPI CBC strategy will not be addressed by the Black Sea Basin programme in the 2007-2013 programming period. The decision to focus on only three of the four objectives of the ENPI CBC strategy was made because of the following five main reasons:

- The limited resources of the programme suggesting focusing - especially in this first programming experience - on a few, already well-identified fields of action;
- The fact that this priority is already addressed through other cooperation frameworks (e.g. PABSEC) and by bilateral cooperation among many of the partner countries;
- The very limited competencies of the bodies and institutions eligible to intervene and influence the current conditions at the borders;
- The extremely large economic and technical scope of the interventions needed in this field as compared to the resources available for the programme;
- The vision of the local partners ranking issues related to this objective lowest in regional consultations.

4.3 Priorities and measures, indicative activities

Table 4.3 shows the priorities and measures that have been formulated in order to implement the strategy leading to the achievement of the three objectives targeted by the programme.

Table 4.3 – Priorities and measures of the Black Sea Basin ENPI-CBC programme per objective

OBJECTIVE 1: PROMOTING ECONOMIC AND SOCIAL DEVELOPMENT IN THE BORDER AREAS	
Priority 1: Supporting cross border partnerships for economic and social development based on combined resources	Measure 1.1: Strengthening accessibility and connectivity for new intra- regional information, communication, transport and trade links
	Measure 1.2: Creation of tourism networks in order to promote joint tourism development initiatives and traditional products
	Measure 1.3: Creation of administrative capacity for the design and implementation of local development policies
OBJECTIVE 2: WORKING TOGETHER TO ADDRESS COMMON CHALLENGES	
Priority 2: Sharing resources and competencies for environmental protection and conservation	Measure 2.1: Strengthening the joint knowledge and information base needed to address common challenges in the environmental protection of river and maritime systems
	Measure 2.2: Promoting research, innovation and awareness in the field of conservation and environmental protection for protected natural areas
	Measure 2.3: Promotion of cooperation initiatives aimed at innovation in technologies and management of solid waste and wastewater management systems
OBJECTIVE 3: PROMOTING LOCAL, PEOPLE-TO-PEOPLE COOPERATION	
Priority 3: Supporting cultural and educational initiatives for the establishment of a common cultural environment in the Basin	Measure 3.1: Promoting cultural networking and educational exchange in the Black Sea Basin communities.

4.4 Role of programme priorities and measures in confronting opportunities and threats

The programme priorities, designed in order to pursue programme objectives, address all treats and opportunities identified in the SWOT analysis, as described in the following table.

Table 4.4 shows the connection between the opportunities and threats on the one hand and the priorities and measures on the other hand. In short, this provides the necessary justification for the selection of the priorities and measures: all measures find sufficient support in the SWOT elements and all SWOT elements are sufficiently addressed by the priorities and measures.

Table 4.4 – Justification of priorities and measures by opportunities and threats

	Priority 1: Supporting cross border partnerships for economic and social development based on combined resources			Priority 2: Sharing resources and competencies for environmental protection and conservation			Priority 3: Supporting cultural and educational initiatives for the establishment of a common cultural environment
	Measure 1.1: Strengthening accessibility and connectivity for new intra-regional information, communication, transport and trade links	Measure 1.2: Creation of tourism networks in order to promote joint tourism development initiatives and traditional products	Measure 1.3: Creation of administrative capacity for the design and implementation of local development policies	Measure 2.1: Strengthening the joint knowledge and information base needed to address common challenges in the environmental protection of river and maritime systems as well as in renewable energy	Measure 2.2: Promoting research, innovation and awareness in the field of conservation and environmental protection for protected natural areas	Measure 2.3: Promotion of cooperation initiatives aimed at innovation in technologies and management of solid waste and wastewater management systems	Measure 3.1: Promoting cultural networking and educational exchange in the Black Sea Basin communities.
OPPORTUNITIES							
1. Substantial growth of GDP after 2000	X	X	X		X	X	X
2. Black Sea MS access to Cohesion Policy funds	X	X	X				X
3. Improving political and economic attracts FDI	X		X	X		X	X
4. Growth tourism demand extends to whole coast		X		X	X	X	
5. Investments pan-European transport, energy axes	X		X	X			
6. New methods education, training, life-long learning			X				X
7. Increased relations among coastal regions		X		X			X
THREAT							
1. Return to macro-economic instability	X						
2. Emigration of most skilled workers	X	X		X	X		X
3. Competition from NIC for FDI and exports	X	X	X				X
4. Increasing environmental degradation				X	X	X	
5. Increasing immaterial distance EU-neighbours	X	X					X
6. More local conflicts, crime, corruption, terrorism			X				X
7. Delayed combat frozen conflicts, corruption, terrorism			X				X

Objective 1 Promoting economic and social development in the border areas

Taking into account the information in table 4.4 and the other SWOT table elements (i.e. strengths and weaknesses), the programming parties have identified that the key area of intervention for the promotion of economic development is the development of initiatives based on local resources, starting from those of rural development, tourism, traditional manufacturing, with a strong focus on the promotion of SMEs, and the promotion of administrative capacity at local level.

Priority 1 - Supporting cross border partnerships for economic and social development based on combined resources

This objective will be achieved through the priority one, which concentrates action in those fields that appear from the SWOT analysis to have the richest potential: promotion of SME development, through the support to initiatives aiming at the creation of a stimulating business environment, rural development and tourism. The focus of the activities supported by this priority will be on the promotion of accessibility, innovation, entrepreneurial capacity and administrative capacity. The transnational partnerships will promote the transfer of good practice and the spread of innovations among similar entrepreneurial initiatives.

1. Geographical areas concerned

All eligible regions

2. Definitions of target groups and grant beneficiaries

All eligible categories as defined in chapter 6.6 - considering the scope of the priority these are for example: local and regional administrations, NGOs active in local development, associations of agricultural producers and fishermen, public agencies active in the fields of business promotion.

3. Eligible costs

All categories of costs eligible according to the relevant EU regulations - as a general rule, investments in small infrastructure and/or equipment are recommended only for the purposes of project implementation, and in a few duly justified exceptions.

4. Description of the co-financing²⁶:

National co-financing will amount to 10% of the EU contribution (excluding TA).

5. Beneficiary/Lead partners:

All eligible categories of beneficiaries

Measure 1.1: Strengthening accessibility and connectivity for new intra regional information, communication, transport and trade links

The measure aims at supporting local development through improving links and connections in various dimensions between the regions of the programme area. This includes trade links supporting the accessibility to other markets of local traditional products.

The main indicative activities will be those of:

- The promotion of international trade links in the area, including with respect to trade in energy;

²⁶ National sources, in general the project beneficiaries, should contribute to the programme with cofinancing amounting to the 10% of the EU contribution for the programme (excluding TA) as foreseen in art 19 of the Regulation (EC) No 951/2007. The co financing per priority may be established at different percentages, taking into account specific conditions of the priority, provided the total will comply with the rule established at programme level.

- Support to the promotion of traditional products from Black Sea agriculture on the international market;
- Development of cooperation networks aimed at promoting the use of information and communication technologies in local/regional economic initiatives;
- Pre-feasibility studies for small-scale transport infrastructures for a better integration of less developed areas and tourist destinations in the Basin;
- Common initiatives for promoting transit transportation infrastructures in the region aimed at increasing freight and passenger transportation efficiency.
- Pre-feasibility and preliminary studies for the development of environmental friendly, safe and reliable maritime routes

Measure 1.2: Creation of tourism networks in order to promote joint tourism development initiatives and traditional products

This measure aims at promoting the development of common activities in the tourism sector, based on an integrated conservation and exploitation of Black Sea resources, in all partner regions. It targets the establishment of partnerships for exchange of experience and good practices in improving the standards of services in the area and for the development of common tourism products specific for the area.

The main indicative activities are:

- Creation of networks of agencies active in the tourism sector to increase the economic impact of tourism in the areas, e.g. a cultural route between Black Sea and Caspian Sea (the Myth of two seas);
- Partnerships between authorities of natural protected areas for the promotion of sustainable tourism in the natural areas of the Black Sea Basin;
- Networks of tourism agencies for the promotion of common initiatives on the international market;
- Creation of cross-border tourism products and common service standards (thematic routes, quality systems etc).
- Cooperation partnerships aimed at preventing or counteracting migration of most skilled workers to EU-industrialized countries /prevention of "brain drain".

Measure 1.3 Creation of administrative capacity for the design and implementation of local and regional development policies

This measure aims to increase the institutional capacity to promote economic and social development through the establishment of international partnerships for the exchange of best practices and know how in this area. As highlighted by the SWOT, the creation of a favourable environment for business at local level is a critical factor for development. The integration and networking of local administration or agencies in the area will promote capacity building and the exchange of methodologies and approaches to common problems.

The main indicative activities are:

- Establishment of a Black Sea Basin network for capacity building for local and regional administrators through the exchange of good practices and innovations for local development;
- Networks for the promotion of innovative urban and rural planning and management methodologies for urban development and rehabilitation;
- Partnerships among development agencies for the exchange of expertise, competencies and innovation in development policies, training of development agents and applying common methodologies for SMEs development;

- Training for staff of local bodies and institutions supporting SMEs, especially for the improvement of capacity to operate in interregional initiatives (e.g. marketing plans, product development and small business management);
- Promoting exchanges of good practices supporting social and economic integration of migrants (inclusion in the labour market, education, languages, dedicated services related to housing, social services and legal assistance, etc.).
- Cross-border actions aimed at improving training standards (qualification and vocational training responding to the demand of productive sectors), at promoting entrepreneurship and certification of skills and at encouraging the inclusion of young people in the labour market.
- Promotion of twinning initiatives among local administrations in the area, for the establishment of a positive framework for cross border cooperation;
- Exchange of know how and preparation in partnership of common local development initiatives.

Objective 2: Working together to address common challenges

After a thorough evaluation of opportunities and threats and of the constraints to the programme, the challenges related to environmental protection and promotion appeared to be the most relevant for the partner regions in the Black Sea. International partnerships and networks, promoting integration of instruments, methodologies and activities in this field will particularly address the real cross-border nature of these environmental challenges.

Priority 2: Sharing resources and competencies for environmental protection and conservation

Objective 2 will be addressed by priority 2. The central focus of this priority will be that of the environmental protection and conservation. The challenges related to the environment appear to be such that they should be addressed by paying close attention to the technical and political instruments available to the programme and project partners. At the same time these are issues that fit well in the technical and financial framework of a programme such as the Black Sea Basin programme. The main fields of intervention are the protection of the maritime environment, the natural areas on the coasts and also the inland areas, and waste treatment technologies and management. This priority will promote innovation and exchange of good practices in the fields of scientific, technical and administrative competencies and capacities for environmental protection and conservation.

In order to guarantee coherence with the DABLAS, projects aimed at supporting co-operation for the protection of water and water-related ecosystems in the Danube and Black Sea Region should indicate how synergy with DABLAS initiatives would be attained. The same goes for coherence with the BSEC (for environmental protection-related projects) as well as for coherence with the Convention on the Protection of the Black Sea against pollution (for pollution-related projects).

Under all three measures of this priority, networking activities play an important role for the exchange and implementation of appropriate solutions to environmental common challenges. The selection process of projects will take into account that programme support to networking should be used for long lasting and visible assistance projects. Networking needs to be firmly in the framework of existing environmental initiatives or the Black Sea Convention. In any case, the aim is not to create new institutions, but rather to strengthen and expand cooperation between existing institutions.

1. Geographical areas concerned

All eligible areas according to the territorial eligibility rule for the programme - considering the scope of the priority, special consideration will be given to the areas affected by the main sources of pollution and those where environmental resources are concentrated (i.e. urban and industrial areas, coasts, rivers).

2. Definitions of target groups and grant beneficiaries.

All eligible categories according to the definition in chapter 6.6; for example: local and regional administrations, NGOs active in environmental protection and conservation, research and higher education institutions and environmental protection agencies.

3. Eligible costs.

All categories of costs eligible according to the relevant EU regulations - as a general rule, investments in small infrastructure and/or equipment are recommended only for the purposes of project implementation, and in a few duly justified exceptions.

4. Description of the co-financing:

National co-financing will amount to 10% of the EU contribution (excluding TA).

5. Beneficiary/Lead partners:

All eligible categories of beneficiaries

Measure 2.1 Strengthening the joint knowledge and information base needed to address common challenges in the environmental protection of river and maritime systems

This measure aims at the promotion of stronger integration and development of research, innovation, awareness and scientific partnerships in the fields of monitoring, control and protection of maritime systems and rivers in the Black Sea Basin.

Related to the protection of the maritime systems through this measure the programme aims at helping the regions developing know-how, policy and technology expertise on alternative energy resources, and on energy efficiency and energy saving.

The main indicative activities are:

- Support to the creation of joint action plans and/or carrying out feasibility studies of research institutions and/or regional organizations in the fields related to maritime natural systems;
- The exchange of experiences and good practices through the establishment of cooperation partnerships among environmental NGOs and educational institutions;
- Establishment or strengthening of networks for the development in partnership of methodologies and capabilities of the responsible rescue authorities in view of the response to oil spills on the coastal area and the mitigation of marine pollution;
- The promotion of monitoring of environmental factors, through partnerships of institutions responsible for pollution control in the Black Sea Basin;
- Support to the development in partnership of contingency plans in order to ensure the ability of the Black Sea coastal authorities to respond to pollution;
- Cross-border partnerships for the implementation of scientific studies, especially those relevant for monitoring and/or addressing environmental risks in the Black Sea Basin;
- Establishment or strengthening of cooperation partnership for identifying land-originating polluters, arising especially from agricultural activities, and for exploring methods of their elimination;
- Preparation/promotion or implementation of scientific studies in the fields of monitoring, control and protection of the maritime system and of rivers in the area.
- Development of concepts for coordination and cooperation in case of natural or man-made disasters

Measure 2.2 Promoting research and innovation in the field of conservation and environmental protection of protected natural areas

This measure focuses on the sustainable development of natural protected areas in the partner regions. The aim of the measure will be achieved through various activities in the fields of management, research and economic initiatives.

The main indicative activities are:

- The creation or strengthening of networks between authorities managing natural protected areas in order to exchange expertise, good practices and innovation in technical and scientific methodologies and in addition to support the monitoring, protection and conservation of natural resources;
- The start up of joint initiatives for the international promotion of natural and cultural tourism in the natural protected areas of the Black Sea by means of common information and promotional instruments;
- The establishment or strengthening of networks for joint development of planning and management methodologies and the creation of databases for the natural protected areas of the Black Sea Basin;
- Training and raising awareness for citizens living in protected natural areas.

Measure 2.3 Promotion of cooperation initiatives aimed at innovation in technologies and management of Waste and Wastewater Management systems

This Measure addresses one of the main challenges for all Black Sea partner regions: the management of waste, including both wastewater and solid waste. Current waste management has a high impact on public health, the quality of drinking water and the Black Sea environment.

The following main indicative activities are foreseen:

- Partnerships among institutions for exchange of know how and the adoption of innovative technologies and procedures for waste management and disposal;
- Support to information and educational activities, including awareness-raising campaigns, in the field of wastewater and solid waste management, water saving and waste recycling;
- Partnerships for innovation in waste management in regions with significant seasonal tourism flows that are concentrated in particular areas;
- Partnerships of authorities for the exchange of good practices and governance tools in the sectors of solid waste and wastewater management - based on EU approaches.

Objective 3 Promoting local, people-to-people type actions

The promotion of people-to-people initiatives in the Black Sea Basin is especially challenging because of the large number of countries the extremely large geographical area and the historical and geopolitical background of the region. Nevertheless, the partners have adopted the promotion of such initiatives as a pivotal objective. The activities that will be pursued under this objective can also generate strong synergies with the activities promoted under the priorities of objective 1 and 2, which are all connected to human resources development, governance capability, and stronger integration of communities in the Basin.

Priority three: Supporting cultural and educational initiatives for the establishment of a common cultural environment in the Basin

Objective 3 will be pursued by the priority 3. The main focus of the priority will be to promote the integration and networking in terms of the rich cultural heritage and current cultural life in the partner countries. The main areas of activity that can contribute to the objective appear to be those involving the young generation, cultural and educational institutions. Both areas appear to be the most promising in the long term, not the least in terms of the impact on local development based on

mobilization of local resources. The educational institutions and cultural associations will be the main instrument for this strategy. Networking among public cultural institutions will be promoted especially through the exchange of experiences and the sharing of cultural heritage and traditions. This is aimed at the establishment of a common cultural environment for the Black Sea Basin community, which in turn will contribute to the reduction of the negative impact of borders on reciprocal understanding and friendship.

1. Geographical areas concerned

All eligible areas

2. Definitions of target groups and grant beneficiaries

All eligible categories as defined in Chapter 6.6 – for example: local and regional administrations, NGOs active in the cultural and social areas and educational institutions.

3. Eligible costs

All categories of costs eligible according to the relevant EU regulations - as a general rule, investments in small infrastructure and/or equipment are recommended only for the purposes of project implementation, and in a few duly justified exceptions.

4. Description of the co-financing

National co-financing will amount to 10% of the EU contribution (excluding TA).

5. Beneficiary/Lead partners

All eligible categories of beneficiaries

Measure 3.1 Promoting cultural networking and educational exchange in the Black Sea Basin communities

This measure aims to create stronger social and cultural relations among communities around the Black Sea Basin in order to promote good relations between the communities and stronger and better-integrated educational institutions in the Black Sea Basin, in order to support social and economic development. It focuses on the promotion of mutual understanding between neighbours and respect for cultural diversity. The activities foreseen are various, involving cultural institutions and NGOs active in cultural and social promotion or inter-ethnic relations. The improvement of the connection of educational institutions in the Black Sea Basin will contribute to the reduction of gaps among regions in terms of education.

The main indicative activities are:

- The establishment of partnerships for the promotion of cultural heritage values;
- Establishing networks of cultural institutions in the Black Sea Basin for strengthening regional identity;
- The creation of networks of cultural centres, sharing cultural values from all regions;
- The establishment of partnerships for the exchange of experiences with traditional popular culture through the promotion of common cultural events in the Black Sea Basin.
- Partnerships for the exchange of students and academics for the establishment of channels of cultural integration in the Black Sea Basin;
- Partnerships among universities, high schools and research centres aimed at the design and development of special educational programmes based on topics of common interest in the Black Sea Basin;
- Networks for the exchange of experience in adapting education and vocational training systems to the needs of a market economy, based on common approaches.
- Partnerships contributing to address the challenges of migration and the risks of conflicts.

Technical Assistance

The Technical Assistance (TA) element of the programme aims to support efficient programme implementation by funding two main measures:

- Management of the programme: project selection, day-to-day management, monitoring, audit and control;
- Communication and information flows within and around the programme: seminars, translation, information dissemination, and evaluation and publicity measures.

The large number of partners, the vastness of the eligible territory, the participation of three types of partners - including EU Members States, one Negotiating candidate country and partner countries - makes programme implementation especially demanding in terms of human and technical resources and logistics and extremely expensive in relation to the total financial allocation for the programme. Therefore, a financial deficit could arise for TA activities during programme implementation and a potential revision of the financial allocation for TA should not be excluded. According to a rough estimation of the TA budget, the current 10% maximum allocation will not be sufficient in order to ensure proper functioning of the JTS and other elements of programme implementation. Therefore, the possibility is kept open to revise the TA budget allocation upwards in case the midterm evaluation of the programme would support such a decision, conditional to the approval of the Commission.

Romania will contribute financially to the programme by covering staff costs, office and overheads of the JMA and Audit Authority. Greece will contribute by covering the costs of the *Principal Advisor* for the Black Sea Programme, which will be placed in the JMA and have a clearly specified role and tasks, contributing to the management of the programme. Turkey will contribute to programme implementation with TA from IPA funds. Turkey will support the costs of participation of its delegation in the JMC meetings, contribute to the costs of project selection and ensure training, information and publicity for potential beneficiaries in the eligible Turkish regions. The other participating countries may contribute with own resources by financing staff costs of the National Info Points (NIP) that will operate in coordination with the JTS. Chapter 6 contains more information on the tasks of these NIPs.

The partner countries will also be able to benefit from the EC Regional Capacity Building Initiative II (RCBI), a three-year project (2007-2009) aiming at providing support to all ENPI-CBC programmes in their implementation (TA to the managing structures, training for potential beneficiaries and information and publicity).

The JMA is responsible for procuring and contracting TA funds, according to the Regulation (EC) No 951/2007. For the TA relating to Turkey's participation funded from IPA, the Turkish CFCU will be the Contracting Authority (see also Chapter 6).

1. Geographical areas concerned

All eligible areas

2. Definitions of target groups and grant beneficiaries

The JMA and the JTS will be the direct beneficiaries of the TA. However, all other (potential) partners will be targeted by TA initiatives for project generation, promotion and assistance to implementation.

3. Eligible costs.

All categories of costs eligible according to the relevant EU regulations

4. Description of the co-financing:

The TA budget eligible for EC financing represents a maximum of 10% of the total EU contribution to the programme budget²⁷. The JMC decides on the allocation of the TA funds²⁸. No national co-financing is foreseen for this priority, with the exception of some expenses for the start up of the programme, after the approval by the EC and before the signature of the Financing Agreements by the partner countries.

5. Beneficiaries

The TA will be implemented by the JMA. External assistance will be procured according to the procedures established by the Regulation (EC) No 951/2007, art. 23.

Measure 1 - Programme management and implementation

This measure will support the functioning of the following programme bodies: JMC, JMA, JTS and (project) Selection Committees (SC). The roles of these bodies are explained in more detail in Chapter 6. The measure will mainly focus on the establishment and functioning of the JTS that will support the JMA according to the attributions described in Chapter 6 of this programme document. The main activities to be supported are:

- Establishment and operation of the Joint Technical Secretariat;
- Functioning of the programme's other steering bodies;
- Implementation of project selection procedures;
- Programme auditing as described in Chapter 6 and according to the audit plans for projects prepared by the JMA;
- Support to the JMA in terms of studies and expert-consultancy on themes relevant for programme implementation and the ENPI CBC Strategy.

Evaluation of the programme will be organised by the EC according to the requirements of the Regulation (EC) No 951/2007 art.6.

Measure 2: Information, promotion and project generation activities

This measure will finance all activities related to information and the promotion of the programme, as well as all those activities aimed at supporting the generation of projects and the creation of partnerships among eligible partners in the programme area. Information activities to raise awareness about the programme's funding possibilities and the launch of calls for proposals will be organised in various ways: through seminars organised by the JTS in the eligible regions, by means of a programme web-site and through the editing and dissemination of written materials via the NIP. The JTS will also assist potential applicants in international partner search, provide information on objectives, priorities and implementation rules and provide impartial advice to applicants. The main activities to be supported will be:

- National and international meetings;
- Seminars, conferences, information days;
- Publication of materials;
- Web site development and operation.

4.5 Nature of eligible projects²⁹

Three types of projects will be eligible in the Black Sea Basin programme³⁰:

²⁷ Art. 18 of Regulation (EC) No 951/2007

²⁸ An indicative budget for TA allocation is provided in annex

²⁹ The Regulation (EC) No 951/2007 describes the basic characteristics of eligible projects under ENPI CBC programmes, regarding composition of partnership and basic characteristics of project activities. In the case of the Black Sea Programme the JMA considers useful and opportune, in the interest of all partners, to admit all three categories of eligible projects. In any case, according to the partners' decision, strong priority will be given to the integrated projects model.

1. **Integrated projects** with different activities in several countries that jointly achieve a certain objective having a cross border impact;
2. **Symmetrical projects** with the similar activities in all countries participating in the project;
3. **Projects**, implemented mainly or entirely in a single participating-country but having a cross-border impact.

Partners from one or several Member States and from one or several partner countries will submit all projects jointly³¹. Participation of Turkish partners is only possible in joint projects with at least one partner from a Member State and one partner from one of the countries listed in the Annex to the Regulation (EC) No 1638/2006. Projects should always have a cross-border impact. Taking into account the specific features of the Black Sea programme and its objectives, **priority will be given to integrated projects**. Only a limited share of the programme budget will be available for **projects**, implemented mainly or entirely in a single participating-country but having a cross-border impact. The recommended financial size and the number of partners involved in each project partnership will be defined in the calls for proposals.

The Programme adopts the following specifications:

Joint projects	
Ceilings of the total budget for project	Minimum: 50.000 €

When launching calls for proposals, the Joint Monitoring Committee may modify these budget thresholds according to the various types of projects (integrated, symmetrical and implemented mainly or entirely in a single participating-country) and to the priorities to be addressed, remaining within the established range (that is without decreasing the minimum thresholds). Preference will be given to projects having minimum three partners, and for the bilateral projects a threshold will be established.

4.6 Indicators

The implementation of the programme and the achievement of the objectives will be monitored and evaluated through a comprehensive set of indicators. Three categories of indicators have been defined, according to the EU methodology³², the prescriptions of the ENPI CBC Strategy Paper and the Guidelines for programming under the ENPI³³. The principles and the strategy adopted for the identification of the indicators connect the methodology for monitoring and evaluation of EU programmes to the specific context of the Black Sea Basin programme.

Impact indicators

In defining impact indicators, the first factors to be considered is the very limited budget of the programme as compared to the special complexity of partnership of the programme and the strong factors of economic change that are currently active in the area. In addition, the identification of indicators relevant to all countries is not easy, taking into account the diversity of economic structures, levels of economic development as well as the economic institutions and legislations. The collection and analysis of statistics for the eligible area is also difficult because of the heterogeneities of the national statistics and the unavailability of comparable statistical surveys at the regional level for all countries.

³⁰ Art. 41 of Regulation (EC) No 951/2007

³¹ Art. 40 of Regulation (EC) No 951/2007

³² Indicative guidelines on evaluation methods: monitoring and evaluation indicators Working Document No. 2 DG Regio 2007

³³ ENPI-CBC Strategy Paper Sept. 2006: Guidelines for preparing CBC Programmes under the ENPI EC working paper 2006. Pg. 2.1

This problem applies especially to the partner countries, where the availability of regional statistics is much less developed than in the EU Member States. Taking into account all these aspects, some basic principles of simplification have been applied to define the programme's indicators.

The first principle has been that of establishing an effective tool to monitor and evaluate progress of the programme and the achievement of the objectives. The second principle has been that of defining clearly and easily measurable indicators in order to have a reasonable (i.e. limited) amount of human and financial resources deployed for monitoring and evaluation, given the limited budget of the programme. The third principle has been to establish a set of indicators comparable, observable and coherently significant in all partner countries.

On the basis of these principles, a limited set of impact indicators at programme level has been selected among the many potential variables that could be considered³⁴. For the observation of the baseline levels of the impact indicators and the monitoring of the programme process in achieving its objectives, a reasonable arrangement would be an analysis of the impact indicators at country level and then to consider the aggregation at programme level, taking into account national specificities in statistical methodologies and economic structures.

Result indicators

For the definition of the result indicators, it was considered that they would play a critical role in the Black Sea Programme in order to monitor the achievement of the overall and specific objectives and the connection to the wider objective. In fact, as suggested by the EU methodology, measurable result indicators of good quality appear better manageable and effective in the evaluation of the programme than impact indicators, which are always strongly influenced by numerous, uncontrollable external factors. The second issue considered during the definition of the result indicators is that of the cost of monitoring, which is relevant if these indicators are not defined on the basis of information that can be easily collected through the monitoring system of the programme or from the beneficiaries through simple and automatic procedures.

For this purpose, a limited set of clearly defined result indicators have been identified at the level of priorities, in logical connection with the impact indicators. The result indicators proposed offer a clear and detailed description of the programme results and can be monitored using to a large extent only the information produced by the project partners or information that can be collected with reasonable effort through ad hoc surveys by the programme's joint structures.

Output indicators

The programme's output indicators have been designed on the basis of the content of each measure as recommended by the EU methodology and these have been tailored to each of the priorities in order to be, as much as possible, homogeneous among the measures under the same priority. This approach was adopted taking into account a number of relevant aspects, specific to the Black Sea programme:

- The principle of **effectiveness** recommends having a number of output indicators proportional to the financial size of the programme and of the projects. In fact, in the case of the Black Sea, the allocation per priority will be extremely limited.
- The principle of **consistency** with the implementation strategy requires simplification, taking into account that the programme has a financial allocation per priority and that the implementation of the programme will be through calls for proposals that will be launched at the level of priority, without a fixed budget allocation per measure. This could make it difficult to define target values for output indicators at measure level and to establish a monitoring

³⁴ The provisions of the ENPI strategy paper were taken into special consideration. See: ENPI-CBC Strategy Paper, Sept 2006, pg 28-29

procedure for each measure, also taking into account that individual measures can substantially vary in terms of financial absorption and the timing of implementation.

In Tables 4.5-4.7 below the impact, result and output indicators are described, also specifying the source for monitoring, the unit of measure, baseline values where relevant and target values.

Table 4.5 – Impact indicators (programme level)

Description	Source	Unit of measure	Baseline value	Target Value
IMP 1 Number of SMEs active in eligible regions (indicator of development of local economic systems based on local resources)	National statistical services	Units	271 554 ³⁵	Positive net Growth ³⁶
IMP 2: Number of tourist arrivals (indicator of the orientation of local economies to exportable services and international integration)	National statistical services	Units	13 349 680 ³⁷	Positive growth
IMP 3: Enrolment rate in higher education institutions (indicator of the growth of higher education access, promoted by cross border cooperation)	World Bank Development Indicators – National statistical services	%	44%	Positive growth
IMP 4: Population having access to improved water infrastructure (indicator of sustainable development promoted through CBC)	World Bank Development Indicators – National statistical services	%	86%	Positive growth
IMP 5: Permanent cultural and scientific cooperation initiatives in the basin area (indicator of cultural and scientific integration in the basin)	National Statistical services and Cultural Institutions, ad hoc surveys	Units	See statistics and qualitative information in chapter 1 and 2	Positive growth

³⁵ Excluding Armenia, Bulgaria and Turkey

³⁶ The partners can consider the definition of an exact target value, taking in to account the very limited budget of the programme and the complexity of the economic processes in the partner countries.

³⁷ Excluding Armenia, Bulgaria and Turkey

Table 4.6 – Result indicators (priority level)

PRIORITY 1				
Description	Source	Unit of measure	Baseline value	Target Value
RES 1: Number of project partnerships establishing permanent economic relations between the economic actors from different countries after the end of project activities	Participants monitoring reports- surveys	Units	Not relevant	5
RES 2: Number of entrepreneurs adopting innovations and starting new production after involvement in projects	Participants monitoring reports- direct surveys	Units	Not relevant	10
RES3: Number of entrepreneurs / economic agents completing activities and achieving new skills and competencies	Monitoring System - Participants monitoring reports	Units	Not relevant	100
RES 4: Number of new permanent joint products or partnerships in the area of tourism		Units	Not relevant	5
RES 5: Number of local administrations and organizations activating new types of services or new ways of providing existing services	Monitoring System	Units	Not relevant	10
PRIORITY 2				
Description	Source	Unit of measure	Baseline value	Target Value
RES 6: Number of partnerships contracts / agreements establishing permanent relations among institutions / agencies active in the environmental sector	Monitoring System Participants monitoring reports	Units	Not relevant	5
RES7: Number of entrepreneurs / technicians / researchers completing activities and achieving new skills and competencies	Monitoring System Participants monitoring reports	Units	Not relevant	100
RES 8: Number of institutions active in environmental protection adopting innovations developed by projects.	Final activity reports, Participants monitoring reports	Units	Not relevant	10
PRIORITY 3				
Description	Source	Unit of measure	Baseline value	Target Value
RES 9: Number of permanent cultural and educational networks established after the implementation of projects	Final project reports Monitoring reports	Units	Not relevant	10
RES 10: Number of citizens completing cultural projects and achieving educational / cultural objectives	Final project reports Monitoring reports	Units	Not relevant	100
RES 11: Number of students completing an internship or training in partner countries	Final project reports Monitoring reports	Units	Not relevant	50

Table 4.7 – Output indicators (priority level)

PRIORITY 1				
Description	Source	Unit of measure	Baseline value	Target Value
OUT 1: Number of cross border partnerships for local development projects created	Monitoring System	Units	Not relevant	10
OUT 2: Number of entrepreneurs / economic agents involved in project activities	Monitoring System	Units	Not relevant	100
OUT 3: Number of training / innovation promotion initiatives for entrepreneurs initiated	Monitoring System	Units	Not relevant	10
OUT 4: Number of local administrations involved in initiatives for capacity building	Monitoring System	Units	Not relevant	100
OUT 5: Number of new information, communication, transport and trade links researched and/or established	Monitoring System	Units	Not relevant	10
PRIORITY 2				
Description	Source	Unit of measure	Baseline value	Target Value
OUT 6: Number of environmental training and/or research initiatives carried out	Monitoring System	Units	Not relevant	20
OUT 7: Number of agencies / associations involved in project activities	Monitoring System	Units	Not relevant	100
OUT 8: Number of research / education institutions assisted / involved in project initiatives.	Monitoring System	Units	Not relevant	50
OUT 9: Number of trainings initiatives begun in environmental protection	Monitoring System	Units	Not relevant	10
OUT 10: Number of inhabitants of natural areas participating in awareness events	Monitoring System	Units	Not relevant	100
PRIORITY 3				
Description	Source	Unit of measure	Baseline value	Target Value
OUT 11: Number of partnerships created for cultural and educational initiatives	Monitoring System	Units	Not relevant	5
OUT 12: Number of media products produced and distributed by the projects	Monitoring System	Units	Not relevant	10
OUT 13: Number of cultural agencies / associations participating in project activities	Monitoring System	Units	Not relevant	50
OUT 14: Number of education institutions assisted in project initiatives.	Monitoring System	Units	Not relevant	20
OUT 15: Number of citizens / students participating in events and activities implemented in the projects	Monitoring System	Units	Not relevant	1000

5 Indicative financing plan

The ENPI instrument drawing on external and internal funds will finance the programme. The participation of Turkey will be financed from the IPA instrument. The participating countries will co-finance projects with a minimum of 10% of the EU contribution. Also, 10% of the EU allocation will be spent for TA that will ensure effective programme implementation.

The total ENPI budget for the programming period (2007-13) is 17,305,944 Euros. The indicative allocation of IPA funds to finance the participation of Turkey in the programme is 1,000,000 Euro per year for the period 2007–2009, to be confirmed on a yearly basis through annual financing decisions.

The total allocation has been divided per priority, taking into account the following factors:

- The relevance of the three priorities - from the perspective of the partners - for the achievement of the overall objective;
- The expected demand for grants in each of the measures established;
- The expected costs of the indicative activities;
- The financial capability of potential beneficiaries in the various measures proposed.

Based on these criteria, the highest allocation, 40%, was allocated to priority 2 addressing the common challenges in environmental protection and promotion. Priorities 1 and 3 have got 35% and 25 % respectively of the total allocation. Table 5.1 shows the financial allocation by source and by destination. The IPA funds for the participation of Turkey in the programme follow the same allocation key among priorities.

Table 5.1 –Indicative financing plan of the ENPI CBC programme, giving, for the whole programming period, the indicative amount of funding by priority

Priorities by source of funding (in euros):

	ENPI EC Funding (a) *	IPA EC Funding (b)	ENPI Co-financing (c)	IPA Co-financing (d)	ENPI Co-financing rate (in %) (e) **	IPA Co-financing rate (in%) (f)	ENPI Total funding (g) = (a)+(c)	IPA Total funding (h) = (b)+(d)	EC Total funding (i) = (g)+(h)
Priority 1	5,500,000	2,224,700	550,000	392,594	10%	15%	6,050,000	2,617,294	8,667,294
Priority 2	6,250,000	2,528,000	625,000	446,118	10%	15%	6,875,000	2,974,118	9,849,118
Priority 3	3,825,350	1,547,300	382,535	273,053	10%	15%	4,207,885	1,820,353	6,028,238
Technical Assistance	1,730,594	700,000	N.A.	123,529	if applicable	15%	1,730,594	823,529	2,554,123
Total	17,305,944	7,000,000	1,557,535	1,235,294	9%	15%	18,863,479	8,235,294	27,098,773

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. Each participating country shall decide on its own co-financing system (from national or regional/local level or directly from the beneficiary).

A	B	C	D	E	F	G	H	I
	INDICATIVE PROVISIONAL COMMITMENTS BY THE EC - ENPI FUNDING	INDICATIVE PROVISIONAL COMMITMENTS BY THE EC - IPA FUNDING	CO-FINANCING ENPI	CO-FINANCING IPA	PROGRAMME'S INDICATIVE PROVISIONAL COMMITMENTS - EC ENPI funding -	PROGRAMME'S INDICATIVE PROVISIONAL PAYMENTS - EC ENPI funding -	PROGRAMME'S INDICATIVE PROVISIONAL COMMITMENTS - EC IPA funding -	PROGRAMME'S INDICATIVE PROVISIONAL PAYMENTS - EC IPA funding -
2008								
Projects			0	0	0	0	0	0
TA			N.A.	17,647	210,168	210,168	100,000	100,000
TOTAL 2008	2,378,974	1,166,667	0	17,647	210,168	210,168	100,000	100,000
2009								
Projects			132,455	94,546	3,311,369	1,324,548	1,339,401	535,760
TA			N.A.	17,647	318,028	318,028	100,000	100,000
TOTAL 2009	2,600,655	1,166,667	132,455	112,193	3,629,397	1,642,576	1,439,401	635,760
2010								
Projects			274,763	196,125	3,557,697	2,747,626	1,439,036	1,111,375
TA			N.A.	17,647	442,137	442,137	100,000	100,000
TOTAL 2010	2,652,668	1,166,667	274,763	213,772	3,999,834	3,189,763	1,539,036	1,211,375
2011								
Projects			362,124	258,483	3,839,708	3,621,236	1,553,105	1,464,737
TA			N.A.	17,647	442,137	442,137	100,000	100,000
TOTAL 2011	3,402,250	1,166,667	362,124	276,130	4,281,845	4,063,373	1,653,105	1,564,737
2012								
Projects			419,405	299,370	4,866,576	4,194,053	1,968,458	1,696,432
TA			N.A.	17,647	318,124	318,124	100,000	100,000

TOTAL 2012	3,456,365	1,166,667	419,405	317,017	5,184,700	4,512,177	2,068,458	1,796,432
2013								
Projects			271,457	193,765	0	2,714,572	0	1,098,004
TA			<i>N.A.</i>	17,647			100,000	100,000
TOTAL 2013	2,815,032	1,166,665	271,457	211,412	0	2,714,572	100,000	1,198,004
2014								
Projects			97,332	69,475	N.A.	973,315	N.A.	393,692
TA			<i>N.A.</i>	7,059	0	0	40,000	40,000
TOTAL 2014	N.A.	N.A.	97,332	76,534	0	973,315	40,000	433,692
2015								
Projects			0	0	N.A.	0	N.A.	0
TA			<i>N.A.</i>	5,294			30,000	30,000
TOTAL 2015	N.A.	N.A.	0	5,294	0	0	30,000	30,000
2016								
Projects			N.A.	0	N.A.	0	N.A.	0
TA			<i>N.A.</i>	5,294			30,000	30,000
TOTAL 2016	N.A.		N.A.	5,294	0	0	30,000	30,000
TOTAL 2007-2016	17,305,944	7,000,000	1,557,535	1,235,294	17,305,944	17,305,944	7,000,000	7,000,000
TOTAL COFINANCING RATE:			9%	15%				

The indicative provisional commitments by the EC for years 2011, 2012, 2013 are subject to a mid-term review of the programme

6 Joint Structures and Designation of Competent Authorities

In order to guarantee smooth programme implementation, the following bodies have been designated by the Joint Task Force, which was responsible for programming:

- **Joint Monitoring Committee (JMC):** supervises and monitors programme implementation and is responsible for the approval of project proposals, as assessed by a **Selection Committee (SC)**;
- **Joint Managing Authority (JMA):** responsible for the management and implementation of the programme;
- **Joint Technical Secretariat (JTS):** assists the JMA and the JMC in carrying out their respective duties;
- **National Info Points (NIP):** provide information to potential beneficiaries in their own countries on the planned activities under the programme;
- **Audit Authority (AA):** carries out the annual financial audit on the expenditure and accounts of the JMA. For IPA funds in Turkey, designated Audit Authority carries out audit of Operating Structure;
- **National Authorities (NA):** are counterparts of the JMA in the programme preparation period, in the framework of which they are responsible for the coordination of the programming process in their respective countries, participation in JMC meetings, and proposing candidates for membership of the SC to the JMC for approval. The JMA and the NA from Bulgaria and Greece will conclude a memorandum of understanding for the recovery of unduly spent funds. In the partner countries, the NA will sign the Financing Agreement (FA) with the EC. In Turkey the **Operating Structure** will play the role of NA.
- **Central Finance and Contracts Unit (CFCU) in Turkey:** acts as contracting authority for Turkish partners participating in joint projects, with contribution from IPA funds.

6.1 The Joint Monitoring Committee

The countries participating in the programme will set up a Joint Monitoring Committee (JMC). The JMC will be the joint decision making structure of the programme.

Tasks of the Joint Monitoring Committee

The main tasks of the JMC include:

- Approving the work programme of the JMA;
- Appointing the SC for the assessment of project proposals;
- Approving the application packages before the calls for proposals are launched by the JMA;
- Deciding on the selection criteria to be applied and approving any revision of those criteria in accordance with the needs of the programme;
- Deciding on the final selection of the projects and the budget of each project to be funded;
- Deciding on the amounts and on the allocation of funds and resources for TA, including human resources;
- Reviewing, at each meeting, the administrative decisions taken by the JMA;

- Examining, at least once a year, the operational and financial report submitted by the JMA;
- Reviewing periodically the progress made towards achieving the overall and specific objectives of the programme on the basis of documents submitted by the JMA;
- Proposing – if appropriate - to the EC any revision of the programme likely to improve its effectiveness or its management;
- Examining any possible cases of irregularity and/or the need for recovery brought to its attention by the JMA.

Composition and procedures of the Joint Monitoring Committee

Each participating country shall appoint its representatives to the JMC within one month of the Commission's approval of the programme. The appointment is functional and not personal. In addition, the participating countries may decide, by common decision, to invite other participants as observers, in particular representatives from the involved regions. Each national delegation will have one voting right. In the case of Turkey, representatives of the EC Delegation in Turkey will attend the meetings of the JMC in an advisory capacity, without voting rights³⁸. Representatives of the EC will attend the JMC meetings as observers. Representatives of the JMA and the JTS will be present at the meetings of the JMC without voting rights.

A JMA representative shall chair the JMC meetings without voting rights.

The JMA, assisted by the JTS, will be responsible for the secretariat and the organisation of the JMC meetings (invitations, information etc). Minutes, co-signed by the chairperson and the secretary, will be prepared after each meeting by the JTS and will be circulated to all members of the Committee and to the EC.

Decisions by the JMC shall be taken by consensus. In special cases where the consensus cannot be reached, particularly those relating to the final selection of projects and the grant amounts allocated to them, the JMC will take decisions by voting procedure, requiring a majority of 8 out of 10 votes. Decisions may also be taken via written procedure. Meetings of the JMC shall be held at least once a year or after a duly justified request by at least one of its members, the JMA or the European Commission.

At its first meeting after the Commission's approval of the programme, the JMC shall approve its own rules of procedures.

6.2 Joint Managing Authority

A Joint Managing Authority (JMA) will be responsible for managing and implementing the programme. The JMA shall be the programme Contracting Authority, though certain tasks of the Contracting Authority will be given to the JMC. These tasks, specified by the Regulation (EC) No 951/2007, are:

- Nominating the members of the SC;
- Deciding on the selection criteria;
- Making a final decision on the selection of projects and on the maximum financial contribution from the programme

³⁸ The participation of representatives of the EC Delegation to Turkey should, inter alia, help remove at an early stage any possible obstacle concerning the participation of Turkish partners (under IPA funds) in joint projects.

According to the requirements of the ENPI regulation, the JMA will establish separate and independent offices to carry out the certification and audit functions. The JMA's financial unit will ensure independent and separate accountancy for the programme in order to provide financial monitoring data by objective and by priority. The JMA internal audit unit (Audit Directorate, Ministry of Development, Public Works and Housing) will carry out annual audits, according to the procedure described below.

The JMA will not be responsible for the financial management of the IPA funds that will ensure the participation of Turkey to this programme. This responsibility will rest with the CFCU in Turkey as Contracting Authority for the IPA funds and with the Operating Structure. The JMA and Operating structure in Turkey will sign a collaboration protocol laying down the work procedures necessary to ensure a smooth coordination during programme implementation.

Tasks of the Joint Managing Authority

In accordance with the tasks formulated for the JMA,

The Operational Unit of the JMA will:

- Chair the JMC, organise its work and convene its meetings according to the rules of procedures that will be agreed upon by the JMC;
- Be responsible for the launch of the call for proposals and the procedures for the selection of projects;
- Follow up the selection of projects by the JMC, signing the contracts for the various projects with beneficiaries and contractors;
- Make TA expenditures with the assistance of JTS and in cooperation with the Financial Unit;
- Elaborate the annual reports and send them to the EC, after prior approval from the JMC, by the 30th of June of each year³⁹;
- Carry out the monitoring of the programme by reference to financial and other indicators;
- Establish a system for keeping records of each project for financial management, monitoring, verifications, audits and evaluation; This will be ensured with the cooperation of the Financial Unit
- Approve the operational verification reports, supporting the claims for reimbursement presented by project Beneficiaries.
- Ensure the implementation of an adequate communication and publicity plan for the programme;
- Establish an implementation agreement with the JTS for the delegation of tasks and responsibilities;
- Establish a memorandum of understanding with the Member States participating in this programme on the procedure for recovery of funds in case of irregularities;
- Notify the JMC of all cases of irregularity and recovery.

The Financial Unit of the JMA will:

- Draw up independent and separate accounts for the Programme and keep them in such a way as to enable analytical monitoring of the programme by objective, priority and measure.
- Manage the programme's financial flows, approve payment claims and make payments to project Beneficiaries;

³⁹ According to art. 28, Regulation (EC) No 951/2007

- Issue claims for payments to the EC. In particular, the JMA financial unit will issue all the financing requests to the EC and prepare the accompanying dossier (audit reports, financial reports);
- Receive the payments made by the EC (pre-financing, interim payments and the payment of the final balance) and transfer the funds to the projects' Beneficiaries;
- Approve the financial verification reports, supporting the claims for reimbursement presented by project Beneficiaries. At the end of the project, and after the necessary audits have been carried out, it will make final payments or issue recovery orders;
- Ensure that any amount paid as a result of an irregularity is recovered;
- Provide the Operational Unit of JMA with the necessary financial data for drawing up the annual reports of the Programme.

The Audit Unit of the JMA will:

- Carry out the annual audit programme of the internal financial flows and procedures of the JMA. The Internal Audit Unit will be responsible for this audit. Annual internal audit reports will be presented to the JMC and the EC⁴⁰;
- Ensure that an annual ex-post financial audit on JMA expenditure and accounts is performed⁴¹ (see section 6.4). The AA, established in Romania, will be responsible for this audit.
- Establish, for each successive year, an audit plan for the projects funded⁴².

Designation of the Joint Managing Authority

In agreement with all participating countries, the **Romanian Ministry of Development, Public Works and Housing** was designated to fulfil the functions of the JMA. In relation to the need for a clear division of operational management, financial management and audit functions within the JMA (as described in art. 14.5 of the Regulation (EC) No 951/2007):

- The *General Directorate for European Territorial Cooperation, Directorate for International Territorial Cooperation*, is responsible for the overall supervision of programme implementation, for the operational management of the programme, participation in committees and presenting reports to the JMC; The General Director for European Territorial Cooperation will play the role of Head of JMA, while the Director for International Territorial Cooperation will be the Deputy Head of JMA.
- The *General Directorate for Programme Authorization and Payments* is responsible for payments to projects and recovery orders and for drafting the programme's annual financial report as well as for receiving funds from EC and making transfers to project Beneficiaries;
- The *Audit Directorate* is responsible for programme auditing (see section 7.3).

A *Principal Advisor for the Black Sea programme*, proposed and financed by the Greek partners, will be placed by the JMA, to the *Directorate for International Territorial Cooperation*. The advisor will have a clearly specified role and tasks, contributing to the management of the programme. Romania and Greece will set up joint criteria for the selection of the Principal Advisor.

The JMA could be assisted in its daily management of the programme by a JTS. The precise tasks to be delegated by the JMA to the JTS will be part of an agreement to be signed between the two bodies.

The JMA staff consists of Romanian public servants, their salaries being supported by the Romanian State budget. In order to ensure the continuity of the experienced and well-trained personnel, as well

⁴⁰ According to art. 29, Regulation (EC) No 951/2007

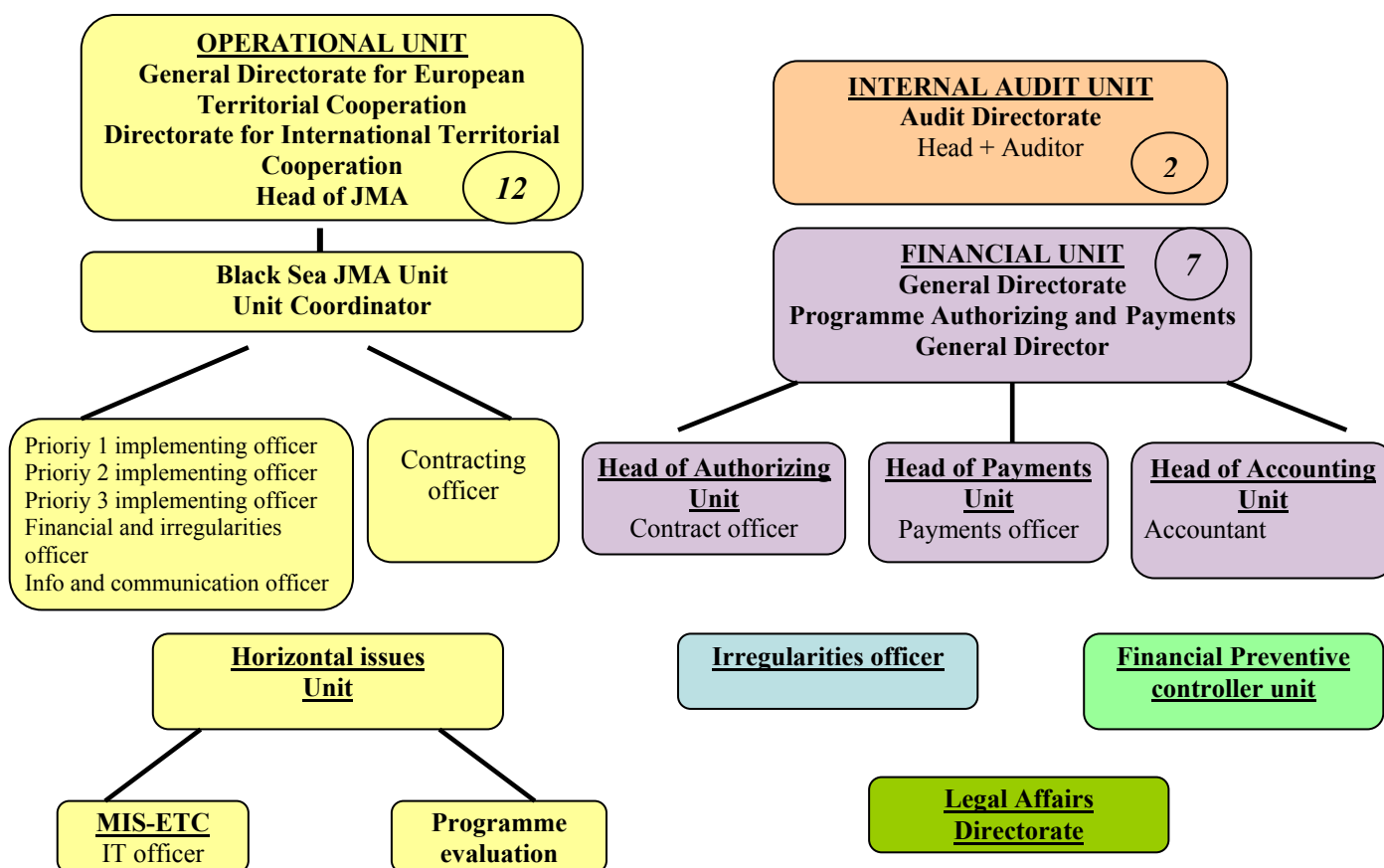
⁴¹ According to art. 31, Regulation (EC) No 951/2007

⁴² This audit could be contracted by the JMA to external auditors (Art 37 Regulation (EC) No 951/2007).

as the high professional standard of the Programme management, according to the Romanian legislation, the staff of JMA benefits of higher salaries and incentives than the average salaries for public servants.

The JMA will engage the properly qualified staff fully dedicated to the programme, in a sufficient number to ensure good management of the programme commensurate with the volume, content and complexity of the operations planned under the programme.

**Ministry of Development, Public Work and Housing
Joint Managing Authority
Indicative number of staff**



6.3 Joint Technical Secretariat

The JMA will set up a Joint Technical Secretariat (JTS) for the operational needs of the programme. The JMC will approve its structure, composition, staffing and operational rules. The JTS shall be funded from the TA budget.⁴³ The annual budget and work plan of the JTS will be endorsed by the

⁴³ Given the very limited financial resources of the TA budget, the JTS could be financed also from additional sources if identified

JMA and approved by the JMC. The JTS tasks will be carried out under the responsibility of the JMA.

The JTS shall be equipped with the necessary resources. The JTS will have international staff, with good knowledge of the eligible programme area and the technical capacity to assess and manage international projects of cooperation. The JTS staff should be able to assist in the implementation of the programme in all participating countries. Details of contractual relations, funding, staff management and other relevant issues will be laid down in an agreement between the JMA and the JTS.

Tasks of the JTS

The JTS will assist the JMA in the daily management of the operations of the programme and its tasks will be delegated by the JMA. These tasks will be the following:

- Assist the SC and JMC in carrying out their respective duties;
- Carry out information and publicity activities to support project generation (creation and maintenance of a web-site, organization of workshops and seminars, etc.);
- Act as secretariat of the SC and JMC, i.e. organize the meetings, draft the minutes, prepare, implement and follow up decisions, subject to approval from the JMA;
- Launch calls for project proposals in accordance with the decisions of the JMC and under the coordination of the JMA: prepare application documents (application forms and guidelines for applicants), inform and advise applicants, receive and register project applications (A prior opinion cannot be given on the eligibility of an applicant, a partner, an action or specific activities);
- Prepare documentation relating to the SC and JMC meetings, carry out administrative and eligibility checks of project applications, prepare requests for clarification and draft Opening Session reports;
- Monitor progress, including financial progress, made by funded projects by checking financial and activity reports and carrying out on-the-spot visits if necessary;
- Manage the programme/project implementation by putting data in MIS-ETC, in order to generate quantitative and qualitative information for project monitoring;
- Assist the JMA in the financial management of the projects. In particular, it will check the technical, financial and verification reports received from the projects;
- Ensure dissemination of project results and best cooperation practices (programme newsletter, Beneficiary meetings, etc.);
- Establish close links and regular information flows with the NA and NIP;
- Co-operate with organisations, institutions and networks relevant to the achievement of the objectives of the programme;

Designation of the Joint Technical Secretariat

The JTS of the programme will be established in Romania by the JMA after prior agreement of the JMC, according to art.16 of Regulation (EC) No 951/2007.

If it will be decided to establish a JTS, the Ministry of Development, Public Works and Housing will establish a new structure under its coordination based on the Romanian law. The modality of recruitment of staff will depend on the available financial resources for the staff salaries, meaning it could be done either through international call or secondment of staff from the participating countries. The estimated number of staff of the JTS is 4-5 persons.

In case the JTS will not be established, the JMA will assume all responsibilities as foreseen in section 6.2 and increase its staff according to the needs.

An Antenna of the JTS will possibly be established in Sochi, conditional on additional financial resources being identified.

National Info Points⁴⁴

National Info Points may be established in each participating-country. The partners will identify the national entities that would fulfil this function. The NIP will provide information to potential beneficiaries in their own countries on the planned activities under the programme. As a result of establishing NIP, there will be at least one person per country available for informing potential beneficiaries in their own language and taking into account their own national context.

The staff of the NIP will be trained with funds from the TA budget and support of RCBI II. Due to the financial constraints of the programme TA budget, the staff and operational / running costs of NIP will not be supported by the TA budget and should be covered by the participating-countries.

The indicative activities of the NIP are:

- Organise the flow of information to potential beneficiaries from their own country (organising small-scale seminars, providing translated material from the programme web-site in their own national language, informing about the launch of calls for proposals, explaining among others rules and procedures);
- Liaise with NIP from other countries (directly or via the JTS) in order to facilitate partner search.
- Keep a small-scale database at measure level of (potentially) interested parties.

6.4 Audit Authority

As mentioned in art. 31 of the Regulation (EC) No 951/2007 and art. 10 (5) of Regulation 1638/2006, the JMA is subject to an annual external ex-post audit carried out by an organisation entirely independent of the JMA. Taking into account existing practices and structures, and in agreement with all participating countries, the **Audit Authority from the Court of Accounts of Romania** will perform the annual ex post financial audit on the accounts of the JMA.

The responsibility of the AA will be the audit on the direct expenditure of the JMA. This audit will also ensure the correctness of the JMA accounts and as such the JMA's payments to the projects' Beneficiaries.

The annual external report, prepared by the AA will be submitted as an annex to the JMA annual report, and will certify the statement of revenue and expenditure presented by the JMA in its annual financial report. In particular, it shall certify that stated expenditure has actually been incurred and is accurate and eligible.

6.5 Turkish Authorities

According to IPA rules, the Turkish Authorities shall establish an Operating Structure, which will be responsible for the management of IPA funds allocated for the participation of Turkey in the ENPI Black Sea Basin programme. The Operating Structure shall include an Implementing Agency

⁴⁴ The exact number and responsibilities of each of these entities will be decided after finalization of agreements on the programme implementing structure, TA availability, and special provisions for Turkey and for transitional measures.

responsible for the tendering, contracting, payments accounting and financial reporting aspects of the procurement and grants financed with IPA funds. The Turkish CFCU will perform this function.

The Operating Structure shall carry out a number of functions that include, inter alia:

- Participation in the JMC;
- Monitoring the implementation of operations financed by IPA and carried out by Turkish partners participating in joint projects;
- Setting up, maintaining and updating a separate reporting and information system, compatible with the MIS-ETC used by the JMA;
- Carrying out verification to ensure that IPA expenditure declared has actually been incurred in accordance with applicable rules that products or services have been delivered in accordance with the approval decision and that the payment requests by the final beneficiary are correct. These verifications shall cover administrative, financial, technical and physical aspects of operations as appropriate;
- Cooperating closely with the JMA, JTS and JMC in monitoring and reporting, in particular for the activities financed by IPA funds in Turkey.

In addition, designated Audit Authority carries out audit of IPA funds in accordance with the Article 29 of the Commission Regulation (EC) No 2499/2007 for implementing Council Regulation (EC) No 1085/2006, dated 12 June 2007.

6.6 Eligible Project partners

Public bodies, public equivalent bodies⁴⁵, local and regional authorities, NGOs and non-profit organisations implementing projects for the public interest, non-state actors as defined in point (h) Article 14 of ENPI Regulation will be eligible for programme support.

As a general rule, only bodies located in the eligible area can apply for financing under this programme. The participation of other bodies of the similar type, located outside the programme area, in projects implemented in the eligible area, will be subject to approval of the JMC in the framework of the guidelines for applicants. This exception can only be applied on the basis of a substantial justification showing that the projects cannot be implemented or would have difficulties in achieving their objectives without that partner's participation as mentioned in art. 40(2) of Regulation (EC) No 951/2007.

Legal entities not falling in any of these categories are welcomed to participate in projects as Associate Partners. Associate Partners will have to finance their activities from their own resources and are not entitled to receive ENPI or IPA funding from the programme.

Responsibilities of Beneficiaries (Lead Partners) and other partners

For each project the partners shall jointly appoint a Beneficiary (Lead Partner). In case of ENPI funds, the Beneficiary will sign a grant contract with the JMA, defining all arrangements for the implementation of the project, and its relations with the JMA, including the arrangements for recovering amounts unduly paid (cooperation agreement).

The Beneficiary shall assume the following responsibilities:

- Sign the grant contract with the JMA;

⁴⁵ Public equivalent bodies are those governed by public law as defined in Article 1(9) of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 and in compliance with the national legislation of each participating country.

- Lay down the arrangements for its relations with the project partners in a “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;
- Organize the recovery of amounts unduly spent;
- Ensure the implementation of the entire project;
- Transfer the ENPI contribution to the project partners;
- Ensure that the expenditure presented by the project partners has been paid for the purpose of implementing the operation and corresponds to the activities agreed between the partners;
- Ensure the sound financial management of the whole project. It shall contract auditors for the verification of expenditure in accordance with programme procedures⁴⁶;
- Claim the reimbursement of expenses from the JMA, and transfer these reimbursements to the partners;
- Record and store project documents (originals and copies) in a manner specified in the grant contract;
- Provide the JMA and JTS with all data relevant for monitoring indicators as outlined in the grant contract.

The partners shall assume the following responsibilities:

- Ensure the implementation of the project activities under its responsibility according to the project plan and the contract signed with the Beneficiary
- Cooperate with the project partners in the implementation of the project, the reporting and monitoring;
- Provide a financial and progress report, including all supporting documentation, to the body / entity with the responsibility for the verification of expenses per each of the reporting periods established for the project and ensure full cooperation and assistance for the timely and accurate performance of verification;
- Assume responsibility in the event of any irregularity in the expenditure it has declared, and repay the Beneficiary the amounts unduly received.

Special arrangements for Turkey

For joint projects, which involve the participation of one or more Turkish partners, the Turkish partners shall appoint an **IPA Financial Lead Beneficiary** (Lead Beneficiary as in IPA terminology⁴⁷) among themselves. The CFCU will sign a grant contract for the corresponding IPA funds with the IPA Financial Lead Beneficiary defining all arrangements for the implementation of the project, after receiving a notification from the JMA on the signature of the contract for the joint project (ENPI funds).

The IPA Financial Lead Beneficiary shall cooperate closely with the ENPI Beneficiary for a successful implementation of the joint project and with the aim of ensuring single operational reporting of the project, even if differentiating between ENPI and IPA expenditure. The IPA Financial Lead Beneficiary will report on financial issues to the CFCU, according to the provisions laid down in the relevant grant contract.

⁴⁶ Programme procedures will be those of PRAG, with the derogations and additions agreed among partners and approved by EC.

⁴⁷ Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA), art. 96

6.7 Eligible expenditure

Following the adoption of the joint operational programme by Commission decision, the programme shall start immediately in the Member States with the allocation in the European Neighbourhood and Partnership Instrument for cross -border cooperation from heading 1B of the Financial Perspective (Inter -institutional agreement 2006/C 139/01).

This Commission Decision shall be applicable to each partner-country from the signing of a FA by the country.

A separate and specific IPA Financing Agreement will govern the participation of Turkey in the programme with IPA funds.

Eligible and non-eligible costs at project level shall be described in the application package in compliance with *Practical Guide to contract procedures for EC external actions*.

7 Programme Implementation

The programme implementation will be ensured according to the requirements of:

- 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,
- Commission Regulation (EC) No 951/2007 of 9 August 2007 laying down implementing rules for cross-border cooperation programmes financed under Regulation (EC) No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument,
- Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, as amended
- Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, as amended
- Practical Guide to Contract procedures for EC external actions and its Annexes.

7.1 Project application and selection

This section describes the general principles for project application and selection. A final decision regarding these issues should be made by the JMC taking in to account the specificities of the programme, the financial constraints, and the need for transitional arrangements.

The JMC approves the launch of call for proposals and its procedure. The JMC also approves the criteria proposed by the JMA for the eligibility check and evaluation of project proposals.

The JMA, assisted by the JTS, prepares the application pack, launches the call for proposals and ensures its publicity. The call is announced widely through the programme website, the NIP and the TA activities as described in Chapter 4.

In order to cover as well the participation of Turkish partners by means of IPA funds, the JMA submits the notice of the call for proposals and its application pack, prior to their launch, to the EC Delegation in Turkey for endorsement, as applicable⁴⁸. The EC Delegation will react within 15 working days from the reception of the notice and the application pack.

Beneficiaries (Lead Partners) submit their project proposals to the JTS, before the deadline set in the call for proposals. Receipt of the proposals is acknowledged via email or letter. Proposals are assessed by a **Selection (Evaluation) Committee (SC)**, appointed by the JMC and composed of:

- One non-voting chairperson proposed by the JMA;
- One non-voting secretary from the JTS;
- 5 voting members proposed by the participating countries, on a **rotation basis**
- Observers

⁴⁸ The *ex ante* controls shall apply until the Commission allows for decentralised management without *ex ante* controls of IPA funds in Turkey (Art. 18 IPA Implementing Regulation (EC) 2499/2007 of 12 June 2007).

The JMC will define the rotation mechanism of the voting members of SC in the different calls for proposals using the list of persons indicated by the countries participating in the Programme, assuring an equitable participation of all countries in the committees. The members of the SC should possess the technical capacity to evaluate the proposals.

The participating countries not represented by voting members in the SC within a specific call may appoint observers, paid from own resources to participate in the work of the SC. The observers' comments are registered in the minutes of the Selection Committee meetings and in the evaluation report, which will be analyzed by the JMC External assessors, contracted by the JMA according to the EU's Practical Guide (PRAG) will assist, if needed, the SC members in their assessment work using the criteria set by the JMC. The number of these external assessors will depend on the amount of proposals received, but will not be less than three, so that their technical expertise can reflect all priorities covered by the call for proposals.

All members of the Selection Committees, as well as observers, external assessors and assisting JTS staff are bound to the respect of the principles of confidentiality and impartiality.

The JTS staff proceeds with the **administrative check** of the proposals, under the supervision of the SC secretary and Chairperson. Considering the high cost and logistic complexity of gathering the SC members over a long period of time, the JTS staff may proceed with **the eligibility check** in parallel and under the supervision of the SC secretary.

After both checks are completed, the SC is gathered to approve the administrative and eligibility reports and to proceed with the **technical evaluation** of the applications, according to procedures detailed in PRAG. If needed, and depending on their number, the external assessors, working under the supervision of the SC chairperson, may start their assessment work on eligible proposals before the formal gathering of the SC.

The SC chairperson is responsible for ensuring the impartiality and transparency of the assessment work.

The entire evaluation procedure, with the SC recommendation, is recorded in an evaluation report to be submitted to the JMC for approval. It includes the proposals recommended for funding, as well as a reserve list. The SC may, when recommending a project, indicate a list of minor corrections to be made to the proposal.

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, AIDCO will request each DG to nominate one or more contact points to be consulted on the proposals submitted within the call for proposals.

The JMC will approve the ranking of the project proposals and SC recommendations by consensus or, in case this turns out to be not possible, by a vote with at least a majority of 8 out of 10. No project proposal failing to pass the technical threshold may be approved.

If, when taking decisions referred to above, the JMC decides not to follow all or part of the recommendations of the SC, it shall explain its decision in writing. The decision shall then be sent -

via the JMA - to the EC for prior approval⁴⁹. EC communicates its opinion to the JMA within 15 working days.

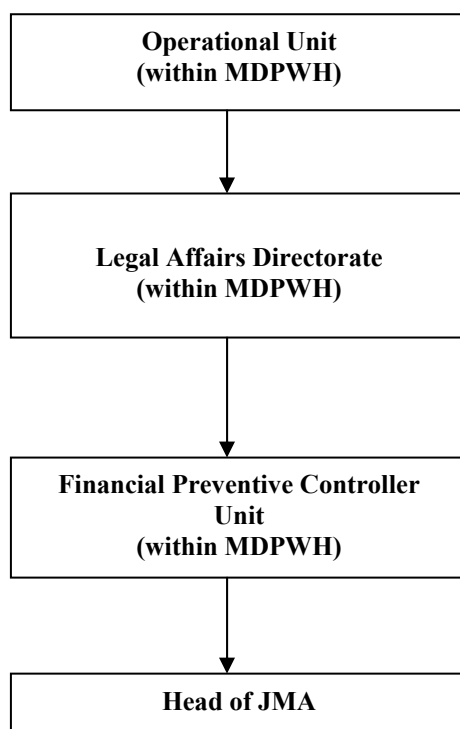
The JMA transmits the evaluation report with the list of projects approved by the JMC to the EC Delegation in Turkey for endorsement⁵⁰. The EC Delegation will react within 15 working days from the reception of the evaluation report with the list of projects. The EC Delegation's approval will affect only the participation of Turkish partners in the relevant projects. In parallel, the JMA will notify the Turkish Operating Structure (including Implementing Agency) of the approved projects where a Turkish partner is present in order to proceed with the signature of the grant contract following the endorsement of the EC Delegation.

The list of contracts awarded by the JMA will be published by the JMA on its website in accordance with the requirements of the EC Financial Regulation and of the PRAG.

7.2 Financial management⁵¹

Visa circuit for contracts/amendments signature

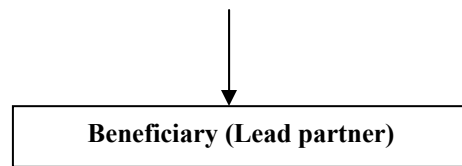
1. The Operational Unit of the JMA prepares the contract/amendments, together with all the necessary supporting documents and submits them to the Legal Affairs Directorate;
2. The Legal Affairs Directorate verifies if the contract is fulfilling the EU and national legislation, approves the contract from the legal point of view and submits it to the Financial Preventive Controller unit;
3. The Financial Preventive Controller unit verifies the compliance of the contract with the Applicant's Guide, the amounts and approves the contract;
4. Last two signatures belong to the contract parties, Head of JMA and the Beneficiary (Lead partner).



⁴⁹ Art. 13, Regulation (EC) No 951/2007

⁵⁰ The *ex ante* controls shall apply until the Commission allows for decentralised management without *ex ante* controls of IPA funds in Turkey (Art. 18 IPA Implementing Regulation (EC) 2499/2007 of 12 June 2007).

⁵¹ This section does not concern IPA funds (Turkey's participation).



Transfers from the EC to the JMA financial unit

According to Art 24-26 of the Regulation (EC) No 951/2007, the EC will make annual commitments and after the notification of this commitment, the JMA financial unit will ask for a maximum of 80% of the annual contribution as a pre-financing payment of the activities. On the basis of this pre-financing request and after verification of the related reports and the evaluation of the actual financing needs of the programme, the EC will proceed with the payment of all or part of the requested pre-financing. In the second half of the year and on the basis of the annual reports, the EC also clears the previous pre-financing according to the eligible and actual expenses incurred, as certified by the annual external audit report. On the basis of the results of this clearance, the EC completes or reduces the pre-financing amount requested.

Transfers from the JMA financial unit to the projects

The JMA will be responsible for the transfer of payments to project Beneficiaries, under the condition of the timely receipt of the necessary pre-financing from the EC. After signing the grant contract with the Beneficiary and receiving a request for advance payment, the JMA's financial unit will transfer the EC contribution to the Beneficiary for the project in order to cover its first annual budget. Special provisions will be detailed in the guidelines for applicants to be drawn up by the JMA.

The foreseen payment conditions described in PRAG and in the standard documents for the grant contract annexed to PRAG will be applied.⁵² The expenditure verification, in compliance with the "expenditure verification report", will be asked for all projects, whatever the project size.

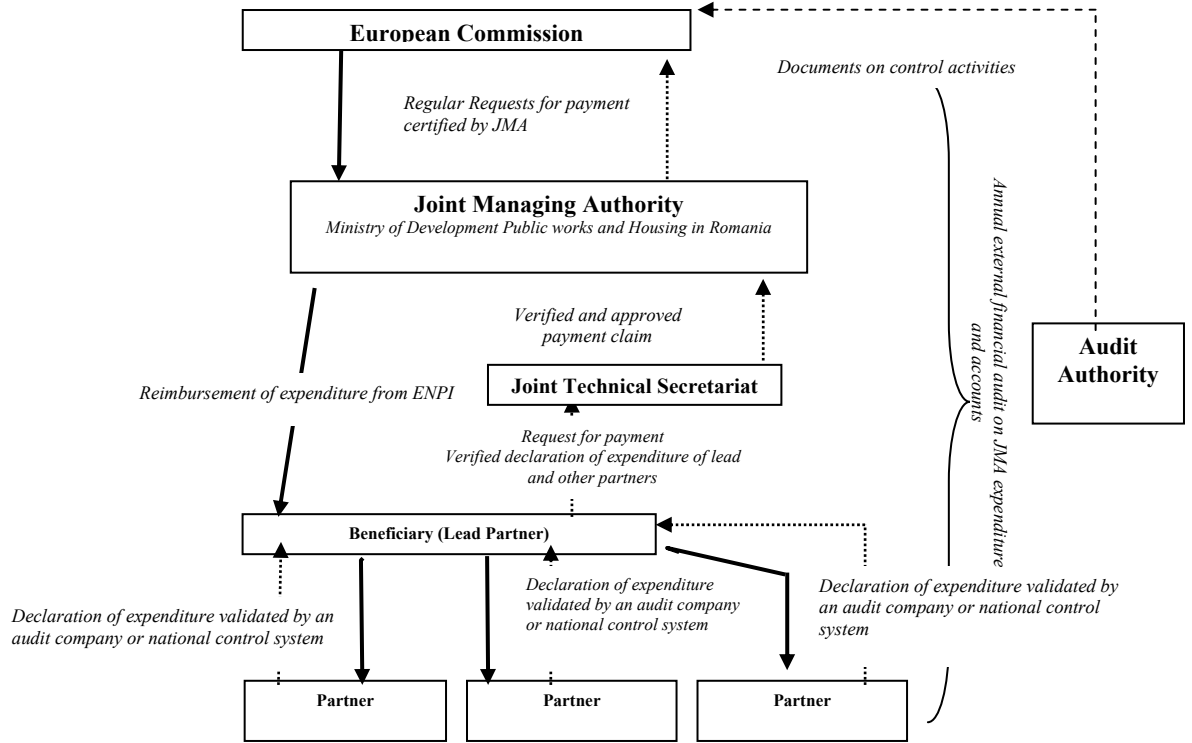
An expenditure verification (audit) report of the project expenditures will be sent with all requests for payment (except for any advance payment), together with the technical and financial reports. The JMA will transfer the corresponding payment after reception of the request for payment. In case the JTS requests clarification, correction or additional information from the project's Beneficiary the procedure of payment is suspended until the answer from the Beneficiary is received.

Verification of expenditure at project level

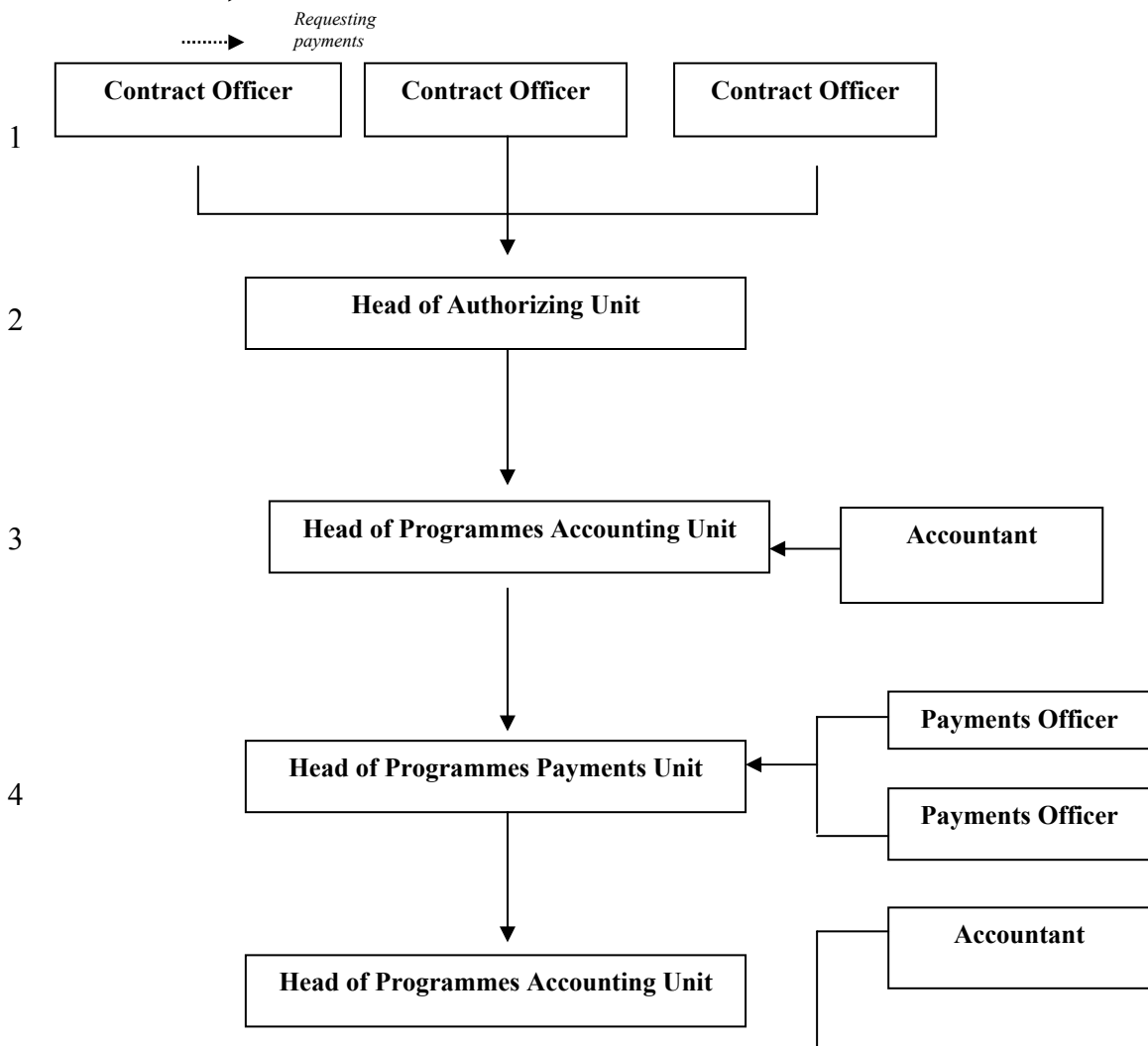
The EU Member States may set up a system allowing for a verification of the soundness of the expenditure declared for the operations implemented on their territories and the compliance of such expenditure with Community rules and their national rules⁵³, or may externalise such a verification to private audit companies. The control system in the Member States will be described in the respective Memoranda of Understanding concluded with the JMA. For partner countries, the verification of expenditure shall always be externalised to private audit companies.

⁵² The templates annexed to the Practical Guide to Contract Procedures for EC external actions ("PRAG") may be adapted by the JMA, with a prior approval of the EC ([unless a derogative instruction is issued by the relevant EC service](#)).

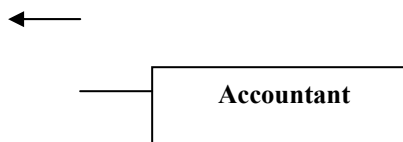
⁵³ Article 39, Regulation (EC) No 951/2007



Payments circuit insi *Flow of payments*



5



1. The Contract officers verify the pre-financing / reimbursement request on the basis of the reports required in the contract and issue the Check List and the Payment Authorizing Note for the said requests.
2. The **Head of Authorizing Unit** approves the Payment Authorizing Note issued by the Contract Officers and sends it to the Programmes Accounting Unit.
3. The Accounting Unit, on the basis of the Payment Authorizing Note, issues the pass for payments to the Programmes Payments Unit, which is signed by the Head of JMA.
4. The **Programmes Payments Unit**, through its Payments Officers issues the Payment orders and makes the payment to the Beneficiary
5. After the payment is made, the **Programmes Accounting Unit**, through his Accountants is recording in the accounting system the payments made, based on the statement of accounts and payment orders approved by the bank.

In accordance also with the Romanian national legislation regarding the steps of the budgetary execution, the internal organization of the JMA Financial Unit, as shown above, ensures total separation of functions related to the commitment, validation, authorization and payment.

In this respect commitments are done by the Operational Unit of the JMA, validation by the Authorizing Unit, authorization by the Accounting Unit and payment by the Payment Unit.

Thus, the payment order based on which the transaction will be recorded in the programme bank account, will require two signatures, the ones of the Payments Officer and of the Head of Financial Unit. However, the payment order is always issued on the basis of the pass of payments approved by the Head of JMA.

In accordance with Art. 59 - 62 of the Council Regulation 1605/2002, as amended, and in the meaning of the Black Sea Joint Operational Programme, the function of **Accounting Officer** is fulfilled by the Head of Payments Unit, and the function of **Authorising Officer** is ensured by the Head of JMA

Programme accounting system

The accountancy tool used within the JMA Financial Unit was agreed by the Romanian Ministry of Economy and Finance and provides a unitary evidence of the non-reimbursable external funds at the level of the Managing Authorities.

The General Directorate for Programme Authorization and Payments started operating with it since 1st of July 2007. The evidence is kept separately in EURO and in RON, for each operational programme (balance sheets are generated separately for each programme and for each financing source).

For each operational programme the analytical bank accounts evidence is kept at project level (advance payments given to the beneficiaries, intermediate and final payments, expenses with bank charges, incomes from interests, amounts recovered from debtor beneficiaries with notified or cancelled contract).

The **programme bank account** in Euro will be opened by the Ministry of Development, Public Works and Housing at the Romanian National Treasury.

Recovery of payments

After the final report is received and checked by the JTS, the JMA proceeds with the payment of the balance or with the recovery of funds in case any ineligible expenditure identified is higher than the balance amount. The JMA is responsible for the recovery of any unjustified or ineligible expenditure from contractors established in the Member States, and for the reimbursement to the EC of any amount that could not be recovered. However, in case the JMA could not recover the amounts due within one year, the Member States in which the contractor is established will have to reimburse to the JMA. To that end, the JMA will conclude a memorandum of understanding with the NA responsible for the recovery of unduly spent funds in the Member States participating in the programme.

In case the recovery concerns a partner country, 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.

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 the beneficiary, contractor or partner where the claim is still open one year after the issue of the recovery order by the JMA.

Provisions for Turkey

The provisions concerning the financial management of IPA funds (payments to Turkish partners, recovery of funds, auditing at project level) will be established in the FA to be concluded between the EC and the Turkish Authorities concerning the IPA funds for the participation in the ENPI CBC Black Sea Basin programme. These provisions will be harmonised as far as possible with ENPI rules (e.g. the percentage of pre-financing, etc.)

7.3 Programme auditing

The JMA internal audit unit (Audit Directorate, Ministry of Development, Public Works and Housing) will carry out annual controls of the internal financial flows and of the correct application of procedures within the JMA. The resulting report is sent to the JMC and to the EC (Art.29 Regulation (EC) No 951/2007), together with the annual (operational and financial) programme report.

The AA will perform an annual external financial audit on JMA expenditure and accounts.

As from the end of the year in which programme implementation starts JMA is responsible for establishing, for each successive year, an audit plan for the projects that it finances. The audits 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. 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 (Art 37 Regulation (EC) No 951/2007). This audit will be carried out in principle by the competent staff of the JMA but it can be decided by the JMA to contract it out to external auditors

Monitoring procedures

The main tasks of the JMC related to programme level monitoring are:

- To review periodically progress made towards achieving the objectives of the programme;

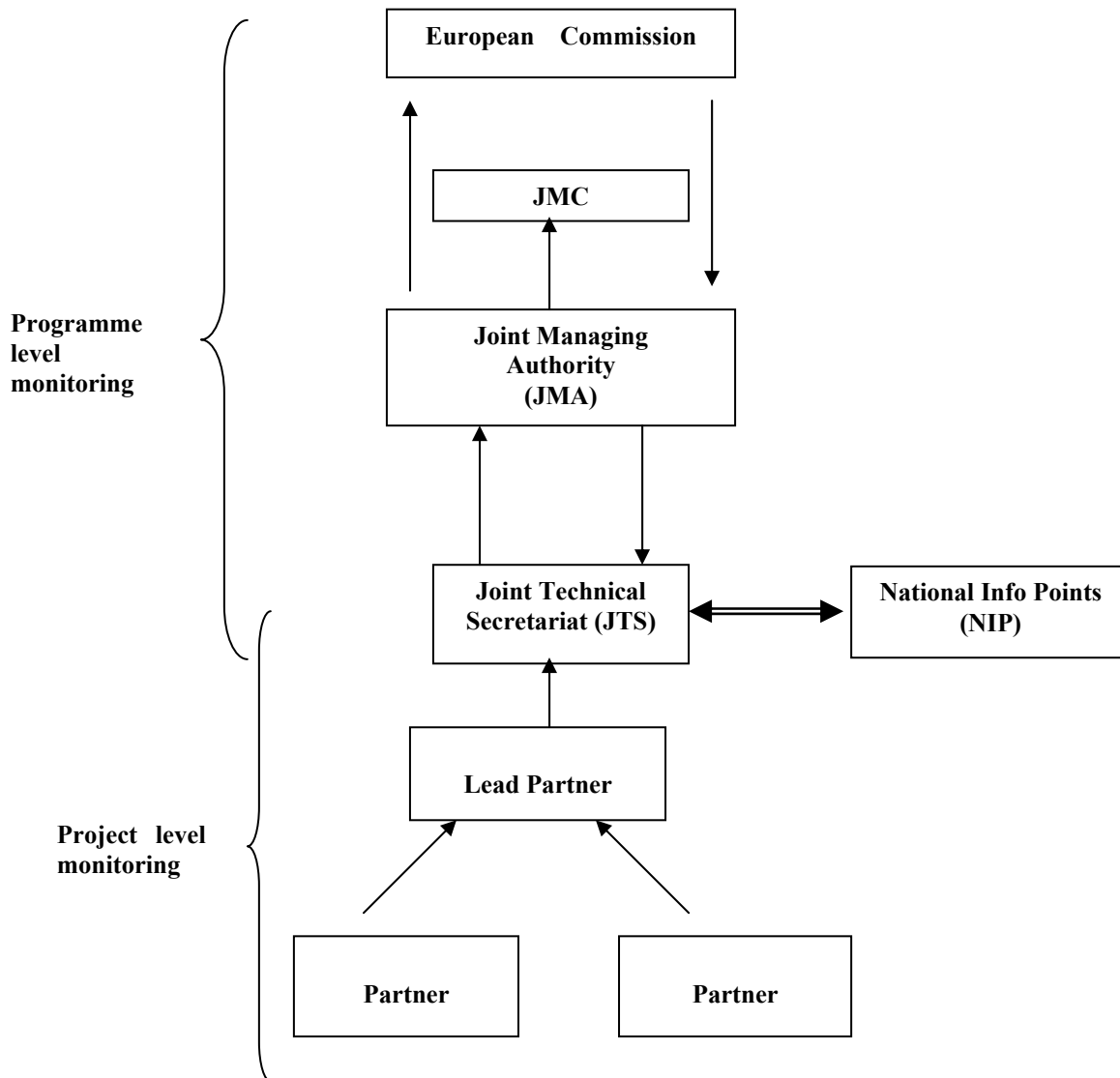
- To consider and approve the annual and final reports on implementation presented by the JMA;
- To propose to the JMA any revision or evaluation of the programme to improve its management.

The monitoring tools at programme level are as follows:

- **Annual reports and final reports** on programme implementation: the annual or biannual reports will be drafted by the JMA with support from the JTS and will be approved by the JMC before they are sent to the EC.
- **Indicator system**: a well-defined indicator system has to be developed to support the programme level monitoring and evaluation (see Chapter 4 for the basis for such a system). Indicators relevant for this programme are to be distinguished on three different levels: programme, priority and project level. Project level indicators should permit the monitoring of project contributions to priority and programme indicators.
- **Computerized system**: The JMA is responsible for setting up a system to gather reliable financial and statistical information on programme implementation for the purpose of measuring monitoring indicators and evaluation and for forwarding these data in accordance with arrangements agreed between the partner-countries and the EC. The JMA will use the **Management Information System-European Territorial Co-operation (MIS-ETC)**, which allows for data collection of the information related to implementation, necessary for financial management, monitoring, verification, audit and programme evaluation and will ensure the data exchange with EC by means of a paper-based system.

Monitoring indicative steps carried out to the programme and project level monitoring:

1. The Partners send hard copy and electronic reports of their activities to the Beneficiary (Lead Partner);
2. The Beneficiary (Lead Partner) prepares the hard copy and electronic reports of the project implementation;
3. The Beneficiary (Lead Partner) submits the hard copy and electronic reports to the JTS for approval;
4. The JTS verifies and approves the reports and introduces the electronic data of the projects into the MIS-ETC;
5. The JTS prepares the annual reports and final report on the implementation of the Programme;
6. The JTS sends the annual reports and final report on the implementation of the Programme to the JMA;
7. The JMA informs the National Authorities and JTS, which informs the National Info Points, on the progress of the Programme implementation;
8. The JMA checks and validates the electronic data introduced in the MIS-ETC by the JTS;
9. The JMA verifies and submits the annual reports and final report to the JMC for approval;
10. The JMC approves the annual reports and final report on the Programme implementation;
11. The JMA submits the annual reports and final report to the European Commission for approval;
12. The EC examines the annual reports and makes recommendations or requests for evaluation.



Management Information System-European Territorial Cooperation (MIS-ETC)

Concept of the Management Information System-European Territorial Cooperation

The Management Information System related to the European Territorial Cooperation (MIS-ETC) is an information system developed by the responsible institutions, under the coordination and financed by the Ministry of Economy and Finance Romania, in order to ensure the collection of the information related to implementation, necessary for financial management, monitoring, verification, audit and evaluation of the programmes under European Territorial Co-operation Objective. The system addresses the needs of all management levels (Managing Authorities/Joint Managing Authorities, Joint Technical Secretariats, Certifying Authority, Audit Authority etc.) and through all the stages of the programme cycle (programming, tendering, contracting, monitoring, evaluation, payments, audit and control). MIS-ETC main characteristic is that it provides its users with a single mechanism for assisting them in accomplishing their tasks.

As a monitoring tool, MIS-ETC is the main provider of information on progress regarding the implementation, at both project and programme level, allowing monitoring reports to be automatically generated.

The MIS-ETC design follows three main principles: data availability (data are directly available following the request of an authorised user); data confidentiality (data are provided only to those users authorised for accessing that specific piece of information); data integrity (data processing should occur only by authorised users under authorized means). As means for implementing the three aforementioned principles the system supports multiple users categorised into a number of user groups/roles. In that way user permissions are easily organised and managed, and the access to information can be thoroughly audited and logged in a flexible way.

In order to provide an effective management tool, the functional model of the MIS-ETC is based on a set of modules, which together reflect the broad range of functionalities the System is designed to perform, as follows:

- Programming, which allows the registration and the modification of the main information on the operational programmes, broken down at lower levels by priority, measure and activity
- Project Management (registration and the modification of the main information on projects, including the contracts);
- Monitoring, which allows observing the progress in implementation at all levels, where appropriate against targets previously set. It also allows automatically bottom-up aggregation of the actual value of the core data which are registered at lower levels of the System;
- Audit and Control, which registers the control and audit findings;
- Evaluation: allow the evaluation of the programme
- Funds Flow Management, which deals with payment request forecasts, inflows, project revenues, suspensions, payments and recoveries of funds.

Data related to the Programme will be introduced in MIS-ETC at the appropriate level, based on clearly defined user rights profiles established in accordance with the user's tasks and responsibilities. The access to the system will be granted based on user name/password assigned, following a specific procedure.

MIS-ETC Coordinators' network

At the level of the Managing Authorities, Certifying Authority, Audit Authority and Joint Technical Secretariat, MIS-ETC Coordinators have been/shall be designated, responsible for collecting and pipelining the needs of their institutions, concerning the improvement of the system and for up keeping the integrity and uniformity of the procedures followed in the implementation of Structural Instruments.

Among the MIS-ETC Coordinators' tasks and responsibilities, the following can be mentioned:

- Acting as an interface between the Joint Managing Authority and ACIS, on the one hand, and between the Joint Managing Authority and the Joint Technical Secretariat, on the other hand, concerning MIS-ETC issues;
- Collecting and disseminate information from and within the institution they represent;
- Being in-house trainers for users, including the new employees

Monitoring of IPA funds at project level

The Turkish Operating Structure (including Implementing Agency) will monitor the IPA funds at project level, according to the indicators established in the project/grant contract. The IPA Financial Lead Beneficiary will report to the Operating Structure (including Implementing Agency) on the use of IPA funds. Nevertheless, every effort should be made to report on progress across the whole programme. Since projects should, as far as possible, produce single progress reports covering the use of ENPI and IPA funds, the JMA should receive all necessary information (from the project Beneficiary and/or from the Turkish Operating Structure (including Implementing Agency) in order to report to the JMC and to the EC on the entirety of the programme on a yearly basis.

The annual work plan and the reports of Turkish designated Audit Authority may also be sent to JMC.

Evaluation

An ex ante evaluation, interim evaluations and an ex-post evaluation of the programme will be carried out by EC, in order to improve quality, effectiveness and efficiency of the programme. In line with the ENPI CBC Strategy Paper, a mid-term evaluation will be carried out by the EC and its results will be communicated to the JMA and the JMC. In addition to the mid-term evaluation, the EC may carry out an evaluation of the programme, or a part of it, at any moment.

The EC shall carry out an ex post evaluation, as part of the closure procedures for the programme, in the year following the end of the implementation of all projects financed by this programme.

Transitional measures

Transitional measures will apply, in the period between the adoption of the programme by the EC and the signature of the FA by partner countries, in order not to delay the start of the programme and to ensure the involvement of all partners. These measures include mainly the Meetings of the JMC. The JMC will meet within two months of the adoption of the programme by the EC. Representatives of the partner-countries, which will not yet have signed the FA, will be invited to participate as members with full responsibilities and rights.

7.7 Use of TA budget

As soon as the programme is adopted by the EC, the TA budget may be used to launch the programme. The TA budget will be approved by the JMC at its first meeting. It will then be adopted regularly, on a yearly basis, at subsequent meetings of the JMC. In addition, the JMA may set up a JTS as soon as possible, on the basis of the budget and work plan agreed by the JMC at its first meeting.

Up to 10% of the annual IPA funds allocated to Turkey for the participation in the ENPI CBC Black Sea Basin programme can be used for TA purposes, essentially to cover the operational and administrative costs of programme implementation. The FA to be concluded between the EC and the Turkish Authorities will allow the Turkish Operating Structure (including Implementing Agency) to establish an individual direct grant agreement for the transfer of part of the IPA TA funds to the JMA as a contribution to cover some operational and administrative costs (to be specified in the direct grant agreement) related to Turkey's participation in the programme (e.g. JTS, meetings of the JMC, SC, information and publicity, etc.). The remaining part of IPA TA funds should be managed by the Turkish Operating Structure (including Implementing Agency) to cover

the costs incurred by Turkey in the implementation of the programme on Turkish territory (e.g. information campaigns, travel costs).

7.8 Call for proposals

As explained in section 7.1, the JMA, after prior approval from the JMC, will launch calls for proposals. Nevertheless, the participating countries may also, **after approval from the EC**, jointly **identify large-scale cross-border investment projects**, which will not be selected through calls for proposals, but through procurement procedures as described in PRAG. These projects shall be selected at a later stage by the JMC, provided that they are consistent with the programme's priorities and measures and that there are sufficient budgetary means for this purpose.⁵⁴ The contractual procedures applicable to large-scale cross-border investment projects will be compliant with PRAG. The large-scale cross-border investment project proposals shall be fully documented and will undergo a full administrative, eligibility and quality assessment.

7.9 Use of languages

As the programme is by definition multinational, in order to facilitate programme management and to shorten procedures and in accordance with Article 8 of the Regulation (EC) No 951/2007, the official language used in the programme is English.

⁵⁴ Art. 4 of Regulation (EC) No 951/2007

		PROVISIONAL INDICATIVE TIMETABLE																																															
		(Art. 4(i) of the 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	I	II	III	IV	I	II	III	IV				
<i>Ref. to IR</i>	Programme activities																																																
<i>Art. 12</i>	JMC meetings																																																
	Launching of the calls for proposals																																																
	Evaluation and selection of projects																																																
	Operational and financial monitoring of projects (b)																																																
		<i>(a) According to Art. 43 of the IR, no call for tenders or call for proposals may be launched after 31/12/2013</i>																																															
		<i>(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</i>																																															

