



European Neighbourhood and Partnership Instrument

**Joint Operational Programme
Romania-Ukraine-Republic of
Moldova
2007-2013**



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Table of contents:

1) PROGRAMME SUMMARY	4
Strategic environmental assessment	7
2) DESCRIPTION AND ANALYSIS OF THE GEOGRAPHICAL AREA	10
COVERED BY THE PROGRAMME	10
2.1 <i>Eligible Areas for Participation in the Programme</i>	10
2.2 <i>Geography and Demography</i>	12
2.3 <i>Economic Structure</i>	14
2.4 <i>Infrastructure</i>	21
2.5 <i>Population, Society</i>	27
2.6 <i>Environment and nature</i>	28
3) SWOT ANALYSIS	33
4) COHERENCE WITH OTHER PROGRAMMES AND EXISTING STRATEGIES	36
4.1 <i>Coherence with national strategies</i>	36
4.2 <i>Coherence with EU policies and programmes</i>	39
4.2.1 EU support to cross-border and regional co-operation	39
4.2.2 EU support to national strategies and programmes	41
4.2.3 Other relevant EU policies and programmes	44
4.3 <i>Coherence with other international programmes and initiatives</i>	45
4.4 <i>Conclusions of the coherence analysis for the Romania-Ukraine-Republic of Moldova JOP strategy and implementation</i>	47
5) THE CROSS BORDER STRATEGY	51
5.1 <i>The strategy and programme aim</i>	51
5.3 <i>Cross-Cutting Themes of the Programme</i>	54
6) PRIORITIES, MEASURES AND ACTIVITIES OF THE PROGRAMME	57
6.1 <i>Priority 1: Towards a more competitive border economy</i>	57
6.2 <i>Priority 2: Environmental challenges and emergency preparedness</i>	61
6.3 <i>Priority 3: People to People Co-operation</i>	65
6.4 <i>Technical Assistance</i>	70
6.5 <i>Indicators</i>	73
7) INDICATIVE FINANCIAL PLAN	77
7.1 <i>Financial table describing the provisional* yearly allocations of Programme's commitments and payments</i>	77
7.2 <i>The indicative amount of funding by priority</i>	81
7.3 <i>Technical Assistance Budget</i>	82
8) PROGRAMME IMPLEMENTATION AND FINANCIAL ARRANGEMENTS	84
8.1 <i>Designation of competent authorities and institutional aspects</i>	84
8.1.1 Joint Monitoring Committee (JMC)	86
8.1.2 Joint Managing Authority (JMA)	88
8.1.3 Joint Technical Secretariat (JTS)	92
8.1.4 Audit Authority	94
8.2 <i>IMPLEMENTATION AT PROGRAMME LEVEL</i>	94
8.2.1 Financial management	94

8.2.2 Programme monitoring and evaluation.....	97
8.2.3 Programme auditing.....	102
8.2.4 Co-financing from own resources of the participant countries	103
<i>8.3 Implementation at Project Level</i>	103
8.3.1 Selection and contracting procedures.....	104
8.3.2 Nature of the projects	107
8.3.3 The grant beneficiary (lead partner).....	108
8.3.4 Eligibility of applicants	109
8.3.5 Eligibility of expenditures	110
8.3.6 Co-financing rules.....	110
8.3.7 Size of projects.....	110
8.3.8 Project level financial management	110
<i>8.4 Use of languages</i>	112
<i>8.5 Keeping of documents</i>	113
<i>8.6 Provisional indicative timetable</i>	113
ANNEX A. STATISTICAL DATA OF THE PROGRAMME AREA	115
ANNEX B. NATURAL PROTECTED AREAS.....	122
ANNEX C. TABLE OF USAID PROJECTS IN THE PROGRAMME AREA	129
ANNEX D. INDICATIVE NUMBER OF STAFF WORKING IN THE MANAGING STRUCTURES	130
ANNEX E. INDICATIVE TIMETABLE OF TA ACTIVITIES FOR 2008.....	132
ANNEX F. INDICATIVE SCHEDEULE	133
ANNEX G. INFORMATION AND COMMUNICATION PLAN	134
ANNEX H. GLOSARY OF TERMS	135

1) PROGRAMME SUMMARY

ENPI CBC Joint Operational Programme Romania-Ukraine-Republic of Moldova 2007-2013 provides the framework for the implementation of cross border activities in the context of the European Neighbourhood Policy with the aim to prevent the emergence of new dividing lines between EU and its neighbours and to offer the partner countries the opportunity to participate in various EU activities, through greater political, security, economic and cultural co-operation. Partners agreed that co-operation will build on mutual commitment to common values within the field of law, good governance, the respect for human rights, the promotion of good neighbourly relations, and the principles of market economy and sustainable development.

In relation with the three countries concerned by the present document, the Neighbourhood Programme 2004-2006, the precursor of ENPI, is currently running in a bilateral format between border regions of Romania and Ukraine and between border regions of Romania and entire territory of the Republic of Moldova. First contracts under Neighbourhood Programme have been concluded in only the third semester of the year 2006, and consequently, a clear image of the impact of these programmes is hard to build. However, the important number of the applications and contracts concluded in both bilateral programmes proves the significant interest for cross border co-operation among the population within the three countries.

The ENPI CBC Strategy Paper 2007-2013 provides a new approach of the geographic coverage of the programmes. Compared to the Neighbourhood Programmes 2004-2006 the bilateral programmes between Romania and Ukraine and Romania and the Republic of Moldova, respectively have been re-grouped in two new programmes Romania-Ukraine-Republic of Moldova and Hungary-Slovakia-Romania-Ukraine.

According to the strategic document, the following areas constitute *the core area of the programme*: the Romanian counties of Suceava, Botosani, Iasi, Vaslui, Galati, and Tulcea, the Ukrainian oblasts of Odesska, and Chernivetska and the whole territory of the Republic of Moldova. In addition, certain adjacent regions that may positively influence the co-operation in the border area were included in the programme area: the Romanian county of Braila, the Ukrainian oblasts of Ivano Frankivska, Vinniyska plus ten districts of Khmelnytska and twelve districts of Ternopilska.

This document is the result of a joint programming effort of the relevant authorities of Romania, Ukraine and the Republic of Moldova, and regional and local partners involved in a large consultation process. The trilateral Joint Task Force (JTF) was set up in September 2006 when the programming process officially started.

Since September 2006, the JTF has met five times, in Brussels, Bucharest, Chisinau and Odessa, and have been consulted by electronic exchange in providing statistical data, information and contribution to the document.

In addition, the Joint Working Group (JWG) for implementation met once for discussing the technical framework of Programme implementation.

Representatives of the European Commission, including the EC Delegations have also been closely involved in and supported the JTF and JWG in the programming process and identification of best solutions.

In order to ensure a bottom up approach and a balanced participation of the various socio-economic actors who are not members of the JTF, major interactive trilateral workshops were held in Republic of Moldova on 1st and 2nd November 2006. Both workshops attracted around 35 local and regional partners from the Republic of Moldova, Romania and Ukraine.

The collaborative process has begun in August 2006 when the consultants ran eight small workshops in the Romanian border area and circulated questionnaires and project idea forms. The CBC Regional Offices in Iasi and Suceava played a key role in the organisation of these events and in suggesting ways in which the new 2007-2013 Romania-Ukraine-Republic of Moldova Programme may build on the experience of the 2004-2006 NP Programmes for Romania-Republic of Moldova and Romania-Ukraine.

Also the coordinators of Ukraine and Republic of Moldova of the programming activity organized national consultations in the eligible area in order to collect project ideas and proposals for the priorities and measures to be financed under the Programme.

The result of all those consultations organized in different stages of the programming, was materialized in defining the priorities of the area and identifying the set of activities foreseen to be financed from the funds of Romania-Ukraine-Republic of Moldova Joint Operational Programme. In developing the strategy of the Programme the Joint Task Force took into account the ENPI CBC Strategy Paper orientations, applied on the institutional, economic, social cultural and environmental characteristics of the area, as well as the complementarity with activities supported by other programmes and initiatives.

Consequently, the strategy of the Programme builds on the *ENPI CBC Strategy Paper*:

- Promoting economic and social development in regions on both sides of common borders;
- Addressing common challenges;
- Ensuring efficient and secure borders;
- Promoting local cross border “people to people” actions.

These general objectives were tailored to the specific context of the Programme considering the characteristics of the co-operation area.

The eligible area of the Programme covers a territory of 176,6 sq. km, which includes core area and adjoining regions, as listed in the ENPI CBC Strategy Paper, and in 2004-2005 were home to about 15 million inhabitants. The Programme area shows an overall economic structure with large agricultural, tourism and industrial capacity, which can be utilised for the development of

the entire targeted area. Though, the low quality of transport infrastructure, including border crossing infrastructure, and the gaps in natural gas and energy networks, the lack of adequate interconnection of the electricity systems and different technical and regulatory standards hinder the development of a competitive cross border regional economy. Negative effects on the economic potential of the region rise also from the high level of migration from the Programme area, in connection with the low standard of living and the, low level of income for most of the population.

Natural sites of a great value characterise the Programme area. However, soil and water pollution and the increased amount of waste products, have been growing problems in recent years. Outdated water supply systems for communities on both sides of the border need substantial capital investments. Many other common challenges can be observed. Among them, the illegal migration and human trafficking as well as the need for support of regional and local administrative reforms.

The aim of the Programme is to improve the economic, social and environmental situation in the Programme area, in the context of safe and secure borders, through increased contact of partners on both sides of the borders.

The core objectives of the ENPI CBC will be pursued by three priorities:

Priority 1. Towards a more competitive border economy, concentrating on improving the economic performance of the border area through the diversification and modernisation, in a sustainable manner, of the border economy.

Priority 2. Environmental challenges and emergency preparedness supporting long term solutions to the environmental problems faced by the border areas, particularly those associated with environmental emergencies where a co-ordinated approach is essential

Priority 3. People to people co-operation promoting greater interaction between people and communities living in the border areas.

The **Technical Assistance** component of the Programme aims to achieving an effective and efficient implementation of the Programme by enhanced preparatory, monitoring administrative and technical support.

For each priority, the main typologies of **potential beneficiaries** are specified, according to the variety and complexity of the activities to be carried out, and the list includes, *inter alia*, public bodies and local, regional and central administrations, universities, NGOs, chambers of commerce.

The programme will be co-financed by ENPI funds.

The Community overall financial contribution to the Programme will be **126.718067 million EURO**.

The partner countries shall contribute from own resources with an amount of at least 10% of the EU contribution, minus the amount of technical assistance financed from Community contribution.

The management and administration of the Programme is organised according to the Commission Regulation (EC) No 951/2007 laying down the implementing rules for ENPI CBC, and consist of the following joint structures:

Joint Monitoring Committee - the main decision making structure, including representatives appointed by each participating country

Joint Managing Authority— the executive body having the overall responsibility for managing the Programme. Ministry of Development, Public Works and Housing in Romania was jointly designated by all countries to fulfil this function.

Joint Technical Secretariat - structure that will directly assists the Joint Managing Authority in the execution of its tasks. Given the programme's complexity and its wide geographical range of action, JTS will establish branch offices in partner countries which will ensure the proper publicity regarding the programme and information of the potential applicants and beneficiaries.

Audit Authority –structure located in Romania, carries out the annual ex-post financial audit on the accounts of the JMA.

Contractual and financial procedures of the Programme follow the rules of "Practical Guide to contract procedures for EC external actions".

The projects shall generally be selected following call for proposals launched by JMA. Nevertheless, provided that they are consistent with the priorities of the Programme and that there is a budget specifically for this purpose large scale cross border projects may be selected by the Joint Monitoring Committee.

The projects shall be implemented in partnership that will always involve partners from Romania and at least one partner country. The partnership will be lead by a beneficiary (lead partner) responsible for ensuring the implementation of the entire project.

The environmental aspect has also been tackled during the Programme drafting process. The consultative process for elaboration of the environmental report pointed out that there is unlikely to be any significantly or moderately negative effects of the Joint Operational Programme Ro-Ua-Md. On the contrary, many aspects under the second priority "Environmental Challenges and Emergency Preparedness" are may have positive effects on the environment. In addition, the Special Working Groups for SEA, as well as the public consulted in all three countries, have made proposals for the improvement of the Programme content toward a better approach of the environmental challenges. These proposals were considered when the programming document was finalised.

Promotion and dissemination of the opportunities offered by the Programme as well as of its results shall be ensured through the implementation of an Information and Communication Plan, defining the strategy and tools of promotions.

Strategic environmental assessment

In accordance with the European Union Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment (the SEA Directive) a strategic environmental assessment (SEA) was carried out as a part of the ex-ante evaluation of the development of the JOP.

The SEA was carried out by COWI A/S Parallelvej 2, 2800 Kongens Lyngby, Denmark.

In order to carry out the SEA, a contact person appointed and acted as a link between the ex-ante evaluators and the countries involved in the development of the JOP.

In accordance with the SEA Directive and as the first stage of the SEA, a draft Scoping Report was prepared by the evaluator and sent out for consultation among national authorities with relevant environmental responsibilities in the three countries via the designated national environmental contact person. The consultation period lasted in Romania 20 weeks.

Based on the comments to the Scoping report, the draft environmental report of the JOP was prepared by the SEA evaluator. In accordance to the SEA Directive, the draft Environmental Report and the draft JOP were submitted for public consultation. The consultation period lasted 17 weeks in Romania and 4 weeks in Ukraine and the Republic of Moldova.

Announcement and consultation documents were published on the Programme's website and spread through the national networks concerned with the JOP and to the public likely to have an interest in the JOP.

Furthermore, documents were submitted directly to the Joint Task Force and the environmental contact persons allowing for public consultation in their respective jurisdictions and in accordance to national requirements.

Comments from the consultation process were assessed and to the extent relevant acted upon by the SEA Evaluators. An annex outlining incoming comments as well as the SEA evaluator's comments to the comments were prepared and forwarded to the contact person together with the draft environmental statement.

The final version of the Joint Operational Programme was approved by the Joint Task Force by written procedure between December 2007 and January 2008.

The JOP was prepared on the basis of careful consideration and application of the findings from the environmental report and the comments from the consultation among relevant authorities and the general public.

The result of the SEA process is reported in an environmental statement dated November 2007 and summarised below.

The Programme aim as well as one of the three priority objectives highlights improvement of the environment equally with improvements of the social and economic situation. This indicates on the one hand, that environmental considerations must be taken in the implementation of the Programme. On the other hand, nothing is said about how economic, social and environmental considerations should be balanced.

Due to the character of the Programme, relevant environmental issues and criteria to be considered in the environmental assessment are identifiable for a limited number of areas of interventions under each priority. However, the conclusion reached in the environmental statement is that amendments to the JOP as a result of the environmental assessment are mainly positive from an

environmental perspective. However, these changes are not reflected in renewed indicators reflecting an increased focus on environmental considerations. Nor is there any indication of the relative importance of projects in terms of budget allocation or explicit criteria for selection of project applications to be supported.

For the purpose of ensuring that the integration of environmental considerations takes place when developing concrete activities under the Programme, a so called downstream environmental screening mechanism was recommended by the evaluation team.

During the implementation of the Programme, unexpected negative environmental effects shall be monitored. During the application phase this monitoring is based on assessment of project applications by respective Programme bodies and, if relevant, external experts as well as on the observations of national authorities reported to the Programme. Remedial actions by the Programme have to be implemented within the scope of its instruments. Taking into account the recommendation of the SEA evaluator, a system for monitoring of the Programme's environmental impact will be developed as part of the Programme's monitoring system. Indicators monitoring the Programme's environmental impact are laid down in chapter 7 of the environmental report.

2) DESCRIPTION AND ANALYSIS OF THE GEOGRAPHICAL AREA COVERED BY THE PROGRAMME

The following description outlines the key points in terms of a regional geographical analysis. More statistical data considered in analysis of the Programme area is given in Annex A.

2.1 Eligible Areas for Participation in the Programme

Article 8 of the EC Regulation 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 sets the criteria determining the territorial units of Member States and partner countries that will be covered by cross-border co-operation programmes. The same Article 8 of EC Regulation No 1638/2006 also states that adjoining regions may be associated in co-operation when this would ensure the continuation of existing co-operation and in other justified cases.

The ENPI CBC Strategy Paper introduces the list of the regions participating in the Programme as the core area, as well as regions which may be included as adjoining regions.

According to this document, the following areas should make up the **Core Area** for the Romania-Ukraine-Republic of Moldova Programme:-

- In **Romania**, the counties of Suceava, Botosani, Iasi, Vaslui, Galati, and Tulcea.
- In **Ukraine**, the oblasts of Odesska, and Chernivetska
- In the **Republic of Moldova**, the whole country.

In addition, on the basis of provisions of ENPI regulation and CBC-ENPI Strategy Paper, the programme partners decided to include in the Programme certain adjacent regions that may positively influence the co-operation in the border area. Consequently, regions out of the Romanian and Ukrainian core area will be eligible for financing under the present Programme. The adjoining regions will have access to all priorities of the Programme, but only soft projects may be implemented in these areas. The detailed conditions for participating in the Programme and receiving financing from the Programme budget are set out in the implementation section of the present Joint Operational Programme.

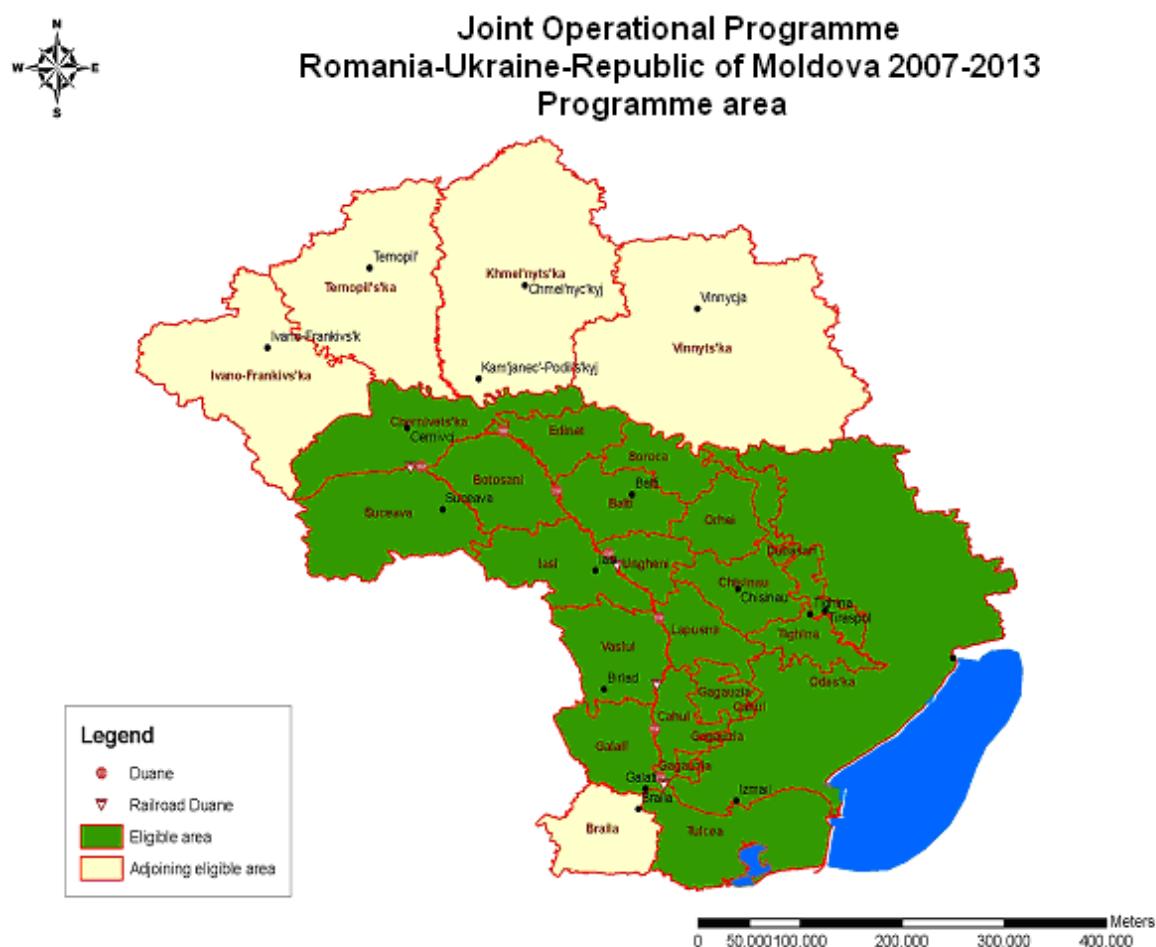
The following regions will be eligible as **Adjoining Regions** in the Programme:-

- In **Romania**, the county of Braila

- In **Ukraine**, the oblasts of Ivano-Frankivska, and Vinnytska plus ten districts of Vinkovetskyi, Chemerovetskyi, Khmelnytskyi, Kamyanets-Podiskyi, Letychivskyi, Dunayevetskyi, Derazhnyanskyi, Novoushutskyi, Yarmolynetskyi, and Horodetskyi in Khmelnytska Oblast and the twelve districts of Ternopilskyi, Berezhanskyi, Pidgayetskyi, Terebovlyanskyi, Monsturskyi, Gusyatynskyi, Chortkivskyi, Borschchivskyi, Zalishutskyi and Buchatskyi in the oblast of Ternopilska.

These adjoining regions were selected taking into consideration the potential value added due to their experience from current involvement in cross-border co-operation activities on the one hand, and maintaining the focus on the border area on the other, in order to ensure the maximum impact of the Programme.

Fig.1 Programme area¹



¹ The map includes the entire area of the oblasts adjoining the Programme area. Please note that the Khmelnytska and Ternopilska oblasts will participate with only part of their areas, as detailed in the above.

2.2 Geography and Demography

The length of the combined border of Romania, Ukraine and the Republic of Moldova is 1099.4 km. The border of Romania and the Republic of Moldova is entirely a river border (450 km) but the Romanian-Ukrainian border is complex and is part land border (273.8 km.), part fluvial (343.9 km) and part marine (31.7 km). Enlargement of the European Union including Romania as a Member State has created a new situation for the relations between Romania, Ukraine and the Republic of Moldova. The border between the three countries became in 2007 an external EU border, creating both challenges and opportunities for the border area, in terms of economic development, environmental matters, or people to people contacts.

The Core Area of the Programme has a total area of 112,554 sq. km while the inclusion of the Adjoining Regions adds another 64,053 sq. km. to the total land area (see Table 1 and Table 2, annex A).

There are approximately 15 million inhabitants in the Programme Area, out of which around 10 million inhabitants live in the Core Area and another 5 million people in Adjoining Regions (see Table 3, Annex A). The Programme Area has an average population density of 91.3 inhabitants per square kilometre. The lowest population density of 30.2 persons per square kilometre is recorded in the Romanian Tulcea County, while the highest values were recorded in Galati and Iasi counties which have a population density of 139 persons per square kilometre and 149 per square kilometre, respectively (according to the Romanian Statistical Yearbook 2005).

The demography of the Programme Area shows that about half of the population lives in rural areas (see Table 4, Annex A). In terms of EU demography, this is an extremely significant number and shows that a rural development element in this cross-border Programme would be salutary. In addition, due to its prevalent rural character, the Programme Area provides a variety of strong local traditions (specific handicrafts, folk costumes, musical instruments, folklore fests) that constitutes a good base for starting future people to people cross-border contacts and agro-tourism.

Cities and urban areas can play an important role in regional competitiveness and contribute to the economic and social development of the Programme area. Apart from Odessa and Chisinau, cities with a population of over 1 million and about 800,000 people, respectively, only eighteen settlements in the Programme area have a population of over 100,000 inhabitants. Most large towns and cities are located more than 30 km from the border, leaving the area close to the border with a sparse population of small villages. It should also be noted that, apart from the rapid growth of Chisinau, there is not a trend in the Programme area for population increase in urban areas. This can be partially explained by the large levels of out migration of people of working age from the Programme area. In addition, the reduction of births amongst the population of the eligible area has brought about an overall ageing of the population. In Romania, the population in the eligible counties has risen slightly between 2002 and 2004 but this may be a temporary

occurrence as population trends are usually looked at in wider timescales. The border regions of the Republic of Moldova and Ukrainian are still experiencing significant levels of migration from the border areas. The official figures from the Republic of Moldova suggest that approximately 400,000 citizens of the Republic of Moldova are living and working abroad. Moreover, the increased migration (between 199 and 2005 officially recorder remittances increased from about 14% to nearly 31% of GDP) has placed the Republic of Moldova among the most remittance dependent economies in the world.

Out migration is a major problem in the programme area as it also brought about an overall ageing of the population and a lack of a sizeable labour force of people in the 20-40 year old age group. Economic development strategies should be encouraged in order to reduce the 'push' factors associated with economic migration and encourage those who have migrated to return. Consequently, a major aim of this co-operation Programme shall be the development of the economic potential of the region, so that productive population will be less likely to leave the area.

2.3 Economic Structure

Nature and performance of the economy

The Programme area did suffer severe declines in its agricultural and manufacturing base during the 1990s and at the beginning of the new century due to the economic shocks caused by the move from a centrally controlled economy to a market driven economy. There has been a partial economic recovery recently, with increases in GDP and a reduction in unemployment. However, the 2004 GDP figures indicate that the Programme area still suffers from major economic problems. The low level of GDP in the Programme area is indicative of a situation where the workforce does not add a great deal of value to products and services produced. The GDP figures also show a high dependency on GDP for agriculture with relatively small numbers engaged in industry. The figures also indicate the uncompetitive nature of the agricultural sector especially when the high percentage of workers in agriculture is considered.

The Programme area also has very low levels of GDP when compared to the GDP levels in the European Union where, according to EUROSTAT, the average in 2004 was €21,503. The GDP per capita figures for the eligible areas of the participant countries range from €527.91 per head to €2089.4 in 2004. (see Table 7, Annex A)

The Romanian counties eligible for this Programme are included in two different development regions, such as: Suceava, Botosani, Iasi, and Vaslui in the North East development region (together with two other counties), while Galati, Tulcea and Braila are part of the South East development regions (together with two other counties).

According to EUROSTAT, in 2004, the North East and South East Regions were amongst the fifteen regions with the lowest GDP per capita in Purchasing Power Standard (PPS) of 24 and 31 respectively, when EU27 is 100.

The Romanian National Strategic Reference Framework also identifies the North East and South-East regions as the less developed regions of the country, deeply influenced by the distance to the western markets and their dependency on agriculture. In addition, the South-eastern area around Tulcea, at the border with Ukraine has a restricted economic growth because of its very sparsely population.

The statistics regarding socio-economic development in the Republic of Moldova show an upward trend in most sectors of national economy. Gross Domestic Product (GDP) has grown in 2005 with 7.1% compared to the previous year, while 579 EURO in 2004 and this growth were mostly determined by the development of services sector. Despite the positive results, the GDP per capita remains low, ensuring living standards at a level under those in EU or other countries in Central and Eastern Europe.

Some parts of the Programme area also have a sizeable 'black economy' that distorts the figures and causes a significant loss of revenue to the national

and local government. In this respect, the Programme can contribute to the exchange of experience and best practice between authorities dealing with organised crime.

The economic structure of the eligible territory is characterized by the important role of the agricultural sector, with an agricultural area of 66% of the Romanian counties and 74% respectively of the Republic of Moldova's territory. However, the average of 40% of labour force employed in agriculture only contributes with about 18% to the GDP of the countries. In Ukraine, the oblast of Chernivetska is also important for food production and processing of agricultural products (35.7% of a total production volume²). With large areas covered by vineyards and orchards (about 8,5% of the agricultural lands³), the Republic of Moldova has a great potential of developing industrial activities related to food-processing. Also the northern Romanian counties which participate in the Programme have an important contribution to the country total fruit production (13,9%), while in the southern part there are two important wine growing districts: Nicoresti (in Galati county) and Niculitel (in Tulcea county).

Despite of the great agricultural potential of the area, the low level of sector organisation, due to the predominance of small scale family farming enterprises hinder the introduction of new technologies, which makes the economy sensitive to weather conditions and competition in agricultural markets. However, the great heritage of agricultural biodiversity of the area should be preserved, and an agricultural system that respects local cultural identities and the land's resources should be promoted in the framework of the greater global competition that threatens traditional markets.

Improving the quality of agricultural products while encouraging the local tradition is a field where this co-operation Programme may contribute by trainings, seminars, information campaigns regarding modern agricultural techniques, and environment-friendly agricultural techniques that can preserve the soil and waters free from pollution.

The forestry has a considerable contribution in the Programme area through high wood volume and by large wooded (or forest covered) areas (456,579 hectares in Suceava County and around 14% of the eligible area in the Ukraine 137,000 hectares forested). Due to the lack of investment programmes and poor technology in the wood industry and furniture manufacturing, large amounts of raw materials (instead of finished products) are being exported (timber and cut wood), which has lead to an unreasonable exploitation of the forest fund and a degradation of the environment.

A considerable share of regional value-added in the Ukrainian border regions is formed by services (the highest share of services to GDP is in Chernivetska and Odesska oblasts, with 63% and 56% respectively). Also in the Republic of Moldova the services sector has seen strong growth since 2001 and

² According to data provided by Ministry of Economy Ukraine

³ According to National Bureau of Statistics of the Republic of Moldova

contributes with 50% to the GDP. Transportation and tourism services bring the largest contribution to the value-added in the services sector.

Powerful marine-based industry complex in Odessa, consisting of seven seaports, dockyards and shipbuilding yards, represents 75% of the state's potential. Oil processing, machine building, metallurgy, metal work, and food industry are also well represented in the Odessa region.

Apart from agriculture and food industry, which has a significant importance in the oblast, the pattern of industrial output in Chernivetska is as follows: light industry - 14.4%, of total production volume, metallurgy and metal working (16.45%), machine-building (9.86%), output of timber and article (4.1%), chemical and petrochemical industry (1.7%)⁴.

There is a major heavy industrial sector in Galati which includes steel making and port activities. The metallurgic production of Galati covers 55.6% of the Romanian total steel production, while the shipyards are a traditional industry.

A sector of particular note with regard to having considerable potential for development is the tourism sector. The cultural and historical heritage and rural areas free from pollution present opportunities for tourism development. The main attractions of tourism in the Programme area are the natural landscapes (Danube Delta, mountains, lakes, Black Sea), painted monasteries located in Suceava County, architectural monuments, natural reservations, festivals, traditional events, fairs.

While the tourism infrastructure is developed in the main cities, in many other parts of the Programme area the accommodation capacity and related services are very poor. The lack of an effective marketing and promotion of the cross-border region, together with the poor quality of tourist infrastructure, led to the relatively low performance until present, in particular the small number of tourists visiting the region, contrasting with the considerable potential, especially on the basis of under-exploited resources. A general view on the tourist number in the Programme area can be seen in Annex 1, Table 10.

During the last years, the rural area has developed to a certain extend due to its rich traditions, ecological products and pure environment. Nevertheless, the agro-tourism remains hindered by the poor accessibility in the area and the lack of modern marketing tools used in the local tourism.

The cultural tourism, agro-tourism and thematic tourism (sports holidays, wine trails, etc.), as well as areas such handicrafts, building production on local traditions, common branding of products (i.e. cultural heritage type products) could constitute a good starting point for development of the area as well as opportunities for co-operation between SMEs on either side of the borders.

In this respect, support to the tourism sector is seen as a key element in this Programme, as the cross-border areas are facing very similar issues, both in relation to current challenges but also the nature of the under-exploited

⁴ According to data provided by Ministry of Economy Ukraine

potential for leading local tourism developments on the basis of greater activity in eco and cultural tourism. This also brings the significant benefit of providing a stimulus to greater creation of small-scale service businesses, offering potential for the creation of large numbers of tourism-related SMEs and thus providing a broader-based and potentially more sustainable source of employment in the border area.

Labour Market, levels of employment and unemployment

The urban areas of the Programme area, in cities such as Chisinau, Odessa Balti, Cahul, Galati, Iasi, Suceava, Chernivtski, where there is a concentration of institutes of higher education and universities and where industrial centres have been established, the labour market benefits of highly skilled workers. However, particularly in rural areas, the labour market is characterised by low skills and low productivity.

The low level of salaries in the Programme area represents an asset for growth and competitiveness and may have an important positive impact for Foreign Direct Investments. At the same time, the very low salaries, and the proximity to the EU labor market, represent a strong push to migration, legal and illegal. Migration often attracts the most skilled workers and the most dynamic components of the active population. The continuous migration of the working age population from the area can become a barrier for the future development of the area.

The Programme area also suffers from inflexibility and incapability of the labour force market to respond to the economic exigencies, thus generating territorial, occupational and professional imbalances.

The Romanian National Strategic Reference Framework has highlighted particular unemployment problems in the counties of Botosani, Vaslui, Galati and Tulcea due to traditional underdevelopment, but also due to industrial restructuring.

In Ukraine, while Odessa has a low unemployment rate, Chernivetska oblast has an unemployment rate of 9%, similar to the average rate of unemployment in the Ukrainian adjoining regions. The Republic of Moldova's unemployment rate in 2004 is around 8.1%⁵. The unemployment rate is higher in urban centres, where it is of 11.9% compared to rural areas with an unemployment rate of 5%. However, most probably many unemployed persons do not register and real unemployment figures are actually significantly higher. The failure to register is more common in rural areas.

In terms of labour market development, the Programme area has to meet two challenges, which have to be taken into account when setting the priorities and measures of this Programme:

⁵ Calculated according to ILO methodology

- to improve the skills so that the workforce should have the necessary skills to attract higher wages and gain the skills needed in an economy that is undergoing diversification
- to ensure that those undertaking vocational and higher education courses remain in the Programme area through by providing well paid employment in the major urban centres.

Competitiveness

The lack of competitiveness of goods and services is a general problem that hinders the economic development of the Programme area. Low level of managerial abilities, insufficient resources for research and development, poor access to modern technologies, the inadaptability of labour force characterised by low skills compared to the necessities of a modern economy are factors affecting the economic outcomes, both in quantity and quality. Very few companies succeeded in adapting their products to the requirements of the EU single market and EU quality standards. Also, the small size of the average farm (of around two square km) and the outdated techniques, lead to the lack of competitive commercial agriculture in the area.

Foreign Direct Investment

A key measure of competitiveness is Foreign Direct Investment, the impact of the FDI being substantial on acceleration of economic development, the growth of technologically advanced activities, the balancing of factors that push to emigration the most skilled and educated workers. All three countries proved to be attractive for foreign direct investments, presenting a growth of the ration FDI/GDP in the last five years. However, the level of foreign investments remains below the potential of Programme area, and, despite of the attractive level of labour force costs, the FDI in Programme area is substantially below that of many of the EU Member States.

The low per capita GDP and poor connectivity in terms of roads, railways and airports are factors leading to limited Foreign Direct Investment in the Programme area. The 2004 statistics for FDI for the Romanian parts of the border region show lower figures compared to Bucharest and the south and west of the country, standing at €1730 million, while the port of Galati's FDI figure of €1331 million is worthy of note.

The 2004 FDI figure for the Republic of Moldova stands at around €145.7 million while Chernivetska in Ukraine experienced a total amount of FDI of €20.2 million and Odesska's figure stands at €137.7 million. In the Adjoining Regions, the FDI for Ivano-Frankivska stands at €23.0 million, Ternopilska at €10.66 million, Vinniyska at € 62.7 million and Khmelniytska at € 354 million.

Innovation and Research

A cause of the low level of competitiveness in the Programme area is a lack of innovation and research supporting development of new production. The companies allocate small amounts of money for research and development, the research infrastructure is outdated and the links between industry and research units are weak.

Within the Programme area, there are a number of universities in close proximity of each other that can play an important role in R&D. A good example is the university city of Iasi, which has 52 R&D units and 1098 R&D projects. Also the Cahul University has already been involved in a range of co-operation activities promoted in the framework of the Euroregion Lower Danube. The networking of universities can create a critical mass for research, which cannot be achieved by universities working alone. In this respect, cross-border co-operation may be a very important dimension in this activity. It should also be noted that an important aspect of innovation at cross border regional level is the supporting framework, which should be developed by the regional administrations on either side of the borders. Regional innovation strategies and in particular support to activities which can ease the common development of products, sharing of research results, co-operation between businesses and universities should also be encouraged, in order to increase the level of competitiveness in the eligible area.

This Programme should support networking in sector areas such as the spatial planning, environment, agriculture, energy and support for small businesses. These policy areas are essential for the regional development of the Programme area and networking may be a useful mechanism for exchanging best practice, even if the networks will need time to become established.

Small and Medium Sized Enterprises (SMEs)

The eligible area does not have an entrepreneurial tradition, the number of registered SMEs per thousand inhabitants being significantly below the EU average of 50, this ratio ranging between 16.3 in Galati County and 8.25 in Botosani County. The highest share of small enterprises is engaged in trade.

Another feature is the number of micro-businesses⁶: 87.6% are micro-businesses, and significant employment growth in many of these companies is difficult. 9.7% of SMEs have moved beyond the micro stage and are small, but only 2.7% are real medium sized companies. This indicates that a large number of SMEs do not have growth potential.

The development of the SMEs sector confronts several problems, such as low interest of foreign investors in the eligible area, a lack of entrepreneurial skills, a lack of information about accessing medium-long term credit for investment opportunities and a lack of support of local authorities (high taxation, bureaucracy, administrative barriers)

⁶ Micro-businesses have less than five employees

It is important that SMEs are encouraged and supported through the present Programme and that public authorities support SMEs where growth is possible particularly through cross-border trade and co-operation. Counselling, access to relevant infrastructure such as business incubators, business centres, exhibitions centres etc are important aspects of such support. Advisory services should be given on a wide variety of issues such as cross-border trade, marketing, business growth, branding etc.

Even if direct financial support to individual SMEs is not possible through this Programme, there are still a wide range of support mechanisms and framework conditions, which will give the necessary motivation and possibilities for growth for SMEs in the Programme area. Apart from what has already been mentioned, provision of training and the creation of cross-border support networks, regional/local co-operation on establishment of common support structures and business associations could also be possible support areas.

It is also important that growth sectors are identified in the SME sector to target the support. One sector, which has potential throughout most of the Programme area, is tourism.

2.4 Infrastructure

In order to create a competitive cross-border regional economy, it is necessary to have access to, from and between the different parts of the region. Infrastructure is therefore an important component of the Programme area. In general, the area has a transport infrastructure of poor quality, strategic cross border roads which need urgent improvement, and a number of international airports with low freight of passengers and goods and major ports (only found in the Southern part of the programming area).

Ports and airports

The port of Galati is the main Romanian river-maritime port of the Danube used for passengers and cargo transport. Also, Tulcea and Odessa are of a great importance in the Romanian and Ukrainian fluvial, respectively maritime transport system. The town port of Tulcea is the gateway to the Danube Delta. It connects the ports of Sulina, Chilia and Sfantu Gheorghe with the large ports and commercial and industrial centres of Galati and Braila. The Ukrainian ports of Reniiskii, Izmailskii and Ust-Dunaiskii are located in the Lower Danube and there are plans to create harbour facilities in other parts of the Danube. Until the end of 2007 it is intended to finalise the works on the terminal on the Danube in Giurgiulesti, the Republic of Moldova that will be used for shipment of oil and petroleum products

The Programme area has international airports in Chisinau, Iasi, Suceava, Odessa, Chernivetska, Ivano-Frankivska and Khmelnityska. Also, it should be noted that the development of airfreight and a terminal handling freight is being considered for Iasi, Chernivtsi and Chisinau Airports. Such a development would be a major asset and an important factor in the development of industrial, manufacturing and SMEs on sites near to the international airports.

Even if both ports and airports are important aspects of accessibility to and from a border area, it is not envisaged to support investments in ports and airports development through this Programme.

Road and rail infrastructure

The most immediate problem for accessibility to and from the Programme area is the established road and rail network. In the eligible area, highway connections between countries are missing and local roads are in a poor condition because of the lack of resources of local authorities and the increased density of traffic on a road network that was designed several decades ago.

There are two Pan European Transport Networks corridors crossing the region:

- Pan European Corridor IX (road and rail): Helsinki-St. Petersburg – Moscow-Pskov-Vitebsk – Kiev-Ljubashevka-Chisinau-Bucharest-

Dimitrovgrad-Alexandroupolis and its branch A: – Odessa – Ljubashevsk/Rozdilna;

- Corridor VII waterway route on the Danube from Germany to the Black Sea; connects up Romania, the Republic of Moldova and Ukraine with the North Sea via the Rhine and the Main.

In addition, the region is crossed by international E-road network along the following lines (class A and B roads):

- E58 – Suceava – Botoşani – Iaşi – Leuşeni – Chişinău – Odessa
- E85 – Ternopil - Chernivetski - Siret – Suceava – Roman
- E87 – Odessa – Izmail – Reni – Galaţi – Tulcea – Constanţa
- E95 - Saint Petersburg – Pskov – Gomel – Kiev – Odessa
- E577 – Galaţi – Comrat – Chişinău
- E581 – Tecuci – Huşi - Albiţa – Leuşeni – Chişinău – Odessa
- E583 – Roman – Iaşi – Bălţi – Mohelerpodolsc - Vinnitza
- E584 – Kirovohrad – Chisinau – Giurgiulesti – Galaţi

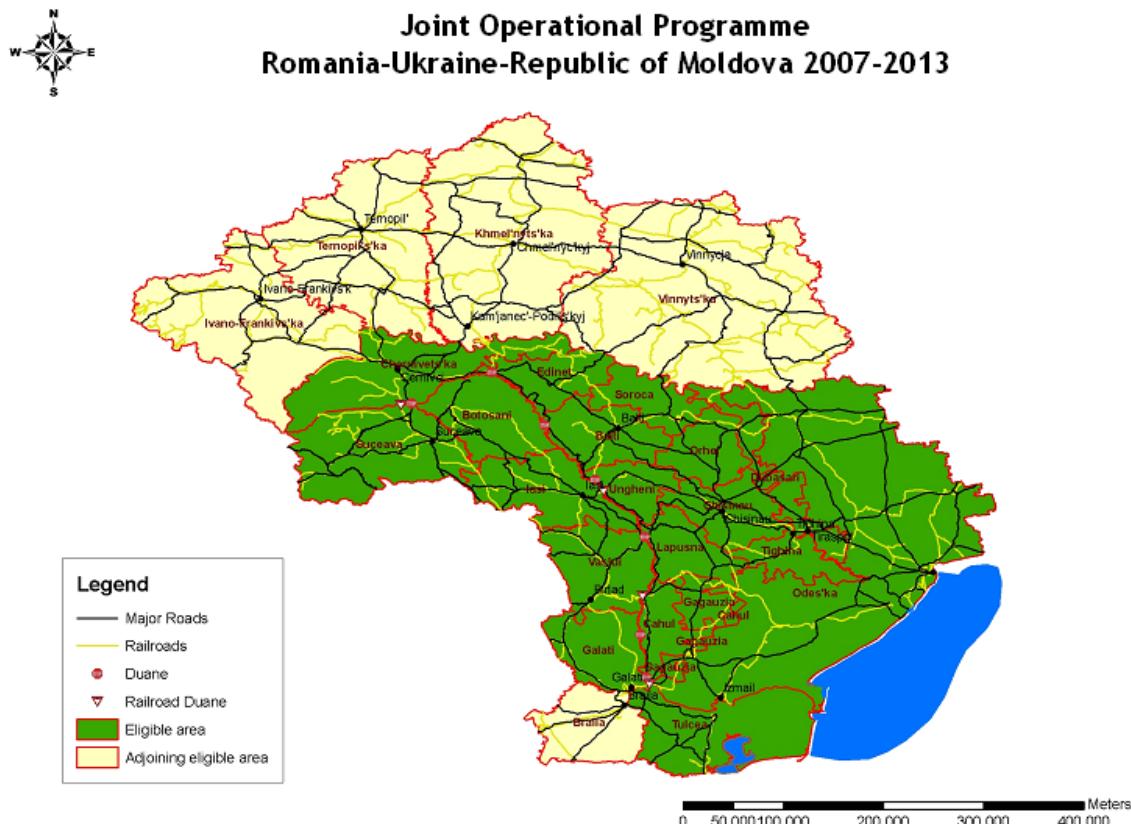
Two other important international transport corridors pass through the region: TRACECA (Transport Corridor Europe-Caucasus-Asia) and OBSEC “Black Sea transport circle”.

An average density of around 33 km of public roads per 100 sq Km (while Tulcea, due to the Danube Delta, has only 15.5 km), places the Romanian eligible area at a relatively high level, compared with the rest of the country. Also the Republic of Moldova's territory has a density of roads per 100sq km of 37.4 km. However, out of the total road network, the number of modernised local roads is significantly low. While part of the road network, including trans-European networks, is administrated at national level, this co-operation Programme shall prevalently support the rehabilitation of those categories of roads of regional importance, administrated by local authorities, which might help to improve the traffic across the border.

While in the Romanian eligible territory, the density of railways per 1000 sq. km is of around 45.7 km, the figures for the Republic of Moldova and Ukraine are sensibly lower (of about 33 per 1000 sq. km).

The railway network is confronted with a similar lack of resources for capital investments. Although parts of the rail network are electrified and modern trains operate in some parts of the Programme Area e.g. from Galati to Central Romania, the rail network is in need of investment both in terms of track development and the purchase of modern rolling stock. With a view to the cross border co-operation, the main obstacle for inter-operability between three countries is the difference between the narrow gauge in Romania and the broad gauge in Ukraine and the Republic of Moldova. While costs of modernisation of hard infrastructure would be too high to be supported by this Programme, small scale improvement schemes meant to facilitate the traffic across the border may be encouraged.

Fig.2 Major Roads and Railways⁷



Public Utilities

Water and sewage

Water management is a key issue in the Programme area which has relatively low precipitation and limited water resources. This has been an important component of the 2004-2006 Neighbourhood Programmes and it is important that the successor programme builds on this significant work. Across the Programme area, there is a major problem with the provision of piped running water in rural areas and efficient sewage and wastewater systems.

In the Romanian part of the Programme area, the water supply has been gradually improved, especially in urban areas, still no more than 18% of the rural population is connected to the central water system, while in the Republic of Moldova 38.5% of the rural population is connected to running water. The source of water for those who do not benefit from piped water is

⁷ The map includes the entire area of the oblasts adjoining the Programme area. Please note that the Khmelnytska and Ternopilska oblasts will participate with only part of their areas, as detailed in the above.

water from wells, and these sources can often be contaminated with heavy metals, pesticides, nitrogen, phosphorous, fluorine, nitrates and other organic contaminants. In 2004, 67% of the rural water supplies in the Republic of Moldova did not meet hygiene standards and this is a common problem in rural areas around the borders. Water supply systems in Ukraine are outdated and need substantial investments of capital. Water treatment plants might also be a problem as, in many places, the facilities cannot meet the growing demand for water. Clean drinking water is a serious problem for the Odessa Oblast and for Tulcea County.

There is also a great need to improve sewage and wastewater facilities. In some parts of the Programme area, it is estimated that 80-90 % of municipal and industrial wastewater is released with no effective treatment directly into the environment, causing health problems and affecting many water courses.

Energy

The Programme area generates and consumes little electricity. The electricity used is received from thermal and hydro-electric plants and from imported electricity. The need for imported electricity is demonstrated most starkly in the Republic of Moldova, which is a net importer of energy. Less than 5% of primary energy demand for the Republic of Moldova is being met by domestic energy sources, fact that can generate problems in the continuity of supply.

The border areas of the Republic of Moldova, Romania and Ukraine have gaps in the electricity and natural gas network. While 71% of the urban areas and 7.4% of the rural areas in Romania are connected to the natural gas network, only largest cities in the Republic of Moldova are connected to gas networks (only 47 municipalities have gas supply). An example of recent work in the cross-border gas supply is construction of the methane gas pipeline between Chernivetska and Siret.

A great deal of energy generation is in the form of old and inefficient power plants and district heating schemes. District heating systems across the Programme area in urban areas are common for heating and hot water. Many of these systems need upgrading as energy losses in the system may rise up to 25%. Some heating systems have been renovated. For instance, the EBRD provided a loan of €13 million for the improvement of the Iasi district heating system.

There is potential in the region for renewable energy and more detailed country profiles showing the potential of renewable energy have been undertaken by the European Bank for Reconstruction and Development.. Due to the agricultural nature of the Programme Area, there is significant potential for the development of biomass and bio fuel schemes. Currently, present schemes are on a small scale but there is significant potential particularly in District Heating Schemes. In addition, wind power in some parts of the Programme area can be exploited.

Hydro-Electrical-Plants may be further developed on other sites in the higher parts of the Programme Area where the power of fast flowing rivers and streams may be harnessed. In addition, renewable energy in the form of wind power, solar power, small hydro-electric schemes and bio-energy might be developed. With 10.9% of the land area of the Republic of Moldova forested, 14% of the eligible area of Ukraine and extensive forestry reserves in the Suceava area (456,579 hectares of forestry), biomass is a real possibility.

There is a need for co-operation in terms of energy supplies and this emphasis was seen during the EU-Ukraine summit (October 2006) which emphasised the need for enhancing the transparency of cross-border energy flows, improving the efficiency of the gas infrastructure and electricity network interconnections. A number of European Investment Bank and European Bank of Reconstruction and Development projects have been developed to achieve these objectives.

The creation of a Regional Energy market in South East Europe is now an important aim. Both the Republic of Moldova and Ukraine have already received observer status in the Energy Community and both have also applied for full membership of this organisation. An important step towards real regional electricity integration is however interconnection with the European continental electricity system and membership of the UCTE (Union for the Co-ordination of Transmission of Electricity). The Republic of Moldova and Ukraine have jointly applied for full membership of the UCTE. A special technical committee (comprising representatives from the UCTE and the transmission system operators in Romania, Ukraine and the Republic of Moldova) has therefore been established with the task to prepare a study on what legal, technical and practical measures the Republic of Moldova and Ukraine will need to take to operate in a synchronous way with the European electricity system. The EU has also set up the Baku Initiative to assist in its implementation. Both the Republic of Moldova and Ukraine are part of the initiative.

The Programme could develop projects that serve both sides of the border and could facilitate the exchange of experience across the border.

Telecommunications and ICT

There has been a considerable improvement in the ICT situation in recent years with Internet usage increasing eightfold in the Republic of Moldova and fivefold in Romania. There have also been significant increases in other areas of ICT usage, although the growth of personal computers in the Republic of Moldova has been slow.

However, recent growth in the Ukraine in the terms of access to IT has been slow and ICT activity in the Programme Area needs to be seen in the context of EU Member States ICT growth. A view on ICT and telecommunications usage in partner countries is available in *Annex 1, Table 11*.

Border Crossings and Policing

The border of Romania and the Republic of Moldova has five border crossing points for local border traffic, out of which, three are road and two are rail crossing points, while one is road, rail and naval crossings..

There are ten border crossing points for local border traffic on the Romanian-Ukrainian border included in the programme area, out of which one road and one rail crossing point, one is both rail and road crossing, two ports and four simplified crossing points.

The analysis shows that due to the situation of Trans European corridors within the Programme area, the regions of Romania, Ukraine and the Republic of Moldova may play a significant role in the European transport connection pipeline. In achieving this status there is a need for developed border infrastructure.

Challenges that Programme area faces in developing border infrastructure relate to the difficulties of rehabilitating or building roads leading to the border territories from Ukraine, the Republic of Moldova and Romania, the establishment and development of local border points able to ensure a secure border and to increase the border capacity.

Being a sparsely populated rural area, traditionally volumes of people crossing the border and trade movements have been low. In 2006, about 3 202 000 persons conveyed through the border of Romania and the Republic of Moldova, out of which 90% were citizens of the Republic of Moldova, while the border between Romania and Ukraine was passed by a sensibly lower number of persons, with about 50% of these Romanian, Ukrainian respectively. A detailed image of the border passing points can be seen in *Annex 1, Table 12*. However, the Programme area is on a major east-west transit route and, due to this geographical position, it has problems with illegal migration, human trafficking and organised crime. Amnesty International reports have stated that the most vulnerable groups for trafficking are women and children leaving institutional care. All three countries are making efforts to deal with the situation and have made significant progress in terms of investigations and prosecutions. Romania and the Republic of Moldova have also joined the Stability Pact to fight Organised Crime (SPOC) in South East Europe and the Romanian Government hosts the Secretariat of this organisation. The high level of organised crime in the region is another cause for the low interest of the foreign investors in the region.

The present Programme should implement co-operation activities meant to respond to this need of the area to combat illegal activities as this has a detrimental effect not only on the vitality of the border populations but on the attractiveness of the Programme area for Foreign Direct Investment.

Visa regime which still exists towards the Ukraine and the Republic of Moldova represents an extra burden for the countries participating in this Programme. Nevertheless, a visa facility agreement between EU and Ukraine and between EU and the Republic of Moldova has already entered into force. This measure shall contribute to enhancing the mobility by providing simplification of the short-term visa issuing procedure for certain categories of persons.

In addition, the *Regulation no 1931/2006 of the European Parliament and of the Council laying down rules on the local border traffic at external land borders of the Member States and amending the provisions of the Schengen Convention*, allows population living in the border area to travel in much more favourable conditions within the border area (area limited a 30 Km to the border) of the Member State.

2.5 Population, Society

Education

The border region has developed an educational structure, which includes compulsory education from the ages of six to sixteen and post-16 education is available to those wishing to participate in technical and higher education. The state education is mixed with private systems, mainly at university level.

The population in the Programme area has a relatively small number of university graduates (the average is under 15%), but a higher number of secondary education graduates (with a maximum of 69% in the Republic of Moldova).

The major problem in the Programme area is the need to improve the quality of school infrastructure and the level of equipment found in schools. This is particularly the case in rural areas where generally schools are in poorer condition and educational attainment is lower. Moreover, in the rural areas there is a problem to find teachers and other educational support staff. There is a particular shortage of computers and ICT equipment in schools.

There is a well-established university sector in all three countries involved in the Operational Programme and the Adjoining Regions. Many universities have taken the opportunity of EU funding to launch co-operation initiatives with other European universities while the EU Action Plans in the Republic of Moldova and Ukraine express the objective of including universities in the European Research Area.

There are examples of cross-border co-operation in the field of education between Romania and the Republic of Moldova. Co-operation across the university sector in the Programme Area plus co-operation with the business and public sector will be important elements in ensuring the development of innovation and a more competitive economy in the border areas.

Culture

The border has not remained the same over the centuries and there have been changes to the border itself and to the countries to which the region belonged. Despite these changes, a strong cultural identity has been built up in the region and there are strong family ties, traditions and common practices that operate across the border. These strong common traditions together with the easy communication between bilingual population in the region, are strengths on which the Programme may build.

Cultural tourism based on churches, monasteries, and the rich cultural heritage could be a potential growth sector for the Programme area.

Health and Life Expectancy

A low level of GDP and the resulting high levels of poverty have had a detrimental effect on the general health condition of the population and on life expectancy. In Romania, some of the highest levels of poverty in the country are found in the North East and South East Regions. The life expectancy in the Republic of Moldova and Ukraine is 67.5 years, while in Romania it is 72 years. In comparison with the EU27, these are low figures and there is a need to reduce infant mortality and the occurrence of communicable diseases such as TB or HIV+Aids.

The health services in the three countries are in a state of transition from a command to a more market driven approach and there could be a useful cross-border exchange of experience in the development of new systems. There appears to have been little exchange of experience so far.

Co-operation initiatives

Four euroregions are in place in the Programme area, bringing together regions and counties from Romania, Ukraine and the Republic of Moldova,: the Upper Prut Euro region (Romania, the Republic of Moldova and Ukraine), the Siret-Prut-Nistru Euroregion (Romania-the Republic of Moldova), Lower Danube (Romania, the Republic of Moldova and Ukraine) and Carpatica (Romania-Ukraine-Poland-Hungary. The existence of these associations indicates the willingness of a common effort in order to solve similar problems and to increase the overall attractiveness of the region.

The experience of old Member States shows that euro regions may play a significant role as one of the most advanced instruments for development of sustainable cross border co-operation. Participation of the governmental and public authorities in a euroregion guarantees political support from the national level and permanent financial support from local, regional or sometimes even national authorities. Having the wide support from its members, euroregions may take a leading role in the development of cross-border regional plans or strategies in the border area. Therefore, the euroregions with legal status may be considered as potential beneficiaries

2.6 Environment and nature

The Programme area has a wide variety of terrains, including significant areas of plateaux, plains, upland areas and river valleys. There are mountain areas with the Carpathian Mountains in the north and the Hercian Mountains in the south of the Programme area.

As the Republic of Moldova – Romania border and significant parts of the Romania-Ukraine borders are fluvial border, river systems play an important environmental role in the border area. They represent key environmental

resources creating wetlands and habitats for a wide variety of plant life, insects, fish, birds and mammals. Rivers also play a key role in terms of water extraction. The rivers drain into the Danube, which is in the southern part of the Programme area, and the Prut, Siret, and Barlad are important river systems the Prut is the final tributary draining into the Danube.

Being located at the border between Romania and the Republic of Moldova, the River Prut, with its depth channel of approximately 3 m up to 25 Km and of 2 m up to 85 km, is the subject of a bilateral Agreement between the Governments of the two countries on inland water navigation ways. The agreement ratified by both countries aims at Prut River maintenance and adjustment to the European standards.

Water pollution is the major environmental issue in the Programme area and is often a trans-national problem where water pollution originating in one country can have an effect on its neighbours. The main sources of pollution are industry, mining, household and agriculture.

The river basins of the Danube, Nistru and Prut have a major effect on all three countries participating in the Programme. For instance, around 8% of the Danube flow rises from Ukrainian river system. River monitoring plays an important role in river and river basin analysis. Real time monitoring is a key instrument in detecting pollution before problems arise in drinking water.

There have been a number of trans-national initiatives to improve river basins management and its tributaries. For instance, a Strategic Action Plan was drawn up for Danube to cover a ten-year period from 1995 to 2005. In addition, there have been a number of recent workshops and seminars to cover water management in the Prut River.

While plans for the management of river basins are in the early stages of development, there has been very little work done on the preparation of emergency plans for environmental accidents and emergencies. Problems caused by accidental spills are a particular problem as are the emergencies caused by extreme weather such as flooding and drought that the Programme area faced in the latest years.

Pollution and the creation of waste products in the Programme area has been a growing problem in recent years as well as the problem of the solid waste disposals inconsistent with the requirements of the EU environmental regulations. The degree of implementation of the system of collection and neutralisation of waste as well as the ecological awareness of inhabitants is low. While less than 90 % of the urban population benefits of wastes collection services, there are none specialised for wastes collection and transportation in the rural areas. This situation conducts to an amount of uncollected domestic wastes of more than 25% of total quantity. They are illegally stored in the restricted sites. The recycling of the retrievable materials is on the level of 20% and 2% of the total generated retrievable materials are capitalised (Romanian statistical data 2003). The main options for waste management have to take into account the limitation/reducing the waste, recovery and recycling, storage and treatment.

In this respect, a wide range of activities tackling the common problems of the environment, including common strategies addressing the waste water and solid waste management, including waste minimisation strategies and joint recycling are necessary, as these problems are major barriers to the development of a competitive economy.

The lack of wastewater treatment in the area is a major source of surface water pollution and this has been highlighted particularly on the Romania-the Republic of Moldova border area.

It should be also noted that in many rural areas, the local population depends on water from wells, and the lack of clean drinking water may produce health problems. There are many examples where this water has been polluted by nitrates, sulphates and chlorates. The situation is often aggravated by unsustainable practices in agriculture. Continuous monitoring of the quality of water from wells would be necessary as a first step for controlling and ameliorating this condition.

Areas with high socio-economic and ecological value have been significantly diminished during the last century. The remaining areas⁸ need a special protection system. Currently, Romania is in the process of designating the Natura 2000 sites, which grants a special protection status to significant areas. However, Ukraine and the the Republic of Moldova have a different approach system regarding the preservation of nature issue. The adhesion to the Natura 2000 network is not mandatory for the two countries, fact which implies that the extension and assurance of funding for the protected areas are addressed at a lower level of priority. Taking the above into consideration, the examples of designation or extension of new protected areas in Ukraine and the Republic of Moldova are very few. These kinds of initiatives need support for raising the awareness on the necessity to protect some areas bearing in mind their ecological and socio-economic value.

Part of these areas are located on the border between the states, such as the Lower Prut Scientific Reservation from the Republic of Moldova which has an area of approximately 1700 hectares and neighbours the Lower Prut Meadow Natural Park from Romania having an area of 8247, 35 hectares. Following an analysis exclusively from the preservation of nature point of view, ecologically significant area of the Republic of Moldova must not be limited only to Lower Prut Scientific Reservation, but also may include at least the Manta Lakes (designated as RAMSAR site), located north and having similar physical, chemical and biological conditions but not having a protected area status. The same situation may be observed along the Lower and Middle Prut.

Cross border co-operation between Romania, Ukraine and the Republic of Moldova in the field of nature preservation is supported by the Declaration for the creation of the Lower Danube Green Corridor (2000), based on which Romania, Ukraine and the Republic of Moldova agree to set up a functional

⁸ There are a number of natural sites of national importance in the programme area and these are listed in Annex A of this document.

network of wet areas along the Lower Danube, area which includes the Lower Prut and the Danube Delta. Also, Ukraine and the Republic of Moldova are actively involved in the implementation of the Water Framework Directive in the basin of the Lower Danube, Directive which grants significant importance to the restoration and protection of wet areas.

The co-operation between the three states was until present carried out at the level of exchange of experience regarding the management of the protected areas. A project implemented in 2002, financed under TACIS, gave the authorities from each reservation and the local authorities from the administrative units of each neighbouring country, the possibility to develop cross border co-operation for the elaboration and implementation of a management plan in the protected areas of the Danube Delta and Lower Prut within the Lower Delta Euroregion.

Fig.3. Waters⁹



The Danube Delta area is of particular environmental importance in the Programme area, as it is a UNESCO World Heritage site. It is a natural

⁹ The map includes the entire area of the oblasts adjoining the Programme area. Please note that the Khmelnytska and Ternopilska oblasts will participate with only part of their areas, as detailed in the above.

wetland area and was designated as a Biosphere by UNESCO in 1990. It should be noted the need in the Programme area for a sound management of the existent high quality natural sites and the rich and varied river environments and ecosystems, in order to protect them in cases of emergency and prevent them from pollution. An over-exploitation of the natural resources due to illegal deforestations, significant quantities of waste resultant as a consequence to incorrect administration of the existing tourism facilities and also the inobservance of the protection regime because of the lack of a demarcation on the site of the protected areas brings an increased pressure to the natural protected areas.

Deforestation and soil erosion are also key environmental problems in the area. As mentioned hereinbefore, large wooded areas cover the region. Due to the lack of investment programmes and poor technology in the wood industry and furniture manufacturing, large amounts of raw materials (instead of finished products) are being exported (timber and cut wood), which has lead to an unreasonable exploitation of the forest fund and a degradation of the environment.

There are several critical zones regarding pollution of air, water or soils. Most of them are known, the problem in some cases is the unmeasured level of pollution. An acute shortage in modern equipment for monitoring the environment factors is a key restraint on development of an effective environmental protection.

In addition to the above mentioned factors, there is a lack of information and education in the general area of environmental protection and the natural environment which gives rise to many environmental protection issues at the micro-level.

3) SWOT ANALYSIS

This section brings together the key findings from the previous description of the Programme area, together with the key findings of the consultations held in the border area during the programming period, in the form of a SWOT analysis. The main strengths, weaknesses, opportunities and threats that are relevant for structuring and implementing this programme are summarised in the table below.

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Geography and demography	<ul style="list-style-type: none"> The EU external border between the three countries creates new opportunities for development of the programme area. 	<ul style="list-style-type: none"> Increasing ageing of population and an overall negative demographic trend (migration because of economic reasons) 	<ul style="list-style-type: none"> The prevalent rural character of the area may constitute a base for development of agro-tourism Potential leading role of the big cities in the process of development 	<ul style="list-style-type: none"> Migration of young people and an ageing population may make the economic development of the area and sustaining the tradition and culture difficult.
Economy	<ul style="list-style-type: none"> Cultural and historical heritage and rural area free from pollution Existence of innovative and R&D activity around universities such as Iasi and Chisinau Agriculture and related food industry significant developed 	<ul style="list-style-type: none"> Inefficient system of agricultural production Low levels of GDP and incomes mean a lack of vibrant local markets. Low levels of innovation, a dependence on primary industries Labour market characterized by low skills and low productivity Underdeveloped SME sector and business services Low level of accommodation capacity to develop tourism Lack of an integrated spatial planning concept 	<ul style="list-style-type: none"> Great potential for developing industrial activities related to food-processing great potential for development of the SMEs activating in tourism sector The existent base of universities in the programme area can constitute a good start for future networks to stimulate innovation and research Competitive labour costs 	<ul style="list-style-type: none"> Continuing over-dependence on agriculture and reluctance to diversify the economy Greater global competition threatens traditional markets Continuous narrowing of employment base Low interest of tourists in the area, due to the poor transport infrastructure Significant levels of organized crime
Infrastructure	<ul style="list-style-type: none"> Established road and rail network Some Trans-European Networks cross the region Proximity to 	<ul style="list-style-type: none"> Lack of motorways Road and rail network in urgent need of modernisation. Different gauge railway in the border 	<ul style="list-style-type: none"> EU funds being made available to address the poor road and rail and border crossing infrastructure Develop Trans European Network 	<ul style="list-style-type: none"> Decline in the condition of roads and railways Low take up of IT – low number of personal computers and internet etc, due to the ageing

	fluvial and maritime ports	<p>area (narrow gauge in Romania and broad-gauge railway in Ukraine and the Republic of Moldova)</p> <ul style="list-style-type: none"> • Poor quality of border crossing infrastructure • Outdated water supply systems • Low level of population connected to running water • Increasing • Low levels of IT systems and computers <p>Gaps in the natural gas and electricity network and low capacity for cross-border electricity exchanges due also to lack of synchronous interconnection and different technical and regulatory standards;</p> <ul style="list-style-type: none"> • Poor access to energy sources in many rural areas • Old and inefficient power plants and district heating systems. 	<p>routes running through the area</p> <ul style="list-style-type: none"> • Investment in the infrastructure financed from the Structural Funds under Objective Convergence programmes • Potential for renewable energy particularly biomass, bio-energy, wind and solar power • Existence of the European projects meant to enhance co-operation in terms of energy supplies 	<p>population and low income</p> <ul style="list-style-type: none"> • Lack of clean drinking water affects parts of the programme area and cause health problems
Population, Society	<ul style="list-style-type: none"> • High proportion of bilingual people in the Republic of Moldova facilitates communication both with Romanian and Ukrainian population. • Strong cultural identity • Well established network of universities with good reputation • Well developed state 	<ul style="list-style-type: none"> • Low levels of schools infrastructure (including computers and ICT equipment) • Low income in most areas affecting the general health of the population • A low average life expectancy • Low level of concrete results of the euro regions initiatives. 	<ul style="list-style-type: none"> • The new proposal for legal framework regarding border traffic at external border can facilitate the co-operation between areas located near border. • Networking of the established universities in close proximity of each other in the area, can constitute a good starting point for future development of R&D • Euro regions 	<ul style="list-style-type: none"> • Significant differences in respective countries regarding the depth of relationship to the EU, could further accentuate differences in the cross border region. • Visa regime can be a barrier for free movement of persons cooperating under this programme. • Lack of real involvement of the members in the euroregions' initiatives;

	<p>education system.</p> <ul style="list-style-type: none"> • Three euro regions established in the programme area 		<p>can take a leading role in development of cross-border regional plans or strategies in the border area.</p>	
Environment	<ul style="list-style-type: none"> • High quality natural sites • A variety of natural environments • Forestry environments • Varied river environments and ecosystems, including wetlands 	<ul style="list-style-type: none"> • High levels of water pollution from wastewater and industrial pollution • Lack of wastewater treatment • Lack of developed solid waste management systems, especially in the rural areas. • High levels of soil erosion • Lack of a modern and efficient integrated monitoring systems for environmental factors • Lack of integrated emergency plans 	<ul style="list-style-type: none"> • Increased interest in cross-border co-operation on common and shared environmental problems including emergency preparedness • waste recovering, recycling and treatment as a potential environmental friendly new source of working places. • Greater awareness of environmental issues • Introduction of river basin management techniques including emergency flooding strategies etc. 	<ul style="list-style-type: none"> • Major problems still occur with waste water and the water supply • Unsustainable methods of agriculture • Failure to monitor and assess environmental damage caused by pollution • Continuous growing of the pollution due to the solid waste and waste water • Poor levels of information and education on environmental protection • High risk of emergencies such as flooding and pollution accidents • Deforestation

4) COHERENCE WITH OTHER PROGRAMMES AND EXISTING STRATEGIES

The ENPI CBC Joint Operational Programme (JOP) Romania-Ukraine-Republic of Moldova has not been developed in isolation, but it is closely related to a wide range of strategies currently operating at EU, national, regional and local levels within the Programme area. The JOP, in the definition of its strategy, therefore takes into account the relevant policy orientations, as well as activities supported by other programmes and initiatives, in order to ensure the coherence of its priorities with the wider regional co-operation framework.

The JOP will look for complementarity and opportunities of synergy with the other initiatives, and pay attention to concentrate its support where it can provide the greatest added value. It will also build upon the experience of previous co-operation initiatives within the Programme area, both in the definition of its strategy and in the implementation of the priorities.

4.1 Coherence with national strategies

The priorities identified in the JOP are coherent with development strategies of the Republic of Moldova, Ukraine and Romania. The JOP will benefit in its implementation from new legislation passed or being developed by national governments to facilitate cross-border co-operation and regional development.

The Republic of Moldova

The *Economic Growth and Poverty Reduction Strategy Paper (EGPRSP) for the Republic of Moldova 2004-2007* is the policy framework for the sustainable development of the Republic of Moldova in the medium term. It serves as the basis for developing and implementing assistance strategies by international financial organisations and donor countries. Guided by the social orientation of Government economic policies, the priority focus of EGPRSP is to improve the living standards of the nation's citizens and the social protection of the poorest, including the system of social guarantees, to create new job opportunities (especially for the poor), to provide access to good quality medical services, and to build high quality human capital through educational and scientific development.

A new policy framework, the *National Development Plan (NDP)*, is under development in the Republic of Moldova. It will define development objectives, priorities and actions for the next four years (2008-2011).

The NDP will also serve as a unified tool for the integration of the current strategic framework, for the alignment to the budgeting process (Medium Term Expenditure Framework) and for the assimilation of external technical and financial assistance. The Plan is intended to focus on several priorities in order to ensure the targeting of available resources at achieving the objectives

and measures with a maximum impact on the economic and social development of the country.

In this respect, the National Development Plan proposes five national mid-term priorities:

- Strengthen a modern democratic state, based on the principle of rule of law
- Settle the Transnistrian conflict and re-integrate the country
- Raise the national economic competitiveness
- Develop human resources, rise the employment level, and promote social inclusiveness
- Regional development

A series of sectoral national development strategies will be under implementation during the JOP implementation period, notably the the Republic of Moldova Government's Road Sector Support Programme 2008-2018 and the Republic of Moldova's Water Supply and Sewerage System Strategy 2008-2012.

Ukraine

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

The National Strategy of the Regional Development of Ukraine 2004 - 2015 aims to the establishment of the conditions for the competitive ability of the regions, the maintenance of the constant development based on new technologies, high productive ability of the industry and employment of the population.

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

Priority directions for strategic development are as follows:

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

The law of the cross-border co-operation

The subject of this law is legal, economic and organisational bases of cross-border co-operation.

The principles of the institution of the cross-border co-operation, the spheres and the organisational forms of the cross-border co-operation, coordination of the cross-border co-operation and the control of the observance of legislation concerning the cross-border co-operation, the powers of the parties of the

cross-border co-operation of Ukraine, the Agreements of the cross-border co-operation, the institutions of the cross-border co-operation are laid down in this law.

This law examined the regulations concerning the state support for the development of the cross-border co-operation and financing of the cross-border co-operation which have big importance in the context of development of both the national and local support to the cross-border co-operation.

The Conception of the State program of the development of the cross-border co-operation 2007-2010.

The Conception is aimed at the establishment and deepening of the economic, social, scientific, technical, ecological, cultural and other relations between the territorial communities, their representative bodies, local authorities and territorial communities, appropriate authorities of the other States, are realized within the framework of the agreements between the parties mentioned hereinbefore.

The state Target Law-Enforcement Programme on equipping and reconstruction of the State Border 2015

The main goal of this Programme is to provide the development and technical equipment of the State Border of Ukraine in line with the European standards and in order to facilitate cross-border co-operation and use of the Ukrainian opportunities. The objectives of this Programme include: development of border crossing infrastructure according to EU standards, implementing the best practice and modern border crossing technologies and systems aimed at facilitation of the movement of people together with high level of prevention of cross-border criminal activities.

The strategies of regional social-economical development with specific cross border components are developed by administrations of the oblasts that are available for cross border programmes. These documents closely link to the national strategy for regional development till 2015 and another sectoral programme such as a national Programme for the complex development of Ukrainian Danube area 2004-2010.

The Program for complex development of the Ukrainian Danube region 2004-2010 aims to establish such conditions under which a constant development of the region, improvement of the efficiency of the utilization of the natural resources and economic potential, the standards of life, the solution of the social and economic problems can be maintained.

Romania

The National Strategic Reference Framework (NSRF) 2007 – 2013 provides the strategic focus for the economic and social policies in Romania. The NSRF emphasizes, about the border of Romania, Ukraine and -the Republic of Moldova, that: 'the regions located in the vicinity of the border are both regions with a significantly low economic development and relatively high rate of unemployment'. It underlines also the need for environmental protection in

the border area and the environmental importance of much of the border area such as the Danube Delta.

Between 2004 and 2006, the Romanian Government has developed 'The National Strategy of the Integrated Management of the State Border'. The objectives of this strategy are *inter alia*: to improve the legal and administrative framework for a single operational coordination at national, regional, and local level; to develop and apply an effective mechanism for monitoring and evaluation of the integrated management of the border, at all levels.

4.2 Coherence with EU policies and programmes

4.2.1 EU support to cross-border and regional co-operation

In the eligible area for the ENPI CBC Romania-Ukraine-the Republic of Moldova JOP, the EU supports other programmes of cross-border and regional co-operation on a larger regional scale (Black Sea, Eastern regional, Interreg IVC, South-East Europe), and still supports projects implemented under the Neighbourhood programmes. Particular attention will therefore be paid with regard to these programmes in the implementation of the JOP, to take into account the potential for synergy and the risk of overlap.

- **PHARE/TACIS Neighbourhood Programmes Romania-Republic of Moldova and Romania-Ukraine, 2004-2006**

The Romania-Republic of Moldova and Romania-Ukraine Neighbourhood Programmes finance projects targeting social and economic development, the development of an integrated infrastructure system in the border area, as well as 'people to people' co-operation.

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

The JOP will also build upon the Neighbourhood Programmes experience. The evaluation carried out in August 2006 stressed the importance of projects developed locally, based on local initiatives and in line with national and regional development programmes. However, the results of this evaluation could not yet provide a clear picture of the programmes impact since the first contracting process was concluded in November 2006. Lessons learnt from future evaluations will be taken into account in the JOP implementation.

- **ENPI CBC Black Sea Basin programme 2007-2013**

The ENPI CBC Black Sea Basin programme includes participating regions from ten countries, including the whole eligible area of the Romania-Ukraine-Republic of Moldova JOP. Its priorities focus on supporting economic development, addressing environmental challenges, and promoting people-to-people actions.

Local and regional actors in Romania, Ukraine and the Republic of Moldova eligible to the JOP may also implement cross-border co-operation projects in the framework of the ENPI CBC Black Sea programme, thus a close co-operation between the programmes' JMAs will be necessary to prevent double funding of projects or activities. Taken the limited budget of the ENPI CBC Black Sea Basin programme and its wider regional scope, large duplication is still unlikely and the programmes are expected to provide opportunities for complementarity of initiatives and for synergy.

- **ENPI Eastern Regional programme 2007-2013**

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

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

- **Interreg IVC Interregional programme 2007-2013**

The eligible area of the Romania-Ukraine-Republic of Moldova JOP is also included in the Interreg IVC Interregional Co-operation Programme, an EU programme of support to territorial co-operation that will be implemented during the same period. Considering that some priorities and type of eligible project partners are similar to the JOP, but that the Interreg programme concentrates its support on the EU partners, the potential for synergy between the Interreg programme and the JOP is high.

The Interreg IVC Interregional programme targets its support on local and regional authorities and bodies governed by public law. Projects should involve partners from at least three different countries, from which at least two should be EU Member States. The programme is organised around two thematic priorities: innovation and the knowledge economy, and environment

and risk prevention. Some measures (e.g. promotion of SME development, R&D and innovation, human resources development, environment protection, water management, waste management) can therefore be supported in a complementary way in the eligible area under both the Interreg IVC and the JOP programmes.

- **South East Europe Transnational Co-operation programme 2007-2013**

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

4.2.2 EU support to national strategies and programmes

The JOP, with its focus on local and regional actors and on cross-border issues, is coherent with and complementary to EU supports to strategies and programmes of Romania, Ukraine and the Republic of Moldova Romania, as EU Member State, has developed a National Strategic Reference Framework that serves as a basis for structural funds support, while EU support to Ukraine and to the Republic of Moldova is defined within the frame of the European Neighbourhood Policy and jointly agreed Action Plans.

- **Structural funds support to Romania**

The EU supports Romania through sectoral programmes financed with the structural funds and targeting in particular economic competitiveness, regional policies, human resources, transport and the environment.

Projects implemented within the JOP may allow to replicate or disseminate positive experiences or results achieved in actions supported by these programmes, or to complement them with a cross-border partnership.

SOP Competitiveness Programme for Romania

The main objective of this programme is to increase the productivity of Romanian companies. Specific objectives are the consolidation and growth of the Romanian productive sector, the establishment of a favourable environment for enterprise development, the increase of the R&D capacity and the stimulation of co-operation between RDI institutions in the productive sector, the valorisation of the ICT potential and its application to the public and private sector and the increased energy efficiency and security of supply in the context of combating climate change .

Regional Operational Programme in Romania

The general objective of the ROP is to support and promote a sustainable balanced economic and social development of the Romanian regions, giving priority to the lagging regions through the improvement of the business

environment and infrastructure. The specific objectives are the improvement of the region's attractiveness and accessibility, the increase of the region's attractiveness as a business location, the increase of tourism and of the socio-economic role of urban centres.

The ROP has identified many different problems in the country such as: the increase in development disparities between the Bucharest – Ilfov Region and other regions and in general the unbalanced development between the East and West of the country and the concentration of the chronic under-development in the North-East Region at the border with the Republic of Moldova and in the South Region alongside the Danube. Moreover, it underlines the massive decline of small and medium towns, especially the mono-industrial ones generated by industrial restructuring, the socio-economic decline of many big urban centres as well as their diminishing role in the development of the adjacent rural areas.

SOP Human Resource Development

The general objective of this programme is the development of human capital and increasing competitiveness, by linking education and lifelong learning with the labour market and ensuring increased opportunities for future participation on a modern, flexible and inclusive labour market for 1,650,000 people.

ESF interventions will lead to investment in human capital, the modernisation of education and training systems, increased access to employment and the promotion of social inclusion for vulnerable groups.

SOP Transport

The SOP Transport Programme's major objective is to promote a transport system in Romania, which will facilitate safe, fast and efficient movement of persons and goods with appropriate level of service at European standards, nationally, Europe-wide and between and within Romanian regions.

Furthermore, the specific objectives of the SOP Transport are as follows:

- Promote international and transit movements of people and goods in Romania by providing effective connections to and from the port of Constanta, as well as transit transport from EU to the South through the modernisation and development of the relevant TEN-T priority axes applying necessary environmental measures;
- Promote effective movement of persons and goods between Romanian regions and their transfer from the hinterland to priority transport axes by modernizing and developing TEN-T and national networks according to sustainable development principles;
- Promote the development of a balanced transport system of modes, based on the respective competitive advantage of each, by encouraging the development of rail, waterborne and intermodal transport;
- Support sustainable transport development by minimizing adverse effects of transport on the environment and improving traffic safety and human health.

SOP Environment

This SOP and its analysis concentrate on environmental sectors where Romania is lagging behind in EU terms. These sectors are water, waste water, waste management, soil pollution, air pollution, biodiversity, and nature protection, flooding and coastal erosion.

National Plan for Rural Development

The four axes of the NRPD aim at the improvement of rural areas by:

- Improvement of the competitiveness of the agricultural and forestry sectors
- Improvement of environment and rural space
- Quality of life in rural area and diversification of rural economy
- Implementation of Leader approach.

• European Neighbourhood Policy and Ukraine

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

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

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

The JOP will also contribute to the NIP's priority identified for ENPI national allocation, in particular Priority 1 'Support for Democratic Development and Good Governance' – especially for subpriorities 3 (civil society development and local government) and 4 (education and people to people exchanges), as well as to Priority 3 'Support for Infrastructure Development' in energy, transport, environment and border management. Complementarity will need to be ensured between the support to infrastructure provided by the ENPI at national level and the projects supported in the framework of the JOP, to avoid overlap and to achieve synergy.

• European Neighbourhood Policy and the Republic of Moldova

The JOP is coherent with the strategy for EU support to the Republic of Moldova, provided mostly by the ENPI. The objectives identified in the EU-Republic of Moldova Action Plan cover the strengthening of administrative capacity and co-operation on economic and regulatory issues, with the aim of improving the business climate and enhancing the long-term sustainability of economic policy, as well as co-operation on issues related to border

management, management of migration and the fight against organised crime.

The JOP will contribute to achieve priorities identified in the Republic of Moldova Country Strategy Paper 2007-2013 and the National Indicative Programme 2007-2010, in particular priority 1 'Support for Democratic Development and Good Governance' – especially for subpriorities 3 (civil society development and local government) and 4 (education and people to people exchanges), as well as to priority 3 for support to economic growth.

The JOP is also consistent with the possibility to support a full range of projects under ENPI CBC, provided for in the Republic of Moldova Country Strategy Paper.

4.2.3 Other relevant EU policies and programmes

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

- Promotion of efficient and secure borders**

When Romania joined the European Union in January 2007, it was required, under the EU Accession Treaty, to improve its border management and through the implementation of a wide variety of Regulations and Directives it was required to implement the Schengen regime. This has had many beneficial effects in terms of improving the efficiency of border management, but it has also led to a new visa regime which has, in some place, changed traditional border management for some parts of the Programme area.

The Romanian Government was eligible for PHARE funding under the "**Strengthening of Management and Border Control" Programme**" from 2004 until 2006. The programme supported the development of the institutional capacity of the Romanian border control so that the management of Romanian borders became in line with the commitments made under EU membership.

The **EU Border Assistance Mission (EUBAM) to the Republic of Moldova and Ukraine** was launched on 30 November 2005 following the joint request of the Presidents of the Republic of Moldova and Ukraine for assistance. The main objectives are : to work with the Republic of Moldova and Ukraine to harmonise their border management standards and procedures with those prevalent in EU member states; to help enhance the professional capacities of customs and border guard services in the Republic of Moldova and Ukraine at operational level; to develop risk analysis capacities; to improve co-operation and complementarity between the border guard and customs services and with other law enforcement agencies; to promote cross-border co-operation.

The Republic of Moldova and Ukraine also take part in the EU financed **BUMAD (Belarus, Ukraine, the Republic of Moldova against Drugs) Programme** which is a programme of assistance to prevent drug abuse and

drug trafficking in Belarus, the Republic of Moldova and Ukraine and to reduce drug trafficking between these countries and the EU. The programme notably funds projects that will improve surveillance at border controls and offer training to border control police.

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

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

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

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

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

With the Republic of Moldova, a framework agreement was signed in December 2006, and work on establishing a viable loan portfolio, in particular in the transport, energy and environment sectors is ongoing.

4.3 Coherence with other international programmes and initiatives

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

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

In Romania, the EBRD supports investments in infrastructures (e.g. tram tracks in the city of Iasi) and energy development (heating scheme), the attraction of Foreign Direct Investment and support for the financial sector. It has also strengthened the capacity of the public administration and local authorities to make use of EU funding.

In the Republic of Moldova, the EBRD supports the strengthening of the banking sector and encourages private sector development, including activities aimed to improve opportunities in the food processing, manufacturing, retail and property sectors, as well as improvements to the country's infrastructure (e.g. modernisation of Chisinau airport and roads rehabilitation).

In Ukraine the EBRD supports the improvement of the business climate and competitiveness of the private sector, an increase of the institutional capacity of the financial sector and the level of finance available to SMEs, the modernisation of road, rail, harbour and airport infrastructure, and of the power, oil and gas sectors (e.g. upgrade High Voltage Electricity Grid in the oblast of Odessa).

- **World Bank**

As of mid-October 2004, the Republic of Moldova's portfolio comprised 11 ongoing investment operations with net commitments totalling US\$146.2 million (including one GEF-funded grant of US\$5 million). Infrastructure accounts for about half of the portfolio, while operations in human development, private sector development, and rural and agricultural development constitute the other half.

The Country Assistance Strategy 2005-2008 focuses on three pillars, which are aligned with the medium- to long-term poverty reduction priorities detailed in the EGPRSP. These are: (i) promoting conditions for economic stability, growth and employment creation; (ii) improving access to social services, capital and community infrastructure, as well as minimizing environmental risks; and (iii) improving public sector governance and combating corruption.

Projects of particular relevance for their cross border impact include a biomass project using agricultural waste, soil conservation projects, biodiversity conservation of the Lower Dniestr River, and an emergency drought recovery project. Planned projects include an environmental infrastructure project and road sector support programme.

The World Bank has also been active in Ukraine and funded activities involving public sector reform, financial reform, private sector development and the environment. Projects of particular significance include projects to stimulate SMEs and the Ukraine e-Development project. In terms of protecting the environment, the World Bank assists the Ukrainian safe drinking water programme launched in July 2005 and has funded environmental projects in Danube Biosphere. World Bank funding is also being used to reduce air and agricultural pollution.

- **Other bilateral donors**

USAID

The current programme for the Republic of Moldova runs from 2001 to 2007 and covers private enterprise growth including SME development, democratic institutions and social assistance. Based on the US government's positive assessment of the Republic of Moldova's progress in reform and transition, the Republic of Moldova qualifies for support from the Threshold Programme of the U.S. 'Millennium Challenge Account' (MCA). Based on successful implementation of the Threshold Programme, the Republic of Moldova became eligible for the full MCA 'compact'.

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

DFID

In the Republic of Moldova, the 'Regional Assistance Plan for Central Asia, South Caucasus and the Republic of Moldova for 2004-2007' is under implementation with the following priority objectives: improving governance and the institutional environment for poverty reduction, promoting pro-poor sustainable growth, and strengthening the UK's contribution to conflict

resolution and peace building. From 2007, DFID started to provide direct budget support through contribution to Poverty Reduction Structural Credit. In Ukraine, DFID has phased out its activities.

SIDA

SIDA launched the activities in the Republic of Moldova in 1996 and initially financed rather small projects. But since 2004, when Sweden adopted the first medium-term country assistance strategy, it supports larger reform programmes. A new strategy for co-operation for the years 2007-2010 will include good governance and democracy; enhancement of competitiveness in rural regions; and reducing the energy vulnerability. The Strategy foresees an annual allocation of approximately 10 ml. Euro. In Ukraine, SIDA supports projects combating poverty and harmonisation with the EU.

4.4 Conclusions of the coherence analysis for the Romania-Ukraine-Republic of Moldova JOP strategy and implementation

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

- Value added of the ENPI CBC Romania-Ukraine-Republic of Moldova Programme**

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

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

- Promoting synergies with other programmes and initiatives, springboard and multiplier effects**

Promoting complementarity of support and a multiplier effect are essential to ensure the best use of resources and the highest results for the eligible regions and stakeholders. The Romania-Ukraine-Republic of Moldova JOP will strive to achieve synergy with other programmes and initiatives which support projects with similar priorities in part or the whole of the eligible area, as identified under 4.1-4.3 above.

The ENPI CBC Romania-Ukraine-Republic of Moldova programme will ensure the long-lasting coherence of its support with other regional initiatives and projects, and promote synergies through the following means:

- Regular exchange of information between the programme JMA/JTS, and regional and international organisations active in the eligible area.
- The Members of the Joint Monitoring Committee will remain aware of their regional and national policies, of projects supported in their country through other initiatives and co-operation frameworks, so as to ensure that the projects funded under the ENPI CBC JOP are coherent and build synergy with them. To this aim they will stay in close contacts with the relevant national institutions or organisations, and in particular:
 - o For all Romanian programmes, complementarity of sectoral and regional programmes will be ensured through the active involvement of RDAs and relevant ministries both at the level of programming and at later stages of programme implementation;
 - o In the Republic of Moldova, a National Committee of External Assistance, with First Deputy Prime Minister as a Chairman and Minister of Economy and Trade as Deputy Chairman, was established in order to ensure the transparent and efficient management of the external assistance, as well as to ensure a complementarity between existing programmes and those at the programming phase.
- In their project proposals, the applicants will describe how their project of co-operation builds upon or complement other projects and initiatives, implemented by them or by other partners in the same field.
- In their application, project partners will be invited to describe how their proposal may have springboard or multiplier effects, for instance by the dissemination or replication of results in other regions. They will describe whether their project can be considered as a pilot project that has the capacity to be used as a model and to be replicated on a larger scale under other initiatives.

• **Avoiding double funding and overlap between projects**

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

The main risk identified in the coherence analysis for overlapping is with the projects funded under the Neighbourhood programmes Romania-Republic of Moldova and Romania-Ukraine. At the start of the JOP implementation, the Neighbourhood Programmes are likely to be still operational. A particular attention will therefore be paid by the ENPI CBC Programme joint structures to the time-schedule and nature of the call for proposals, as well as to the proposals received and projects already granted, to avoid double funding with the Neighbourhood Programmes.

Another risk identified during the programming process was the overlapping with the Romanian programmes co-financed from Structural Funds. (e.g.: Romanian National Plan for Rural Development, especially with the fourth axis, "Implementation of Leader approach", which involves co-operation activities; Sectoral Operational Programme Competitiveness, in particular Priority Axis 4 "Increased energy efficiency and security of supply in the context of combating climate change".

In this respect, the overlapping will be avoided by inviting as observers a representative of the managing authority of this programme in the Joint Monitoring Committee meetings. Similar measure was also foreseen in the RNPRD as regards the participation of a JMA representative in the Selection Committee for RNPRD. In addition, the JOP Romania-Ukraine-Republic of Moldova will only finance actions of a cross border nature.

A serious risk of overlapping has also been identified with the ENPI CBC Black Sea programme. The Romania-Ukraine-Republic of Moldova JOP JMA will systematically consult with the Black Sea programme JMA, before signing a grant contract, to check there is no overlap in the activities supported. The ENPI CBC Black Sea JMA representative may also be invited to attend the Romania-Ukraine-Republic of Moldova Joint Monitoring Committee meetings as an observer to ensure coordination of support.

- **Sharing experience and building upon results**

Throughout the Programme implementation period, the JMA/JTS and the Programme partners will promote initiatives for the coordination and exchange of information on the JOP strategy with the organisations active in the area. This should allow the Programme to use the experience and get the results of the other programmes working along similar priorities in the eligible regions, and to build upon them.

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

- **Lessons learned from previous cooperation programmes**

Planning and programming. The multi-annual planning exercise during the 2004-2006 Neighbourhood Programmes Romania-Republic of Moldova and Romania-Ukraine increased skills of efficient planning and correlation of

activities regarding preparation, launching, contracting and implementation, based on efficient planning of resources.

During the preparation process for **EDIS accreditation** the institutions involved in the management of Phare programmes (in particular, the ministry hosting the Joint Management Authority for this Programme) gained valuable inputs and a basis for evaluating the gaps, thorough identification of areas that need improvements, including an estimation of the necessary resources in order to adequately perform their future tasks.

Administrative capacity is a key issue in project management. Amongst the most important issues that must be taken into consideration for a sound and efficient management of funds are recruitment, training and remuneration of personnel and setting up of clear procedures. At the same time, the administrative capacity at beneficiary level is also very important as many beneficiaries face problems related to the number of staff and training of people.

Project preparation is also a crucial pre-requisite for a smooth and timely implementation of the projects. It became clear that project preparation is a complex and rather long process (especially for infrastructure-related projects), the necessary studies must be thoroughly developed, in order to avoid major problems that can appear in the implementation phase.

Maturity of projects and status of obtaining by the beneficiary of different agreements and permits for projects were other factors that cause delays in implementation. Land property should be clarified and beneficiary should present valid proofs of the land ownership.

5) THE CROSS BORDER STRATEGY

5.1 *The strategy and programme aim*

The strategy adopted in this joint programming effort is based on a joint vision of the development perspectives, including the problems to be solved and the opportunities to be taken identified by the geographical and SWOT analyses of the Programme area. Moreover, the strategy as a whole has been developed on the basis of full consultation of stakeholders from the region. An effective implementation of the strategy should mean that the border area shall accelerate its economic development while being the new external border of the European Union.

Specifically, the basis of establishing the strategy was constituted by the following resources:

- the Strategy Paper ENPI – CBC 2007-2013
- Regulation no. 1638/2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument
- the draft Guidelines for Programme preparation
- the socio-economic analysis and the SWOT-analysis of the Programme area
- the experience from the Neighbourhood Programmes 2004-2006
- conclusions of the discussions of Task Force
- conclusions of the consultations at national, regional and local level.

It is a common issue that border regions suffer from specific problems. National boundaries can produce barriers to trade and movement of people, and border areas can often feel peripheral in terms of national decision-making.

From the analysis, it is clear that historical, economic and cultural relations exist within the cross border area. This Programme shall enhance and support the existing interrelations in order to achieve a better social and economic integration of the area. Co-operation across the border can help to attack common problems of the neighbour regions, in a wide variety of areas. Consequently, this operational Programme was built from the bottom up, based on local/regional initiatives and being harmonized with the national and regional strategies of each country, in order to be in the common benefit of local and regional partners on each side of the border.

The Neighbourhood Programmes 2004-2006 should be seen as a first step in the process of developing a regional profile and identity, in a strategic approach, promoting the means and motivation for the border communities to work more closely together. The previous programmes involving the participant countries provide valuable experience and conclusions from the concrete initiatives that are indicating a clear catalytic function in co-operation for a common development objective.

The present Programme was built on the four core **objectives of ENPI CBC Strategy Paper:**

1. Promoting economic and social development in regions on both sides of common borders
2. Working together to address common challenges, in fields such as the environment, public health and the prevention of and the fight against organised crime
3. Ensuring efficient and secure borders
4. Promoting local cross border “people to people” actions.

In order to meet these objectives, the Programme focuses on a limited number of issues which may be successfully addressed at the cross-border level, and policy areas where co-operation at cross-border level is most likely to achieve results. The major role of the Programme is to develop greater levels of co-operation across the Programme area and so, most measures will go after development of networks and other forms of partnership and collaboration.

Programme Aim

The aim of the Programme is to improve the economic, social and environmental situation in the Programme area, in the context of safe and secure borders, through increased contact of partners on both sides of the border.

This aim will be pursued in a spirit of partnership and co-operation which encourages cross-border contact and activity and makes material improvement to the infrastructure.

The analysis of the Programme area shows an overall economic structure with large agricultural, tourism and industrial capacity, which might be utilized for the development of the entire targeted area. However, a low quality transport infrastructure and the gaps in natural gas and energy networks, the lack of adequate interconnection of the electricity systems as well as different technical and regulatory standards hinder the development of a competitive cross-border regional economy. Accessibility in border area as well as other physical infrastructure elements is to be improved in order to widen the scope of co-operation. The Programme funds being limited, large scale infrastructure projects are not foreseen. However, the Programme envisages financing some investment in infrastructure in order to permit improvement of roads and rails, where a significant improvement in the passage of traffic across the border may be demonstrated, energy networks and the provision of small water supply and waste management facilities. In this respect, the participating countries, in co-operation with the European Commission, can also jointly identify at a later stage, during the Programme implementation period, large scale cross-border investment projects, which are not presented in this document but will be selected by the Joint Monitoring Committee, insofar as the operations are coherent with the priorities and measures of the present Programme.

However, ameliorating the infrastructure is only one aspect of economic and social development of the border region. The Programme needs to balance infrastructure and softer outputs such as networks, exchange of experience and joint events.

The low level of income for most of the population, in connection with a low standard of living, especially in the rural areas and the small towns, determines a massive out migration from the Programme area. A major aim of this Programme will be the development of the economic potential of the region, so that the productive persons will remain in the region. This shall be accomplished by promoting a more diverse rural economy, including availing of the opportunity of great tourist potential, promoting the innovation, research and development, as well as increasing the productivity of the region by improving the skills of the workforce.

The second objective of the ENPI Strategy Paper, "**Common challenges**", emphasises the importance of environmental issues in the border areas, where economic restructuring and historical neglecting of the nature protection, affected the environment condition. Since environmental problems affect the whole border region regardless of national boundaries, impending environmental problems can only be solved by performing synchronised actions according to joint approaches. The issues requiring priority attention may be tackled at the local and regional level where communities can plan jointly and use resources efficiently. In this respect, water is of a particular importance for this Programme as the river systems of the partner countries are interconnected and water pollution originating in one country might have effect on its neighbours. The Programme shall encourage the common strategies for improvement of river basin management, including joint monitoring systems

The geographical analysis also identified a wide range of environmental challenges that needed to be addressed on a transnational basis, including common strategies addressing the water and waste management in parallel with development of waste minimisation strategies, preservation of region's ecological variety and its unique landscapes. Common planning for emergency preparedness is another issue of significant importance for this Programme, as the Programme area has faced in the latest years emergency situations caused by extreme weather.

"Ensuring efficient and secure borders" is a key objective of the ENPI Strategy Paper. Specific measures are needed to encourage trade and the free movement of people while maintaining border security. The analysis identified the need to combat illegal activities such as people trafficking as this has a detrimental effect on the vitality of the border populations .

The present Programme will focus on enhancing the co-operation between authorities at the local level in order to improve the procedures relating to border operational management. Moreover, investments in border crossing infrastructure may be supported as strategic projects, following the common agreement of all participant countries, provided that they are not overlapping other national initiatives.

It is also vitally important that the Programme stimulates greater co-operation across the border through co-operation and exchange of experience activities including the creation of networks. Strong civil-society links and educational, social and cultural co-operation may play an important role in promoting the spirit of the cross border co-operation among the population living in the border area, and will encourage the future development of other more significant common projects. A high interest has already been recorded on the Romanian side as regards the priority **People to People** of both Ro-Ua and Ro-Md 2004-2006 Neighbourhood Programmes. While in 2004 and 2005 this priority was not available for applicants in Ukraine and the the Republic of Moldova, in Romania, due to the limited amount of the allocation for this priority, only half of the submitted applications could be financed. Therefore, the present Operational Programme shall allow a larger number of applicants from all participant countries to benefit from financing under this component.

An important finding of the former Neighbourhood Programmes 2004-2006 (and from similar co-operation) is that the real CBC co-operation at local and regional level demands not only good and clear programmes, but also support to stakeholders, when developing and writing project proposals. The Joint Technical Secretariat (JTS) of the Programme established by Joint Managing Authority will help inter alia to inform the public on the opportunities offered by this Programme and also on practical issues concerning the preparation of applications. Considering the length of the Programme area, as well as the low level of experience in the Programme area in developing projects, in order to facilitate the access to information of the potential beneficiaries, the JTS will functions in two locations (headquarter in Suceava and an office in Iasi) and will establish three branch offices in: Odessa, Chernivetska and Chisinau. The staff of JTS will support the local and regional level stakeholders in developing good and sustainable projects within the priorities outlined in this programming document. It is therefore proposed, as an integrated part of the strategy, to finance - through the technical assistance of the Programme, the operation of the JTS and its branch offices as well as other activities which will underpin the implementation of the Programme.

All the priorities, as well as **technical assistance**, are described in detail in the next section of the Joint Operational Programme, after the description of the cross-cutting themes underlying the priorities.

A chart illustrating the relation between the objectives of ENPI CBC Strategy Paper and the priorities identified by the present Programme is presented in chapter 6.5.of this Programme.

5.3 Cross-Cutting Themes of the Programme

In addition to the priorities which are the focus for Programme activities, there are three criteria that are central to any project activity. Project applicants are expected to consider these criteria when developing their projects. These criteria are part of the essential project criteria and project applicants will be

asked how these aspects have been incorporated into their projects. These criteria are:

a. Sustainable Development

The analysis has shown that pollution and the creation of waste products in the Programme area has been a growing problem in recent years. The major aim of the Programme is to foster the development potential of the Programme area. This must be achieved in a sustainable manner following the provisions of the EU's Gothenburg Agenda.

It is obvious that Priority 2 will lead to a distinct improvement in the environmental nature of the Programme Area. In this respect the managing structures shall assure that during the implementation of the Programme, waste transport across the border, as well as use of old waste processing technologies will be prevented. It is also important that projects funded under Priority 1 have positive economic effects, in line with the principles of sustainable development, as there are problems with economic development which gives short-term gains but which stores up environmental problems for future generations. In this larger context, managing structures shall also consider prevention of the transport across the border of the poached animals and plants.

b. Equal Opportunities

The principle of equal opportunities also underpins the Programme and it is important that all groups in the society have equal access to the opportunities and benefits of the Programme - in order to obtain the objectives defined by the Programme. The specific role of women in society has an important part to play in issues such as people trafficking and an important part of the approach to trafficking focuses on how to improve the situation for these groups and inform society about the problems they face. However, equal opportunities go beyond women and should obviously include children/youth, the disabled, ethnic minorities and other disadvantaged groups.

There are specific parts of the Programme designed to promote equal opportunities. In particular, under priority 3 *People-to-people actions*, it is foreseen to support projects targeting disadvantaged groups (education and exchange, support to victims of trafficking, awareness raising), but also Priority 1 is expected to support to a certain extent easier access to skills upgrading, business development, employment and training opportunities for women, disabled people and ethnic minorities..

c. Territorial Cohesion

The principle of territorial co-operation is a key issue in many EU programmes. One of the key aims of the Programme is to stimulate economic development in the Programme area in order to reduce the regional disparities

between the eligible regions in this Programme and other regions in Romania, the Republic of Moldova and Ukraine. This should be accomplished without increasing regional disparities within the Programme Area. Thus, one of the underlying aims of the Programme is to promote the balanced spatial development of the Programme Area and the Adjoining Regions.

6) PRIORITIES, MEASURES AND ACTIVITIES OF THE PROGRAMME

6.1 Priority 1: Towards a more competitive border economy

Introduction

The analysis and strategy show that large towns and cities may play a key role in the modernisation of the economy as they contain the institutions (e.g. educational institutions, infrastructure and productive industries) necessary to kick-start regional and economic development of the border area.

However, a sound rural development is also essential as there are only few large towns within 30km of the border. Any sound development of the area will have to build upon a balanced development of both urban and rural areas.

In addition, the improvement of transport and energy networks as well as adequate interconnection of the electricity systems and different technical and regulatory standards are essential in the development of a more effective infrastructure, which is of tantamount importance to the real development of a viable economy as it secures access of people and goods to and from the border area.

Consequently, by its Priority 1, this Programme seeks to address all these fields by different means, to encourage co-operation by connecting people, organisations of regions and sectors, for creating the opportunity to develop the region's strengths and help the achievement of the first Objective of ENPI Strategy Paper.

The aim of the Priority 1 is to improve the economic performance of the border area through the diversification and modernisation in a sustainable manner, of the border economy.

The most urgent needs of the area identified by the analysis and addressed by this Priority are :

- to support SMEs growth and to increase the number of SMEs in order to improve the economy of the region and limit the migration;
- to improve competitiveness across the economy, particularly for Innovation and Research and Development (R&D);
- to facilitate the ecologically balanced modernisation of agriculture in order to make the principal sector of the area more competitive;
- to develop the great potential of tourism (cultural, agro, eco and theme tourism) for area development;
- to improve the region's infrastructure through modernisation of transport and energy networks which suffer from a lack of investment and are key aspects to a competitive economy and to provide adequate interconnection of electricity systems through integration into the UCTE in order to increase the capacity of cross-border electricity exchanges and increase security of supply in the region.
- to make the area more attractive for FDI.

- Promote cross-border approaches to co-operation in the production and marketing of farm products, including organic products and modern agricultural techniques and technologies (e.g. co-operative processing initiatives and joint studies which improve the quality of agricultural products, trainings and exchange of experience and best practice in modern agricultural techniques and technologies which help to prevent the soil and waters from pollution with nitrates, and pesticides and avoiding the areas classified as vulnerable; common branding; standards harmonization);

Measures underpinning this priority will be:-

- 1.1 Improving the productivity and competitiveness of the region's urban and rural areas by working across borders
- 1.2 Cross-border initiatives in transport, border infrastructure and energy

Measure 1.1 Improving the productivity and competitiveness of the region's urban and rural areas by working across borders

This measure is in line with the geographical and SWOT analyses as it seeks to increase the productivity of the region through the diversification and modernisation of the economic base - and to minimize the migration.

As analysis highlighted, the significant agricultural potential of the area is not efficiently used, due to the low level of sector organisation. However, this sector should be developed in a direction that allows preservation of the agricultural biodiversity and the heritage of soils and waters free of pollution. Also, the rural economy can be diversified by encouragement of tourism, or development of local crafts, such as the rural areas would become less dependent on agriculture.

The geographical analysis noted the lack of medium sized businesses and therefore the measure will prioritise the establishment of good framework conditions and support structures for productive SMEs with growth potential. It should be noted that this measure will not offer direct support to SMEs but it will offer support services such as training, marketing and trade advice, procurement, marketing, product development, access to information and counselling etc.

Likewise, the analysis pointed to the lack of the links between R&D and larger-scale businesses. The Programme hopes to create networks of universities in the area connecting them with companies in order to improve the levels of innovation in the region. In order for innovation to take place it will however be necessary to also link such networks with the regional (and local) administrations - it is therefore foreseen that also co-operation between regional/local administrations in creating good framework conditions for innovation will be supported within this measure.

The inflexibility and incapability of the labour market to respond to the economic exigencies identified by the analysis can be overcome by ensuring

the necessary capacity building, training and support structures. It is also important that the training programmes meant to improve the skills and qualifications of the labour force are matched to the needs of labour market.

Activities that may be funded include:

- Formation of cross-border business networks to promote trade, visits and missions, marketing initiatives and joint product promotion, common branding of products/services;
- The development of cross-border training for staff in SMEs in areas such as management, procurement, marketing, product development, accounting, book-keeping etc,
- The development of cross-border business related infrastructures such as business incubators, business centres, exhibitions centres and project-supporting institution building.
- Joint activities of regional and local institutions related to capacity building initiatives and training, in order to adapt skills and qualifications of the labour force to the needs of the labour market.
- The development of public sector led cross-border networks between local and regional authorities, universities and businesses to develop and enhance innovation and research.
- Promote cross-border approaches to co-operation in the production and marketing of farm products, including organic products and modern agricultural techniques and technologies (e.g. co-operative processing initiatives and joint studies which improve the quality of agricultural products, trainings and exchange of experience and best practice in modern agricultural techniques and technologies which help to prevent the soil and waters from pollution with nitrates, and pesticides and avoiding the areas classified as vulnerable; common branding; standards harmonization;
- Improvement and development of tourist facilities (e.g. museums and cultural centres, recreation areas, walking, cycle, car parks neighbouring tourist attractions, environmental friendly navigation technologies;) which may increase the attractiveness of the cross-border areas.
- Development of tourism networks and information by creation of integrated and interactive databases, information brochures, websites, etc on tourism facilities and attractions, including rural and ecological tourism,.

Indicative list of beneficiaries and target groups¹⁰ includes chambers of commerce, local and regional authorities, universities, other educational institutions such as business colleges, public entities supporting the work force (job creation centres, job exchange services etc), NGOs and formally

¹⁰ A more detailed list of beneficiaries will be developed in guidelines for applicants

constituted business and professional associations, public entities in charge with promoting tourism, association of small local municipalities and town administrations

Measure 1.2 Cross-border initiatives in transport, border infrastructure and energy

An effective infrastructure can add value to the economy. The low quality of transport and energy networks in the Programme area, the lack of adequate interconnection of the electricity systems as well as different technical and regulatory standards hinders the development of a competitive cross-border regional economy, and consequently, both these sectors are in need of urgent improvement.

Challenges faced in the field of energy are significant as the border area produces relatively small amounts of electricity, there are gaps in the energy networks while power plants and local heating schemes are old and inefficient. There is a clear need to close the gaps in the network, to establish energy schemes that may serve both side of the border and to begin to realize the potential that the area has for the development of renewable energy.

There are particular challenges concerning road transport. Many roads within the Programme area need re-surfacing and some are in need of general improvement. Priority will be given to road creation/improvements which have a cross-border impact, particularly those that reduce journey times across the border.

Also the railway network in the Programme area needs modernisation, in order to improve the inter-operability between three countries. Small schemes that may contribute to the facilitation of the traffic across the border, including feasibility studies shall be supported by this Programme.

In order to improve connections between the partner countries and EU, the border-crossing infrastructure has to be a well-organized filter, transparent for increasing flows of passengers, goods, cargo, etc, but close for illegal migration, drugs, terrorists, weapons and other nowadays sources of risks. Currently, most of the border crossing points demand further development in terms of modernisation of infrastructure, technical equipment for passing cargoes and passengers. Moreover, an effective border management will require not only a modernized border crossing infrastructure, facilitating the cross-border movement of persons and secure good conditions for trade and transit, but also a well trained professional staff. These issues may be addressed by this Programme, through an enhanced co-operation between border authorities at the local level.

In addition, during the implementation of the Programme, after an accurate analysis performed jointly by all countries involved, it might be identified the necessity of increasing the number of international border crossing points between the three countries. In this case, following the decision of the Joint Monitoring Committee, setting up of new border crossing points might be financed under this Programme, where this may essentially improve connections between partner countries and EU.

Activities that may be funded include:

- Closing the gaps in the energy grid networks (electricity and gas) in the border areas
- Provision of local renewable energy schemes (biomass, solar and wind energy, bio-energy).
- Best practice transfer in the energy sector: study trips across the border, common planning and trainings
- Elaboration of feasibility studies, technical projects, environmental impact assessment, cost-benefit analysis or cost-effectiveness analysis related to the activities covered by the present measure, including the improvement of energy networks, energy efficiency, interconnection of electricity systems through synchronous integration into the UCTE and the increased use of renewable energy sources.
- Small scale road and rail improvement schemes where it can be demonstrated that there is a significant improvement in the passage of traffic across the border.
- Investments in infrastructure, access road, facilities and equipment at the Border Crossing points agreed by all partners, as well as strengthening institution building capacity. This may include but is not limited to general (re)-construction/rehabilitation of the border crossing points, special technical equipment, training of the staff from the different services involved in border control activities at the border crossing points , strengthening of the control on biological, chemical and nuclear transit over the border.

The indicative list of beneficiaries and target groups includes local and regional authorities, public sector transport (rail and road); energy agencies or national companies, public service providers, including bodies under the authority of state authorities and bodies subordinated to state authorities; universities and bodies involved in research in the fields addressed by this measure, bodies in charge with border crossing management.

6.2 Priority 2: Environmental challenges and emergency preparedness

The ENPI Strategy Paper emphasised the environmental issues as the main common challenges of the border areas and stressed the problem of environmental degradation “particularly on the EU’s eastern borders.” In particular, the Strategy mentions water “where cross-border co-operation will facilitate the shared development and protection of water resources.”

The geographical analysis identified a wide range of environmental challenges that need to be addressed on a transnational basis as pollution does not recognise national boundaries.

While respecting the role of national governments, it is important that common approaches are developed in the area of planning and river basin management, particularly in relation to the river basins of the Danube, Nistru and Prut. Developments in one part of the region can affect other parts of the regions and it is important that consultative structures are developed as a response to spatial planning requirements.

One of the potential and major impacts that this Joint Operational Programme may have is in the area of emergency planning. By its very nature, an emergency needs the co-ordinated response of a wide range of organisations. Expertise, resources and manpower are usually stretched during an emergency and those responding to the situation need all the help possible.

The aim of the priority will be to develop long term solutions to the environmental problems faced by the border areas, particularly those associated with water and sewerage management systems as well as environmental emergencies, where a co-ordinated approach is essential

The most urgent needs of the area identified by the analysis and addressed by this Priority are:

- Issues around water and waste management and water supply, that in many parts of the border is inadequate and creates major pollution problems. These problems are major barriers to the development of a competitive economy.
- The lack of clean drinking water, which produces health problems as well as industrial, agricultural and domestic pollution that adversely affects many water courses.
- The increase in soil erosion, which is aggravated by unsustainable farming techniques and deforestation.
- Air pollution, which is a growing problem in urban areas and near some industrial plants.
- A good preparation for emergencies that may endanger the environment and population in the Programme area is necessary.
- An effective protection and use of the natural assets by tackling common environmental issues is essential.

Measures underpinning this priority will be:

2.1 Addressing strategic cross-border environmental challenges including emergency preparedness.

2.2 Water supply, sewerage and waste management

Measure 2.1 Addressing strategic cross-border environmental challenges including emergency preparedness.

The geographical and SWOT analyses stressed that the Programme area faces a wide range of strategic environmental challenges including the increasing flood risk, increasing levels of soil erosion and air pollution,

particularly in industrial and urban areas, as well as need for improvement of river basin management.

Environmental monitoring plays a key role in the strategic approaches of environmental management and this measure will also support projects that include the purchase of monitoring equipment and training of staff, when the monitoring is done on a cross-border basis.

The progress made by the strategic approaches to environmental management may undermine the environmental damage done during emergencies.

In this respect it is important that there is a wider use of emergency planning techniques in the cross-border area. By this measure, the Programme will fund the creation of emergency plans including trainings in emergency planning techniques in cases of severe weather such as flooding, or where there is a high risk of cross-border pollution due to transport accidents and industrial accidents. In mobilising equipment and staff to deal with these emergency situations, urgent assistance from both sides of the border is usually necessary. There are many sensitive environments within the Programme area, such as the Danube Biosphere, which are in need of particular protection. The measure will also facilitate the creation of cross-border teams to deal with a wide range of emergencies including environmental damage.

As the analysis mentioned, the Programme area has a great heritage of natural protected areas jeopardized by the human activities and the lack of an integrated management. Since many of these areas may be influenced by cross border activities, is the development of joint planning strategies and initiatives meant to minimise this negative impact and to encourage the exchange of experience in this issue is very important

Activities that may be funded include:

- Projects where joint strategies and plans or key strategic projects tackle common problems of pollution, including joint monitoring systems of protected areas, river basins, wetlands, air, water and soil. Eligible activities will include the purchase of shared equipment and training of staff;
- Projects related to water management. These projects can address the following issues: drought, reducing flood risk including flood defence measures; restoration of wetlands; introducing river basin management, and implementing the non-obligatory parts of the EU Water Framework Directive.
- Projects which exchange best practice and develop effective methods of fighting soil erosion and land slide, including soil monitoring systems.
- The development of border networks designed to improve forestry management and environmental stewardship (good care of natural

resources; can include: recycling, conservation, regeneration and restoration).

- Management of biodiversity in the border area; Monitoring of piscicultural resources; management of aquatic resources during difficult climatic situations;
- Measures to improve and restore national and regional protected areas. Projects involving particularly sensitive areas, including those projects promoting the exchange of experience and best practice in this policy area Development of the joint planning strategies and initiatives across the Programme area.
- Designation of cross border reservations (identification of common needs and initiation of the implementation process of an integrated management of the cross border reservations)
- Preparation of joint action plans for the sustainable management of the cross border protected areas, including actions for the preservation of natural heritage, actions for sustainable usage of natural resources, actions for increasing the institutional capacity of the local key decision factors in order to improve the access to funding and implementation of joint cross border actions.
- Projects bringing together professionals drawing up emergency plans for a wide variety of activities, e.g. flooding, drought, severe weather or major incidents of severe pollution; establishment of on-line networks for emergency actions.
- Setting-up jointly early warning systems for life-threatening incidents.
- Elaboration of feasibility studies, technical projects, environmental impact assessment, cost-benefit analysis or cost-effectiveness analysis related to the activities covered by the present measure.

The indicative list of beneficiaries and target groups includes local and regional authorities; environmental agencies and agencies involved in water management and flood protection; NGOs; administrations of national parks, and natural protected areas, universities and higher education institutes, emergency situations inspectorates, other statutory bodies involved in the development of emergency plans.

Measure 2.2 Water supply, sewerage and waste management

The analysis highlighted the problem with water supply, particularly in the rural area. Many water supply systems are outdated and need substantial investments of capital. Water purification is also a key issue, as many purification plants cannot meet the growing demand for water.

The analysis also identified waste water management as a particular problem and the lack of suitable sewage facilities is a major cause for the pollution of watercourses, streams and rivers. There is a significant increase in the

production of waste in the border region generated from agriculture, mining, industry and domestic activities.

The measure will fund a variety of water supply, sewerage and waste management measures aimed at improving both the access to clean water and the purification of water for communities on both sides of the border. In terms of waste management projects, the measure will fund a range of activities including the development of waste minimisation strategies and more concrete waste projects emphasising waste collection, recycling and disposal providing they have a cross-border focus.

Activities that may be funded include:

- Development at local level of systems for water supply and/or water purification and water sewage that are used on either side of the border, particularly in communities largely dependent on water from wells.
- Projects for monitoring the quality of water from wells, including listing the wells contaminated with nitrates and pesticides and purchasing of equipments; identification of sources of pollution; decontamination of warehouse and remediation of the nearby lands affected by pesticides;
- Development and upgrading of cross-border waste disposal and neutralisation, sewage, waste water and sludge infrastructure and their supporting human resources.
- Development of cross-border waste management projects including the exchange of experience and best practice.
- Development of cross-border waste minimisation strategies; joint recycling initiatives
- Elaboration of feasibility studies, technical projects, environmental impact assessment, cost-benefit analysis or cost-effectiveness analysis related to the activities covered by the present measure.

The indicative list of beneficiaries and target groups includes local and regional authorities; NGOs, NPOs, county and regional waste management, waste management, waste water management public bodies

6.3 Priority 3: People to People Co-operation

The European Commission's ENPI Strategy Paper emphasises the importance of "People to People Co-operation" as a means of increasing 'local ownership of the Programme" and it also emphasises the importance of civil society and NGOs in the process. Experience from CBC co-operation in both old member states and across the external EU border shows that smaller-scale interventions between active people/institutions on both sides of a border is an efficient starting point for longer term CBC activities in an area. Such activities are often the first step towards more advanced regional level co-operation.

The importance of this People to People Co-operation has been stressed and positively welcomed by many partners during the consultations organized in the Programme area. The stakeholders from all three countries recognise the great value of the interaction between neighbours, at regional level. Civil society from both sides of the borders has already had, in the Neighbourhood Programmes 2004-2006, the opportunity to cooperate in common actions in areas such as cultural or educational exchanges, warning campaigns for vulnerable groups as regards drugs and human trafficking. The significant number of projects of this type selected and currently in process of implementation under Neighbourhood Programmes, demonstrates the great interest of the stakeholders for people-to-people co-operation.

The projects developed under this priority of the Programme, will address a large range of activities meant to increase the impact of the Programme. From dissemination and exchange of good practice, to support the initiatives for regional/local administrative reform, the people to people activities funded from the ENPI programmes will enhance the degree of awareness of local communities as regards the opportunities created by a stronger bond between European Union and its neighbours.

Civil society exchanges should be strengthened, reaching beyond governmental contacts to build bridges in many areas, e.g. contacts among regional and local authorities, trade unions, health professionals, cultural groups, etc).

It was also decided to include - apart from classical small-scale co-operation - activities relating to the fight against and prevention of organised crime. The Programme partners feel that it is important to support interventions which may be planned and implemented by local level actors - and activities in this area have therefore been included in this priority.

Where-as priorities 1 and 2 seek to increase economic performance and common environmental challenges by focusing on targeted co-operation between professionals, service providers, professional organisations, public entities and administrations, this priority will actively support co-operation between activists, civil society and NGOs in areas, which are often labelled "soft", ie. general education activities, social and cultural co-operation, exchange programmes, awareness raising.

Good public performance, clear divisions of tasks between local/regional politicians and their administrative staff and close links between the administrative structures across the border will be an important requirement if the Programme area is determined to develop from an economical point of view being able in the same time to combat common problems (priorities 1 and 2). For this reason it is foreseen to finance under this priority activities targeting administrative exchanges and best practice transfer in administrative reform..

Strong CBC co-operation could be established through Euroregional co-operation structures - they are in particular in old member states seen as one of the most efficient ways of securing stable cross-border co-operation across borders. Having the support of the local and regional authorities from both sides of the border, the strategies promoted by these associations may have a

positive influence in the enhanced development of the Programme area. Project proposals from established Euroregions will therefore in particular be welcomed under this priority.

The aim of this priority is to promote greater interaction between people and communities living in the border areas.

The most urgent needs of the area identified by the analysis and addressed by this Priority are:

- The need for harmonized development across borders is a significant aspect of regional development in the Programme area as it is important for people to establish closer relations in order to be able to share solutions to common or similar problems.
- While the border area is a sparsely populated rural area, one of the signs of economic progress would be an increase in the numbers of people and goods crossing the border legitimately. Encouraging contact with groups on either side of the border can assist in raising flows of people across the border.
- The Programme area shares many common values, easy communication because of common languages, common traditions and cultural heritage. These strengths should be utilized and close relations reinforced.
- Experience shows that the external EU border is often seen as a barrier to co-operation at the local level. Actions and projects that allow people to get together on a regular basis to share experiences and ideas are needed in order to support the present co-operation at local level and support any new cross-border initiatives.
- The border area is a transit route for those involved in organized crime and people trafficking.
- It is necessary to stimulate activities encouraging young people to stay in the border area

Measures underpinning this priority will be:

- 3.1 Local and regional governance, support to civil society and local communities.
- 3.2 Educational, social and cultural exchanges.

Measure 3.1 Local and regional governance; support to civil society and local communities.

This measure seeks to complement the more technical priorities 1 and 2 and should have as target the more "soft" co-operation across the border. In particular it should support the creation of strong political, administrative and

public support to longer term cross border co-operation in the Programme area. Such support could eventually develop into more institutionalized co-operation structures such as strong and sustainable euroregions.

The measure should therefore target common planning initiatives, exchange of experience and any initiatives encouraging better co-operation at local and regional level across the border.

The euroregions are established by local/regional authorities and therefore they are public bodies representing common interests of the main actors involved in the CBC. In some cases they may include other important actors, such as non-governmental organisations or universities. Having this wide support from its members, euroregions may take a leading role in development of cross-border regional plans or strategies in the border area.

Also the civil society co-operation will be an important milestone on the way to secure longer term co-operation across borders in the Programme area. Civil society initiatives - in particular implemented by established and embryonic NGOs - are often an answer to immediate problems faced by people living in the local community and alternative solutions are therefore more easily adapted to living conditions in that particular area.

This priority will in particular support initiatives that will ease the access and exchange of experience in the area of health, and initiatives which target the fight against illegal migration, people trafficking and organized crime - as described in the SWOT analysis and the geographical description.

A close co-operation at the local and regional level between authorities fighting against organised crime on both sides of the borders may complement the co-operation at national level. In particular, improving the prevention and combating of illicit trafficking of human beings, smuggling of the firearms and stolen vehicles or other contraband may be addressed by joint initiatives of these authorities, exchange of experience and best practice.

Public health issue is of a particular interest, as the life expectancy in the Programme area is lower in comparison with EU members. The main issues that should be addressed in a cross border context are related to communicable diseases, possible epidemic and pandemic diseases, consumer protection food safety and the enforcement of quality assurance. Health services have been identified as an area that is undergoing change at the moment - alternative solutions to secure an increase in life expectancy and the general health conditions of people living in the area shall be supported. Actions providing public health surveillance and monitoring, public awareness and education campaigns should be considered.

It will be also important to support cross-border rehabilitation courses for those who have experienced people trafficking, communication campaigns warning vulnerable groups and the exchange of best practice in fighting organised crime and people trafficking and in dealing with the victims of such activities.

Activities that may be funded, include:

- Initiatives of common (spatial and other) planning across the border
- Best practice transfer and exchange of experience for local and regional authorities, community groups, non governmental organisations - including support to euroregional co-operation;
- Development of joint planning strategies and initiatives including those promoted by euroregions;
- Initiatives to support regional/local administrative reform across the border, including cross border capacity building initiatives;
- Improvement of life expectancy programmes, support to public health surveillance and monitoring, public awareness and health education campaigns;
- Training, exchange of experience and best practice between the local/regional authorities fighting illegal migration, cross border criminality, drug trafficking, people trafficking and organised crime;
- Cross-border publicity campaigns, training workshops and courses to warn vulnerable groups about the dangers of people and drug trafficking;
- Cross-border rehabilitation courses for victims of people trafficking and drug abuse.
- Establishment of networks between professionals in the areas of labour market, health services and health promotion.

The indicative list of beneficiaries and target groups includes local and regional authorities, NGOs, associations, legally constituted voluntary bodies drawn from civil society and local communities, public medical institutions, non-governmental organisations and associations, educational institutions and formally constituted women's groups.

Measure 3.2 Educational, social and cultural exchanges

Educational, social and cultural exchanges are key components of this Programme due to the fact that they have a real contribution to the integration of people living in the border areas.

School exchanges will be essential, but they should include also exchange of teachers and trainers. In addition, there should be initiatives to develop joint courses and joint curriculum initiatives. Exchanges should be encouraged at all levels of the education system including higher education and adult education.

Furthermore informal education exchanges (e.g. youth groups and social groups) should be encouraged.

Exchanges within this measure will be supported taking into consideration the need for co-operation/establishment of networks within the measures 1 and 2 (ie. support will be given also to exchange programmes between institutions

and professionals working on areas covered by these two measures). This way a synergy is created between the 3 measures described in this Programme.

The border regions share a common culture in terms of folklore, festivals, traditions, language and family ties. It is important that the border does not hamper the maintenance and development of this shared culture; cultural exchanges represent a fruitful way to develop good neighbourly relations.

The exchange of legally constituted groups that promote events and festivals is also to be encouraged under this priority

Activities that may be funded include:

- Education exchanges between schools, colleges and adult education institutions including both staff and students;
- Exchanges in less formal education groups such as youth groups and community groups;
- Exchanges to develop cultural and social initiatives, raising awareness campaigns in the field of environmental protection, ecological camps;
- Cultural events and festivals with a clear and visible cross-border aspect
- Projects between educational and labour market specialists which lead to the common recognition of educational qualifications.
- Joint media events supporting cross-border co-operation

The indicative list of beneficiaries and target groups include schools, colleges, universities, other educational institutions, legally constituted voluntary groups including disadvantaged groups and cultural and social organisations; non-profit media associations, professional organisations, regional environment protection institutions.

6.4 Technical Assistance

In this Joint Operational Programme, Technical Assistance will be used to cover the preparation, management, implementation, monitoring audit and control of the Programme as well as studies, seminars, translation, information dissemination, evaluation and publicity measures. Collectively, the funds allocated to support activities under Technical Assistance, are limited to a maximum of 10% of the global EU's contribution to the Programme.

The aim of Technical Assistance is to achieve effective and efficient implementation of the Programme by enhanced preparatory, monitoring, administrative and technical support, and by ensuring the widest participation possible amongst the public.

The technical assistance will consist of two main components:

1. Programme management and implementation
2. Publicity and information

1. Programme management and implementation

This component of Technical Assistance will allow for support for an effective management, implementation and evaluation of the Joint Operational Programme. In particular, this activity will support the JMA, Joint Technical Secretariat, Joint Monitoring Committee and the evaluation committees by covering costs related to organisation of the meetings (including costs to facilitate the participation of the members of these committees) and logistics, as well as the specific activities related to monitoring the implementation of projects selected for financing. Procurement and installation of IT (other than MIS-ETC) and office equipment required for the management and implementation of the Programme is eligible under this measure.

The JMA establishes a Joint Technical Secretariat in the Romanian part of the Programme Area, that will assist it in the daily management and administration of the operations of the Programme. The JTS staff will consist of a multinational team of officers and the operating costs of the JTS will be covered by Technical Assistance of the Programme.

The headquarter of the JTS will be on the Romanian-Ukrainian border. Due to the lengthiness of the border and the large dimension of the Programme area, the JTS will be assisted by an office on the border of Romania and the Republic of Moldova. This will guarantee a regional and adequate execution of the Programme, especially in the field of project realisation.

JTS will also establish branch offices in Ukraine and the Republic of Moldova as local contact points that shall mainly assist potential applicants with information. The roles of the JTS branch offices will be of publicising the programmes, of assisting in project development, partner search and advising partners on the implementation of projects. JTS branch offices will also provide support to JTS in fulfilling its tasks related to project monitoring (may be involved in on the spot checks particularly in organising the site visits to the projects partners located in their interest area. They will work under the coordination of JTS.

The framework contract between JTS and JMA will be concluded following the decision taken by the Joint Monitoring Committee. In this respect, the JTS will provide JMA with an application, a plan of activities and a proposed budget. The contract will be concluded on a period of 3 years, with possibility to be renewed.

Evaluation is a major part of the implementation of programmes. While the mid-term, ad-hoc and ex-post evaluations of the Programme shall be carried out by the European Commission, the Joint Managing Authority may consider necessary to carry out its own on-going evaluations. This measure will fund the evaluation of the Programme, including statistics and studies, development of evaluation methods.

The measure will also finance audit activities as described in chapter 8 of this Programme, and according to the audit plans for projects prepared by the Joint Managing Authority.

Activities that may be funded, include:

- Joint Monitoring Committee functioning and project selection
- Establishment and operation of the Joint Technical Secretariat and its branch offices.
- Support to the JMA, for studies and experts consultancy on themes relevant for the Programme implementation and the neighbourhood strategy development
- Programme auditing and evaluation

2 Publicity and information

This component of Technical Assistance will support activities that promote and publicise the Programme together with the results and achievements accomplished. It will also organise activities that seek to increase the awareness of, and information amongst, potential project partners and beneficiaries in order to ensure the widest participation possible from the public and private sector. To this end, an information and publicity plan will also be included in the Programme setting out the aims and target groups and the strategy of the actions. Conferences, road shows workshops, training for beneficiaries, networking, awareness-raising and co-operation exchange of experience are also necessary activities.

The indicative activities that may be funded, include:

- Development of an information system of the Programme content for all interested actors, preparation and dissemination of information and publicity materials (current official Programme documents, manuals of procedures, bulletins, brochures, posters, objects with EU logo, Programme logo);
- Organizing conferences, fora, road shows, workshops, training for beneficiaries, networking, awareness-raising and co-operation/exchange of experience;

The indicative timetable of activities financed under technical assistance component in the first year of Programme implementation is presented in Annex E.

6.5 Indicators

Considering the size and nature of the Programme, global and macro-economic impact indicators (impact on GDP, unemployment, education qualifications, population growth, etc) are not mandatory.

However, limited and simple indicators focusing on the Programme contribution to European cross-cutting themes, SEA and Strategy Paper objectives (Gender equality, Environment and sustainable development, sustainable cooperative networks, identity of regions, positive opinion on CBC) have been introduced:

Programme aim	Impact indicators	Measurement	Base line	Target value
Sustainable development	Number of projects having positive influence on environment and sustainable development	Number	0	60
Equal opportunities	Number of projects targeting disadvantaged groups or having positive influence on gender equality	Number	0	60
Territorial cohesion	Number of projects promoting balanced spatial development of the Programme area (creating sustainable and official co-operative networks and systems)	Number	0	20
Sources of information: Monitoring reports, surveys or studies; National / Regional statistic Method of measurement: Annually				

Indicators at priority level are necessary to evaluate and monitor the Programme.

The defined result and output indicators are linked to the aims of each priority. Result indicators are expressed in number of projects and /or direct effects of priorities.

Output indicators present the number of generic deliverables expected from the beneficiaries for the benefit of a specific target group (products, services, tools, material, events, sessions, methods, etc)

Priority 1. Towards a more competitive border economy

Priority aims	Results	Base line	Target value	Outputs	Base line	Target value
To support SMEs growth and to increase the number of SMEs in order to improve the economy of the region and limit the	Number of projects fostering locally based activities	0	10	Number of SME's benefitting from business facilities	0	300

migration:							
To improve competitiveness across the economy, particularly for Innovation and Research and Development (R&D);	Number of projects stimulating cross border cooperation between universities, research institutes and business/local authorities		0	10	Number of partnerships between universities, research institutes and business/local authorities	0	10
	Number of projects developing cross border training services for employment in connection with the market needs		0	10	Number of people graduation training courses	0	3000
To modernise agriculture in order to make the principal sector of the area more competitive;	Number of projects with recognised support to modernisation of agriculture and joint production		0	10	Number of tools/methods/model solutions developed/tested aiming at modernising agriculture	0	20
To develop the great potential of tourism (cultural, agro, eco and theme tourism) for area development;	Number of projects supporting the development of permanent joint products in the area of tourism				Number of joint integrated tourism products created		
To improve the region's infrastructure through modernisation of transport and energy networks which suffer from a lack of investment and are key aspects to a competitive economy and to provide adequate interconnection of electricity systems through integration into the UCTE in order to increase the capacity of cross-border electricity exchanges and increase security of supply in the region.	Number of projects clearly influencing the field of transport, border crossing infrastructure and energy networks and increased electricity interconnection.		0	10	Number of tools/methods/solutions developed/tested aiming at increase of capacity and or interoperability of different transport and energy networks	0	10
Sources of information: Monitoring reports, surveys or studies; National / Regional statistic Method of measurement.: Annually							

Priority 2 Environmental challenges and emergency preparedness

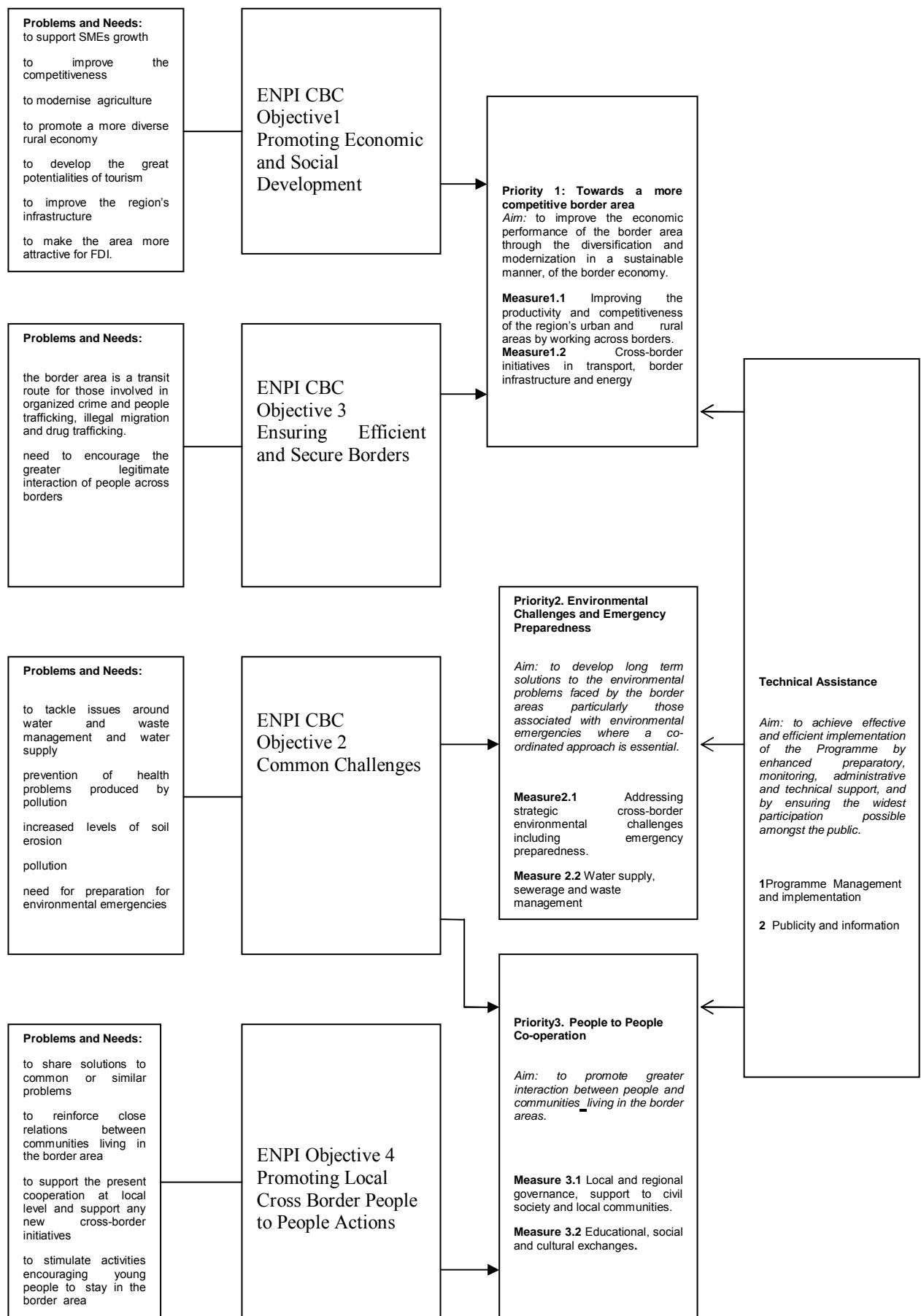
Priority aims	Results	Base line	Target value	Outputs	Base line	Target value
To tackle issues around pollution aggravated by inadequate water supply and waste management systems	Number of projects dealing with water supply and waste management	0	10	Number of water and waste technologies jointly implemented in the border area	0	15
To address the issue of soil erosion which is aggravated by unsustainable farming techniques and deforestation	Number of projects supporting fighting soil erosion, including forestry management and environmental stewardship	0	5	Number of tools/methods/solutions/networks developed/tested for fighting soil erosion	0	10
To ensure a good preparation for emergencies that may endanger the environment and population in the region	Number of cross border projects involving institutions/professional associations activating in emergency systems	0	10	Number of tools/methods/solutions/networks contributing to risk prevention and early warning and emergency response	0	10
To ensure effective protection and use of the natural assets by tackling	Number of projects developing joint solutions for	0	10	Number of collaborations established on common problems of environmental	0	15

common environmental issues.	environmental issues			protection		
Sources of information: Monitoring reports, surveys or studies; National / Regional statistic						
Method of measurement.: Annually						

Priority 3 People to people co-operation

Priority aims	Results	Base line	Target value	Outputs	Base line	Target value			
To address the need of harmonised development across the border	Number of projects supporting common planning initiatives, exchange of experience, cooperation networks	0	10	Number of bodies involved in cooperation initiatives	0	30			
To reinforce close social and cultural relations between the communities across the border	Number of projects creating permanent social and cultural exchanges	0	30	Number of joint cultural events/networks promoting regional CBC identity, including awareness campaigns for environmental protection in the area	0	40			
To reduce organised crime and people trafficking in the border area	Number of projects fighting against organised crime, people trafficking in the border area	0	5	Number of trainings/meetings for professionals	0	20			
				Number of information campaigns for citizens and rehabilitation courses for victims of people trafficking	0	30			
To stimulate activities encouraging young people to stay in the border area	Number of projects creating activities for young population in the area	0	10	Number of exchanges and joint events for young people	0	30			
				Number of trainings/meetings for professionals	0	30			
Sources of information: Monitoring reports, surveys or studies; National / Regional statistic									
Method of measurement.: Annually									

6.6 Logic chart linking geographical analysis to ENPI CBC objectives with Programme's priorities and measures



7) INDICATIVE FINANCIAL PLAN

7.1 *Financial table describing the provisional* yearly allocations of Programme's commitments and payments*

		A	B	C	D
		INDICATIVE PROVISIONAL COMMITMENTS BY THE EC	CO-FINANCING	PROGRAMME'S INDICATIVE PROVISIONAL COMMITMENTS - EC funding -	PROGRAMME'S INDICATIVE PROVISIONAL PAYMENTS - EC funding -
2008					
Projects			0	527.309	0
TA			N.A.	1.639.350	1.439.350
TOTAL 2008			17.419.387	2.166.659	1.439.350
2009					
Projects			1.697.263	23.719.305	16.972.630
TA			N.A.	1.575.650	1.775.650

TOTAL 2009	19.042.588	1.697.263	25.294.955	18.748.280
2010				
Projects	2.029.911	26.050.260	20.299.114	
TA	N.A.	2.090.650	1.840.650	
TOTAL 2010	19.423.439	2.029.911	28.140.910	22.139.764
2011				
Projects	2.540.318	32.571.182	25.403.182	
TA	N.A.	1.690.650	1.940.650	
TOTAL 2011	24.912.052	2.540.318	34.261.832	27.343.832
2012				
Projects	2.988.795	29.564.429	29.887.945	
TA	N.A.	2.250.650	2.000.650	

TOTAL 2012	25.308.290		31.815.079	31.888.595
2013				
Projects	1.212.993	1.613.777	12.129.929	
TA	N.A.	2.940.650	1.740.650	
TOTAL 2013	20.612.310	1.212.993	4.554.427	3.870.579
2014				
Projects	935.346	N.A.	9.353.462	
TA	N.A.	379.254	929.254	
TOTAL 2014	N.A.	935.346	379.254	10.282.716
2015				
Projects	0	N.A.	0	
TA	N.A.	65.600	915.600	
TOTAL 2015	N.A.	0	65.600	915.600

		2016			
Projects		N.A.	N.A.		0
TA		N.A.	39.350		89.350
TOTAL 2016	N.A.	N.A.	39.350	89.350	
TOTAL 2007-2016	126.718.066	11.404.626	126.718.066	126.718.066	
TOTAL COFINANCING RATE					%

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

7.2 The indicative amount of funding by priority

Priorities by source of funding (in Euros):*

	EC Funding (a) **	Percent of the total EC Funding	Co-financing (b)	Co-financing rate (in %) ***	Total funding (c) = (a)+(b)
Priority 1	57023130	45%	5702313	10%	62725443
Priority 2	44351323	35%	4435132	10%	48780455
Priority 3	12671807	10%	1267181	10%	13938988
Technical Assistance	12671807	10%	n/a	n/a	12671807
Total	126718066	100%	11404626	-	138122692

* JMA may adjust the financial table by transferring from one priority to another of no more than 20% of the initial amounts (except from and to Technical Assistance), after prior approval of JMC. JMA shall inform the Commission about the changes in the financial table

**In accordance with the Strategy Paper

***Co-financing rate was calculated on the basis of the Community contribution to the joint operational programme, minus the amount of technical assistance only financed from the Community contribution (see: Art. 20.1 of the Implementing Rules)

7.3 Technical Assistance Budget

As soon as the Programme is adopted by the EC, the TA budget may be used to launch the Programme in conformity with Art.9 of the Commission Regulation no 951/2007 laying down implementing rules for cross border cooperation programmes financed under Regulation no. 1638/2006 of the European Parliament and of the Council Laying down general provisions establishing a European Neighbourhood and Partnership Instrument. The TA budget will, within the annual limits established in the financial table, be approved by the JMC at its first meeting, until the 31 December of the year of the programme's adoption. It will then be adopted regularly, on a yearly basis, at subsequent meetings of the JMC.

An estimated TA budget for the whole period of implementation can be seen below:

TA Interventions	Planned budget (ENPI)	% of the overall TA budget supported by ENPI
Staff costs, related staff and running costs for 26 staff in JTS and Branch Offices ¹¹	4,267,610	33,68%
Organisation of Joint Monitoring Committee meetings	299,054	2,36%
Project's selection: organization of the evaluation committees ¹² , assessors, independent evaluators ¹³	1,267,180	10%
Information and promotion according to the Communication Plan (information, promotion, training, evaluation, web site, etc)	3,225,000	25,45%
Annual Audits	1,428,798	11,28%
Others: On going evaluation of the programme, survey or studies (necessary for programme monitoring), procurement of equipment, strengthening the administrative capacity of	2,184,165	17,23%

¹¹ The number and distribution of staff estimated to work in the JTS and its branch offices is presented in Annex D of this Programme.

¹² Where evaluation committee's members are public servants, JMA shall ensure that there is no double financing for their work

¹³ The assessors and the independent evaluators shall be selected through procurement procedure, according to the legislation in force at the date of launching.

the JMA and JTS, reserve.		
TOTAL	12,671,807	100%

The allocations of the technical assistance budget are solely indicative. Any modification of the above table during implementation will not be subject to a modification of the programme.

8) PROGRAMME IMPLEMENTATION AND FINANCIAL ARRANGEMENTS

The main difference between the previous implementing systems (used for Phare/Tacis Neighbourhood Programmes Romania-Ukraine and Romania-Republic of Moldova) and the ENPI requirements is that until the current programming exercise there was no joint implementation on the project level and the tasks related to the external funding and implementation were performed by the services of European Commission. Financial management and first level control of each project were done separately for the grant contracts concluded for project partners in Romania, Ukraine and the Republic of Moldova.

In case of this ENPI programme, the Joint Managing Authority (JMA) shall bear the overall responsibility for the management and implementation of the programme towards the European Commission, while the beneficiary is responsible to the JMA and is directly accountable to the authority for the operational and financial progress of activities.

The legal basis for Programme implementation consists of *Regulation 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 no 951/2007 laying down implementing rules for cross-border co-operation programmes financed under Regulation 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*, (hereinafter Implementing Rules). The contractual procedures used for implementation of this Programme shall be those applicable to external actions as defined in Articles 162 to 170 of Council Regulation no 1605/2002 and Articles 231 to 256 of the Commission Regulation no 2342/2002. The procedures and related standard documents and contract templates to be used shall be those included in the *Practical Guide to contract procedures for EC external actions* with annexes in force at the time of the launching of procurement procedures or call for proposals.

8.1 Designation of competent authorities and institutional aspects

Joint programming process, joint management structures and joint selection process are key elements of the ENPI CBC Joint Operational Programme Romania-Ukraine-Republic of Moldova.

The following structures will be involved in the management of the Programme:

Joint structures

Joint Monitoring Committee (JMC): supervising and monitoring the Programme implementation, responsible for the final decision on project selection;

Joint Managing Authority (JMA): bearing overall responsibility for the management and implementation of the Programme towards the European Commission;

Joint Technical Secretariat (JTS): the joint operational body, assisting the Managing Authority and the Joint Monitoring Committee in carrying out their respective duties;

Audit Authority (AA): carries out the annual financial audit on the expenditure and accounts of the JMA.

Table 1. Joint Structures

Joint structures	Organisations hosting the joint structures
<i>Joint Managing Authority (JMA)</i>	Ministry of Development, Public Works and Housing, Romania General Directorate for European Territorial Co-operation, Directorate for International Co-operation 12 Libertatii Street, sector 5, Bucharest, Romania
<i>Joint Technical Secretariat (JTS)</i>	Regional Office for CBC Suceava, Romania; Regional Office for CBC Iasi, Romania
<i>Branch Offices of Joint Technical Secretariat</i>	Odeska Regional Administration, Ukraine Chernivetska Regional Administration, Ukraine Ministry of Economy and Trade of the Republic of Moldova
<i>Audit Authority</i>	Audit Authority within the Court of Accounts, Romania

National Authorities: counterparts of the Managing Authority in the Programme preparation period, responsible for co-ordination of programming process in partner countries.

National Authorities of the partner countries will sign the Financing Agreement with the European Commission.

Table 2 National Authorities

Ukraine	The Republic of Moldova
Ministry of Economy	Ministry of Economy and Trade
Directorate for Co-operation with the EU	Directorate for Co-ordination of Technical Assistance

8.1.1 Joint Monitoring Committee (JMC)

The participating countries shall appoint within one month from the Commission's approval of the Programme, representatives in the Joint Monitoring Committee, which will be the main joint decision making structure of the Programme. According to Section I of the Commission Regulation (EC) No 951/2007 laying down the Implementing Rules for ENPI CBC, the composition, operation procedures and responsibilities of the Joint Monitoring Committee are described as follows.

Functions of the Joint Monitoring Committee

As part of its functions with regard to the Joint Operational Programme, the Committee shall:

- approve the work programme of the JMA;
- decide on the volume and allocation of the Programme's resources for technical assistance and human resources;
- review the management decisions taken by the JMA
- appoint the evaluation committees for the projects;
- decide on the selection criteria for the projects and take the final decision on the selection and on the amounts granted to them;
- evaluate and monitor progress towards achieving the objectives of the Programme, on the basis of the documents submitted by the JMA,;
- review all reports (including the audit report) submitted by the JMA and, if necessary, take appropriate measures;
- examine any contentious cases of recovery brought to its attention by the JMA;
- decide if a programme evaluation is needed and appoints independent evaluators.

Composition of Joint Monitoring Committee

The Joint Monitoring Committee (JMC) shall include representatives appointed by each participating country to take all decisions concerning the Programme within its competence. Members of JMC shall be appointed on a functional basis and not on a personal basis. Each country will designate a maximum number of 2 members from central level and a maximum number of 4 members from regional level. The exact number of participant institutions and the rules for reimbursement of the cost of their participation shall be detailed in the Rules of procedures of the Committee.

In order to avoid the duplication of financing, and for ensuring the transparency of the selection process, in addition to the duly appointed representatives, other participants may be invited in an advisory capacity to each meeting of the Joint Monitoring Committee:

- Ministry of Economy and Finance, Romania,
- Audit Authority within Court of Accounts, Romania,
- other Ministries managing operational programmes co-financed from Structural Funds,
- representatives of the counties/regions concerned by the Programme,
- representatives of NGOs located in the eligible area.

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

The Joint Monitoring Committee shall be chaired by a representative of JMA.

The Joint Monitoring Committee shall be co-chaired on a rotation base, by a representative of the partner country where the respective meeting takes place. The rules of procedures for Joint Monitoring Committee will provide a detailed list of responsibilities of the co-chair.

Functioning of the Joint Monitoring Committee

The appointed members of the Joint Monitoring Committee will unanimously adopt the Rules of procedure of the Committee in its first meeting, or, by written procedure, within a maximum 30 calendar days from the first meeting date.

The Committee will decide by consensus between participating countries, and the chairperson acts as an arbitrator. The representatives of each country would present to the Committee a consolidated opinion of the country they are representing. However, a voting procedure in certain cases may be considered, particularly for decisions on the selection of bilateral projects or concerning budgets. In this case, each country has one vote whatever the number of its representatives, and the chairperson does not have voting rights. The voting procedure will be detailed in the Rules of procedure of the Joint Monitoring Committee.

The Joint Managing Authority (JMA), assisted by the Joint Technical Secretariat (JTS), will be responsible for the secretariat and the organisation of the Joint Monitoring Committee meetings (invitations, information). Necessary documents for the meeting shall be circulated to members of the Joint Monitoring Committee no later than 3 weeks before the meeting takes place. Minutes, co-signed by the Chairperson and the secretary, will be prepared after each meeting and will be circulated to all members of the Committee for approval. The final version of the minutes will be sent to each member of the Committee and to the European Commission.

The Chairperson convenes the Joint Monitoring Committee either at the request of the JMA, or by a duly justified request by one of its appointed members or European Commission. It meets as often as necessary but at least once a year. The Joint Monitoring Committee can also take decisions by written procedures. The JMA can initiate the written procedure at the initiative of chairperson, one of participant countries or itself. In case of a disagreement, any member may request for the decision to be discussed at a meeting.

8.1.2 Joint Managing Authority (JMA)

The Joint Managing Authority (JMA) is an executive body, having the overall responsibility for managing the Joint Operational Programme, including technical assistance, and implementing the decisions taken by the Joint Monitoring Committee.

The JMA shall be responsible for managing and implementing the JOP, in accordance with the principle of sound financial management and the principles of efficiency and effectiveness, on behalf of the participating countries.

Organisation of the JMA

The Romanian Ministry of Development, Public Works and Housing (MDPWH) was designated by all partner countries to fulfil the functions of the Joint Managing Authority.

While the Head of the JMA will be the General Director for European Territorial Co-operation, with due respect to the division of operational management, financial management and audit functions within the JMA (according to art.14.5 and 14.6 of the Commission Regulation (EC) No951./2007 laying down the implementing rules for ENPI CBC, three directorates of the Ministry of Development, Public Works and Housing will play the role of Joint Managing Authority:¹⁴

The **Directorate for International Territorial Co-operation**, within the **General Directorate for European Territorial Co-operation**: this Directorate is the **Operational Unit** of the JMA, responsible for the overall supervision of the Programme implementation, for the operational management of the Programme, participation in Joint Monitoring Committee and evaluation committee and for presenting reports to the JMC and the EC. The General Director for European Territorial Cooperation will play the role of Head of JMA, while the Director for international territorial co-operation will be the Deputy Head of JMA.

The **General Directorate for Authorising and Payments** will play the role of financial unit and is responsible for financial management, receiving the funds from the EC and making transfers to project Beneficiaries (Lead partners), and provides financial data necessary for drafting the annual report, follows up the recovery of debts,.

The **Directorate for Internal Audit** will act as the internal audit unit.

The Directorate for Internal Audit is an organisational structure of the MDPWH that has independent functions, directly subordinated to the Minister of

¹⁴ See annex D for indicative number of staff within JMA

Development Public Works and Housing and its activity is functionally independent and objective.

The Directorate for Internal Audit carries out activities of advising and ensures the management of the Ministry that the management and internal control system works efficient and effective. In this respect the directorate is independent from any other department or employee of MDPWH and directly reports to the minister of MDPWH. The Internal Audit Directorate also informs the leaders of Joint Managing Authority on the major problems discovered during audit missions and, about the management of the Programme.

In carrying out their responsibilities, the internal auditors within the Directorate for Internal Audit assigned to the JOP Romania – Ukraine – Republic of Moldova Programme do not have power, authority or functions of executive or managerial duties, except for those deriving from the position of internal auditor, according to the Romanian legislation. The internal auditors are not involved in daily operations/activities of MDPWH or/and Programme and they are not responsible for a detailed elaboration or implementation of the implementing system. However they may be consulted during the process on the control measurements that must be included or modified within the new system.

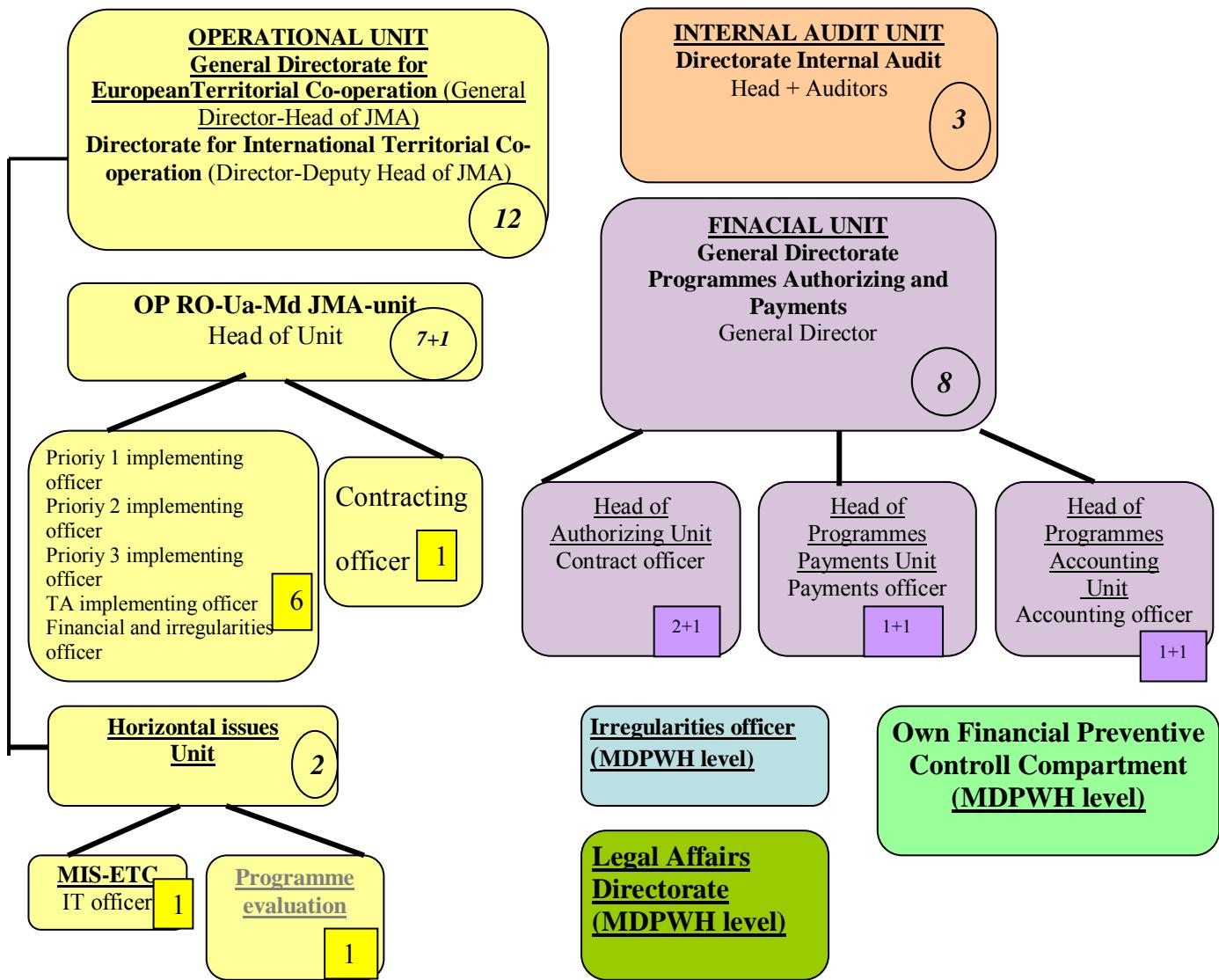
In addition to these three main units, within Ministry of Development, Public Works and Housing, the Directorate for Legal Affairs and the Own Financial Preventive Controller Compartment are included in the contracting visa circuits, while the irregularities will be reported to the European Commission by an officer designated at Ministry level.

The JMA staff consists of public servants and staff employed on a contractual base, their salaries being supported by the Romanian State budget. In order to ensure the continuity of the experienced and well trained personnel, as well as the high professional standard of the Programme management, the staff of JMA benefits of continuous professional development and, according to the Romanian legislation, of higher salaries and incentives than the average salaries for public servants.

The relation between the internal units of the MDPWH involved in the management of the Joint Operational Programme Romania-Ukraine-Republic of Moldova is illustrated in the following diagram:

Joint Operational Programme Romania-Ukraine-Republic of Moldova

Joint Managing Authority – organisational chart



Specific tasks of the JMA will be delegated to the Joint Technical Secretariat as described further in chapter 8.1.3. of this document.

Functions of Joint Managing Authority

According to Article 15 of the Implementing Rules, the JMA is responsible for managing and implementing the Programme, including Technical Assistance, in line with the principle of sound financial management. To this end, it will establish appropriate systems and standards of management, control and accounting of the Programme. It will also be responsible for ensuring the legality and regularity of its operations, as well as quality and effectiveness.

The following tasks are attributed to the Operational Unit of JMA:

1. Chairs the JMC, organizes its works, and convenes JMC meetings according to the rules of procedures adopted by JMC in accordance with chapter 8.1.1. of this document;
2. Launches the call for proposals and the procedures for the selection of projects;
3. Following the selection of projects by the Joint Monitoring Committee, signs the contracts for the various projects with beneficiaries and contractors;
4. Manages the technical assistance expenditures, with the assistance of JTS;
5. Approves the operational reports drawn up by the JTS.
6. Immediately notifies the JMC of all contentious cases of recovery;
7. Drafts the annual reports and sends them to the European Commission, after prior approval of the JMC, by the 30th of June of each year¹⁵;
8. Establishes a system for recording and storing records of each project for financial management, monitoring, verifications, audits and evaluation;
9. Carries out the monitoring of the Programme by reference to the Programme objectives and indicators;
10. Prepares detailed annual budgets of the Programme to be presented to the Joint Monitoring Committee for approval
11. Ensures the implementation of an adequate information and communication plan for the Programme;

The following tasks are attributed to the Financial Unit of the JMA:

12. Opens and manages the Programme's bank account in Euro (Accounting Unit)
13. Draws up independent and separate accounts for the Programme and keeps them in such a way as to enable analytical monitoring of the Programme by objective, priority and measure.
14. Preparing request for payments to be presented to the EC and receives the payments made by the Commission.
15. Transfers the funds to the Beneficiaries (Lead partners) or contractors; (Accounting Unit)
16. Provides the Operational Unit of JMA with the necessary financial data for drawing up the annual reports of the Programme.
17. Approves the financial reports supporting the requests for payments presented by beneficiaries and contractors.
18. Authorises the eligible expenditures from the technical and financial reports presented by the beneficiaries together with the request for payments.
19. Prepares the recovery orders of the project's Beneficiary as a result of the external audit of the Programme and projects (in accordance with Art.3 and 37 of Implementing Rules. If the sum is not recovered within 12 months after the finalisation of the project, the JMA will refer the case to the Romanian State (for Romanian Beneficiaries) and to the European Commission (for the Republic of Moldova and Ukraine) which will assume their responsibility for the matter on the basis of a complete dossier.

The following tasks are attributed to the Internal Audit Unit of JMA

¹⁵ According to art. 28 of Implementing Rules

20. Implements a yearly control programme to check the internal circuits and ensure procedures have been correctly applied within the JMA. It shall draw up an annual report and send it to the Head of the JMA, in order to be annexed to the annual report of the JMA referred to in Art.28 of Implementing Rules.
21. Draws up, from the end of the first year of the Programme an audit plan for the projects that JMA finances (according to Art 37 of Implementing Rules). The controls shall be conducted by examining the documents or conducting on the spot checks of a sample of projects based on a sampling method compliant with the internationally recognised audit standards.¹⁶.
22. Each year, draws up a report on the previous year's implementation of the audit plan for the projects referred to in Art 37 of Implementing Rules. This report, will be send to the JMA in order to be annexed to the JMA annual report to the EC and JMC, (according to Art. 30 of the Implementing Rules).

8.1.3 Joint Technical Secretariat (JTS)

According to the provisions of Art. 16 of Implementing Rules , and with respect of a sound definition and separation of functions between project generation and project evaluation and selection, the JMA establishes a Joint Technical Secretariat (JTS), subject to approval by the Joint Monitoring Committee, equipped with the necessary resources, which assists it in the daily management of the activities under the Programme. The JTS is located in Romania, in the eligible area of the Programme, and is operated by the CBC Regional Office Suceava and CBC Regional Office Iasi.

Joint Technical Secretariat tasks

The JTS will directly assist the JMA in the execution of the various tasks described bellow:

- a) Performs secretariat function for the Joint Monitoring Committee (tasks include organising the meetings, preparation and mailing of the documentation as well as writing minutes of the meetings, preparing Joint Monitoring Committee decisions on project selection);
- b) Under the JMA supervision, co-ordinates project generation by organising info-days with public sessions offered to potential applicants regarding the application procedures;
- c) Supports JMA in preparation of application package
- d) Collects and registers all project applications;
- e) Organises the evaluation sessions and ensures the secretariat functions for evaluation committees.
- f) Carries out information and publicity activities and public relations work (e.g. seminars, conferences, partnership forums, creation, maintenance and updating of a web-site, etc.) under the supervision of the Managing Authority, and according to information and communication plan;
- g) Co-ordinates and supervise the activity of JTS branch offices¹⁷;
- h) Co-operates with organisations, institutions and networks relevant for the objectives of the Programme;
- i) With the support of the JTS branch offices, organises and co-ordinates the monitoring of the projects, including the corresponding site visits;

¹⁶ JMA can contract external auditors to perform this audit.

¹⁷ The JMA reserves the right to control the activity of branch offices.

- j) Receives and carries out the operational and financial verification of the requests for payments, submitted by the beneficiaries, together with the report and a checklist of the supporting documents; Sends the verified documents to the JMA with a notification regarding the regularity and compliance with the eligibility rules of the expenditure;
- k) Introduces the data in the monitoring computerised system;
- l) Assists the beneficiaries in implementing the projects

Taking into account the length of the border, the JTS will function in two locations: Regional Office for CBC Suceava (headquarters) and Regional Office for CBC Iasi.

The activities of Iasi office will be related to the Romanian counties: Iasi, Vaslui, Galati, Tulcea and Braila, the Ukrainian Oblast Odeska and the whole territory of the Republic of Moldova.

The annual working plans of the Joint Technical Secretariat have to be endorsed by the JMA and approved by the Joint Monitoring Committee. A director shall lead the JTS and be responsible for both locations. The Joint Technical Secretariat shall have international staff from all of the participating countries, capable to assist the implementation of the Programme in all partner countries. The number and qualification of staff shall correspond to the tasks defined above.

Joint Technical Secretariat branch offices

In order to ensure proper publicity regarding the Programme and information of the potential applicants and beneficiaries located in all participating countries regarding the technical conditions for financing, JTS will establish three branch offices, and will carry out activities in the following regions:

Table 3. Areas covered by JTS branch offices

Branch offices of JTS	Areas covered by the branch offices of JTS
Chisinau, the Republic of Moldova	The whole territory of the Republic of Moldova
Odessa, Ukraine	Odesska Oblast
Chernivetski, Ukraine	Cernivetska Oblast and the adjoining regions from Ukraine

The JTS branch offices have the following tasks, under the JTS coordination:

- To carry out information and publicity activities and public relations work
- To support the JTS in the monitoring process of the projects, by organising the site visits to the projects partners located in their interest area.

The Joint Technical Secretariat and its branch offices shall be funded from the Technical Assistance budget.¹⁸

¹⁸ See annex D for indicative number of staff allocated to the JTS and its branch offices

8.1.4 Audit Authority

As mentioned in Art 31 of Implementing Rules, the JMA is subject to an annual external ex-post audit of the revenue and expenditure presented by the JMA in its annual financial report, carried out by an organisation entirely independent from the JMA.

The external audit shall cover the direct expenditure of JMA on technical assistance and project management. The external audit report shall certify the statement of the revenue and expenditure presented by JMA in the annual financial report, and shall certify that stated expenditure has actually incurred and is accurate and eligible.

Taking into account the existing practices and structures, and in agreement with all participating countries, the Audit Authority within the Court of Accounts of Romania will perform the annual ex post financial audit on the accounts of the JMA. The Audit Authority will provide JMA with the ex post external audit report, which will be sent as an annex of the JMA annual report to the EC and JMC, (according to Art. 28 and Art 31 of the Implementing Rules).

Provided that there is a lack of sufficient internal capacity or technical expertise, the JMA can commission the annual ex-post external audits to another approved auditor who is a member of an internationally recognised supervisory body for statutory auditing.

8.2 IMPLEMENTATION AT PROGRAMME LEVEL

The Joint Managing Authority is responsible for the management and implementation of the Programme.

The Joint Monitoring Committee will supervise and monitor the Programme implementation and the activity of JMA in accordance with the Implementing Rules.

8.2.1 Financial management

Transfers from the EC to the JMA Financial Unit

According to art. 24-26 of the Implementing Rules , the European Commission shall make annual commitments, based on the Programme's indicative payment forecast included in the financial table detailing the provisional yearly allocations in the Programme, depending on the Programme progress and the availability of funds.

The bank account of the Joint Operational Programme in Euro will be opened by the Ministry of Development, Public Works and Housing at the Romanian National Treasury or a commercial bank.

After the Commission informs the JMA regarding the exact date on which this commitment is made, the Financial Unit of JMA, will ask for the transfer of up to 80% of the annual contribution as pre-financing payment of the activities. On the basis of this pre-financing request and subject to the availability of funds, 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 of Programme's implementation,, the EC also

clears the previous pre-financing payments 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.

Only up to 15% of the Programme funds may be used for financing expenditures incurred by partners located in **adjoining regions**.

Transfers from the JMA Financial Unit to the projects

The JMA will be responsible for the transfer of payments to projects Beneficiaries (Lead partners), and under the condition that it has timely received the necessary pre-financing from the European Commission.

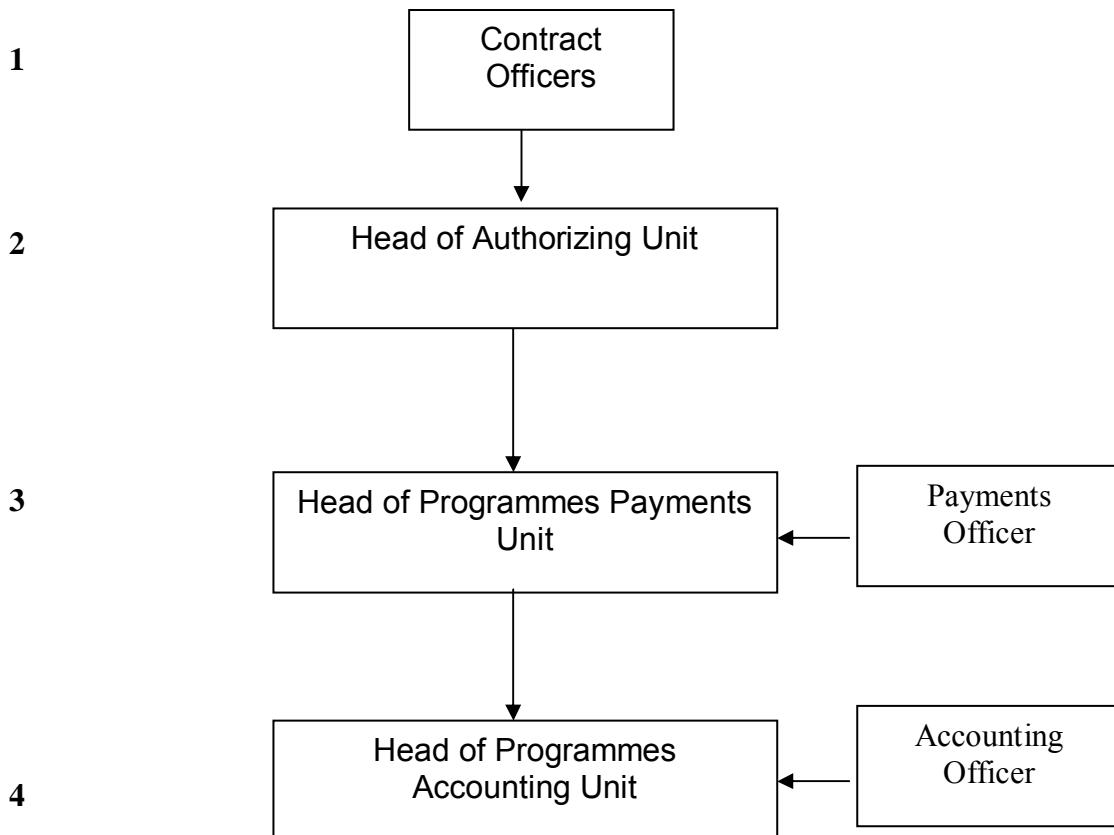
Rules for payments are as established in the *Practical Guide to contract procedures for EC external actions* and in particular in the General standard conditions of the grant contracts. Payments to projects will take the form of advance, interim payments and the payment of the final balance. All payment claims (except advance) should be accompanied by technical and financial progress reports corresponding to the activities performed in the reporting period. An expenditure verification (audit) report of the project expenditures will be also attached to all (except advance) requests for payment, together with the reports.

The JMA will make the payments after receipt from the beneficiary of the request for payment and supporting documents.

Within the Financial Unit of the JMA, the **control and payments flow** is set up as follows:

1. Contract officers verify the pre-financing / reimbursement requests on the basis of the reports required in the contract and issue the Check List and the Payment Authorising Note for the respective requests. On a sample basis, according to their risk assessment, they may also request the projects to submit all or part of the supporting documents (copies or original) in order to verify the information included in the reports.
2. The Head of Authorising Unit approves the Payment Authorising Note issued by the Contract Officers and sends it to the Payments Unit.
3. The Programme Payments Unit, through his Payments Officer is issuing the payment orders and is making the payment to the Lead Beneficiary.
4. After the payment is made, the Accounting Unit, through his Accounting Officer is recording in the accounting system the payments made, based on the statement of accounts and payment orders approved by the bank.

Control and Payments flow



The accountancy tools used within the 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. While the General Directorate for Programme Authorisation and Payments manages several Operational Programmes for which the MDPWH is Managing Authority or National Authority, the accounting evidence is kept separately for each Programme (balance sheets are generated separately for each programme and for each financing source).

Within each programme, the analytical bank accounts evidence is kept at the level of the project (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)

Recovery of payments

The JMA (General Directorate for Programme Authorisation and Payments) shall proceed with the recovery orders to the attention of the beneficiaries (lead partners) and contractors concerned, in case of identification of ineligible expenses for which a payment has already been made. The JMA shall recover any unjustified or ineligible expenditure from beneficiaries (lead partners) and contractors concerned.

In cases where recovery orders concern a claim against a beneficiary, contractor or partner from Romania, and whereby the JMA does not succeed to recover the funds within a maximum of 12 months following the issuing of the recovery order, Romanian State authorities reimburse the debt to the JMA, before claiming against the beneficiary, partner or contractor.

In cases where recovery orders concern a claim against a beneficiary, contractor or partner from Ukraine or the Republic of Moldova, and whereby the JMA does not succeed to recover the funds within a maximum of 12 months after the issuing of recovery order, the JMA refers the case to the European Commission which, on the basis of a complete file, takes the responsibility to settle the matter.

8.2.2 Programme monitoring and evaluation

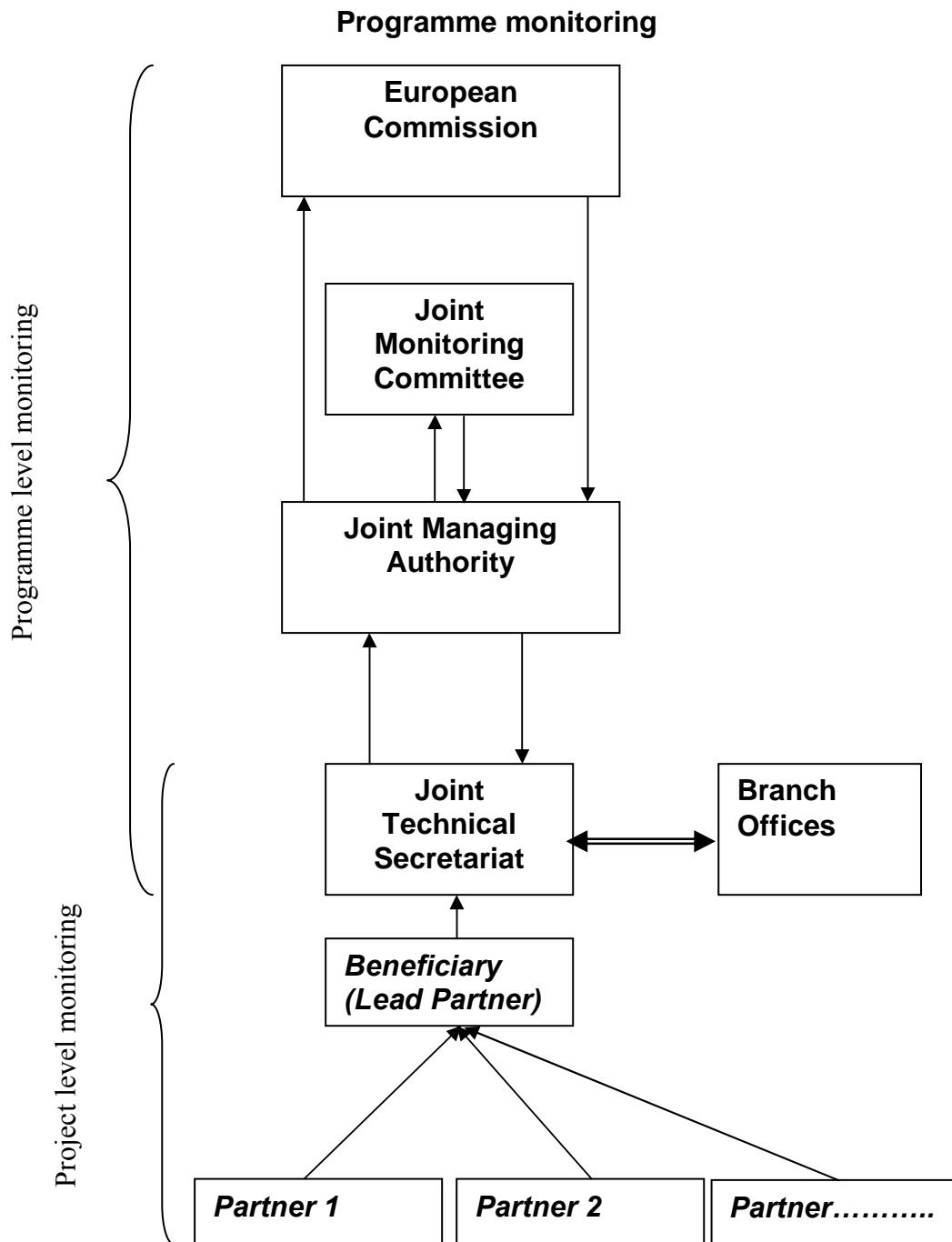
Monitoring is an on-going process and has an important role to play in the management of a joint operational programme, in confirming that it is making good progress, determining whether or not the programme continues to pursue the original targets and in identifying potential problems so that corrective action can be taken.

Monitoring of the Programme is necessary in order to ensure the quality of its implementation. The development and implementation of the monitoring system of the Programme will be the responsibility of the Joint Managing Authority. The Joint Managing Authority and the Joint Monitoring Committee shall be responsible for monitoring the Programme implementation in accordance with the principle of sound financial management. The Joint Monitoring Committee will observe the monitoring of the Programme implementation and ensure the achievement of the Programme objectives through a rational use of the allocated resources.

The monitoring system is based on an exhaustive and regular examination of the context, resources (inputs), outputs and results of the Programme and its interventions. It is composed of a mechanism of coherent information including progress review meetings and progress reports providing periodic summaries which incorporate key information from the physical and financial indicators. The purpose of the reports is to provide updates on achievements against indicators and milestones and they will be written in a standard format allowing for comparison between reports over time.

The main tool of the monitoring system of the Programme will be 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. The system is to provide the competent bodies (Joint Managing Authority, Joint Monitoring Committee, Audit Authority, Joint Technical Secretariat) a practical tool to perform their tasks and to ensure the flow of information through all the Programme authorities. The system will support both the project cycle and the Programme implementation. In order to

ensure the quality and effectiveness of the Programme implementation, programme level monitoring and project level monitoring activities need to be carried out, as illustrated by the following chart:



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

1. Partners send hard-copy/electronic-copy reports of their activities to the Beneficiary (Lead Partner);
2. The Beneficiary (Lead Partner) prepares the hard-copy/electronic-copy reports of the project implementation;

3. The Beneficiary (Lead Partner) submits the hard-copy/electronic-copy reports to the Joint Technical Secretariat for approval;
4. Joint Technical Secretariat verifies and approves the reports and introduce the electronic data of the projects into the MIS-ETC;
5. Joint Managing Authority checks the electronic data introduced in the MIS-ETC by Joint Technical Secretariat and makes corrections, if necessary;
6. Joint Managing Authority, with the support of the Joint Technical Secretariat drafts and submits the annual reports and final report to the Joint Monitoring Committee for approval;
7. Joint Monitoring Committee approves the annual reports and final report on the Programme implementation;
8. Joint Managing Authority submits the annual reports and final report to the European Commission for approval;
9. European Commission examines the annual reports and makes recommendations to the Joint Managing Authorities or carries out an evaluation.

Programme level monitoring

The Joint Managing Authority and the Joint Monitoring Committee shall carry out monitoring of the Programme implementation by reference to the indicators specified in the strategic part of the Programme. Joint Monitoring Committee shall propose to the JMA any revision or evaluation of the Programme to improve its management.

In order to support the programme level monitoring and evaluation the Managing Authority has developed a well-defined indicator system. Relevant indicators for this Programme are to be distinguished on priority level.

In order to ensure the quality and effectiveness of the implementation of the Programme, the monitoring at the programme level will be performed using the Management Information System (MIS-ETC), which allows for monitoring and reporting on the implementation of the Programme.

The tools used for the monitoring and evaluation of the Programme are the annual report and final report on implementation, as set up in Articles 28 and 32 of the ENPI Implementing Regulation;

For the first time in 2009, by 30 June each year, the Joint Managing Authority shall send to the Commission an annual report approved by the Joint Monitoring Committee on implementation of the Programme from 1 January to 31 December of the previous year. The final report on implementation of the Programme shall be submitted by 31 March 2016 at the latest.

The annual and final reports will be drafted by the Joint Managing Authority, with the support of Joint Technical Secretariat and will be submitted for approval to the Joint Monitoring Committee before they are sent to the Commission.

Management Information System (MIS-ETC)

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 Programme, 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 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. The access to the system will be granted based on user name/password assigned, following a specific procedure.

Indicator system:

The indicator system is the instrument used in the context of monitoring the Programme implementation and contributes to more effective programme and project management.

The indicator system will help the Joint Monitoring Committee, Joint Managing Authority and the European Commission to monitor the Programme implementation in order to achieve the objective of the Programme.

The indicators shall make it possible to measure the progress and effectiveness of implementing the priorities of the Programme in relation to the baseline situation and the target values. Those targets shall be quantified using a limited number of indicators for output and results taking into account the proportionality principle.

The indicator system will consist of two sets of indicators:

- The first one is defined at the programme level in the strategic chapter of the Programme, and will support the monitoring and evaluation activities of the programme level;
- The second one will be settled for every project selected and will help in the monitoring and evaluation activities of the project level;

The indicator system designed takes into account the tasks and the needs of all the bodies involved in the management of the Programme and projects.

The responsible bodies for monitoring these two sets of indicators are the Joint Monitoring Committee, the Joint Managing Authority and the Joint Technical Secretariat, hereby:

- The Joint Monitoring Committee will be consulted on the indicators system at an early stage of programme implementation as well as during the entire programming period in order to verify that: (a) the indicator system as a whole has been set up properly and (b) the information is sufficient for its own work;
- The Joint Managing Authority will monitor the Programme indicators using the MIS-ETC system;
- The Joint Technical Secretariat will monitor the project indicators using also the MIS-ETC system, and will provide twice a year the JMA with a synthesis of the indicators at programme level.

Although the monitoring system will be largely responsible for generating output data, some output, and most result data may require additional efforts for collecting (e.g. surveys, field work, collecting information from other organisations). Also, official statistics generating context indicators will need to be supplemented with surveys, studies or other techniques of data collection and interpretation.

Project level monitoring

The purpose of the project monitoring is to keep track of how the project is progressing in terms of expenditure, resources used, implementation of

activities, delivery of results and risk management. The monitoring activity of the project presumes the systematic and continuous data collection, analysis and use of management information to support effective decision-making.

The project monitoring activity will be the responsibility of the Joint Technical Secretariat at project level and of the Beneficiary (Lead Partner) at the level of the activities carried out by each partner involved in the project.

Evaluations

Mid-term, ex-post and ad-hoc evaluations of the Programme will be carried out by the Commission. The results shall be communicated to the JMC and JMA and they may lead to adjustments in the Programme.

Also JMA may carry out its own ad-hoc evaluations, in order to improve the quality, effectiveness and consistency of implementation process.

8.2.3 Programme auditing

1. The JMA internal audit unit (Directorate for Internal Audit, Ministry of Development, Public Works and Housing) shall each year implement a control programme in order to check the internal circuits and ensure that procedures have been correctly applied within the Joint Managing Authority.

The resulting report is sent to the representative of the JMA. The JMA shall send the report to the Commission and to the Joint Monitoring Committee, as an annex to the annual report on programme implementation.

2. From the end of the first year of the Programme, the Internal Audit Unit of JMA shall draw up each year a report on the previous year's implementation of the audit plan for the projects that it finances. The report shall describe in detail the methodology used by the JMA for selecting a representative sample of projects, as well as the controls carried out, the recommendations made and the conclusions drawn by the JMA in relation to the financial management of the project concerned. The JMA can either carry out the audit directly, using the human resources of its Directorate for Internal Audit, or by recruiting certified external auditors provided there is a lack of sufficient internal capacity or technical expertise.

The JMA shall send the report to the Commission and to the Joint Monitoring Committee as an annex to the annual report on programme implementation.

3. At the request of JMA, the Audit Authority from the Court of Accounts of Romania or an approved auditor who is member of an internationally recognised supervisory body for statutory auditing will perform annual ex-post verification on the JMA revenue and expenditure. The scope of this external audit report shall cover the JMA's direct expenditure on technical assistance and payments on projects. The external audit shall certify the statement of revenue and expenditure presented by the JMA in its annual financial report,

and shall certify that the stated expenditure has actually been incurred and is accurate and eligible.

The JMA shall send the report to the Commission and to the Joint Monitoring Committee, as an annex to the annual report on Programme implementation.

8.2.4 Co-financing from own resources of the participant countries

The co-financing contribution from own resources of the participating countries shall represent at least 10% of the EU contribution to the Programme, minus the amount of technical assistance financed from the Community contribution.

Each participating country shall decide on its own co-financing system (from national or local level or directly from the beneficiary). The participating countries will be consulted at the stage of preparation of Guidelines for grant applicants, in order to ensure the coordination between the parties involved and the minimum co-financing at the programme level.

8.3 Implementation at Project Level

According to the Article 23 of the Implementing Rules, the contractual procedures and standard documents and templates for procurement contracts and grants necessary for implementation of the Programme shall be those applicable to external actions and presented by the Commission's Practical Guide to contract procedures for EC external actions (PRAG), with annexes in force at the time of the launching of procurement procedures or call for proposals and adjusted to the Programme needs. The project implementation from contracting to project closure, including reporting obligations and payment of funds will be executed according to PRAG.

In this respect, the JMA is the Contracting Authority for this Programme, though certain tasks of the Contracting Authority mentioned by PRAG fall under the full responsibility of the Joint Monitoring Committee. These tasks, specified by the Commission Regulation (EC) No 951/2007 laying down the implementing rules for *ENPI CBC*, are: nomination of the members of the Evaluation Committees, decision on the selection criteria, and final decision on the selection of projects (including approval of the project budget).

The projects financed under the Programme shall generally be selected following call for proposals launched by the JMA. Nevertheless, the participating countries may also, in agreement with the European Commission, jointly identify large-scale cross-border investment projects which will not be selected through calls for proposals: these projects may be selected at a later stage by the Joint Monitoring Committee with the approval of the European Commission, provided that they are consistent with the priorities and measures of this Programme and that there is a budget designated for this purpose. The procurement contracts necessary for implementation of these large scale projects shall be those applicable to external actions and presented by the Commission's Practical Guide to contract procedures for EC external actions (PRAG), with annexes in force at the time of the launching of procurement procedures.

8.3.1 Selection and contracting procedures

Selection procedures

The Joint Monitoring Committee (JMC) approves the launch of call for proposals and its procedures. The JMC approves the criteria proposed by the JMA for project proposals eligibility and evaluation.

The JMA, assisted by the JTS, prepares the application pack, launches the call for proposals and ensures its publicity. The call is made widely public through the Programme website, the JTS and its branch offices.

The beneficiary shall send the project proposals to the JTS, before the deadline set in the call for proposals. Receipt of the proposals is acknowledged via email or letter in the respect to a sound confidentiality.

Proposals are assessed by an **Evaluation Committee** (EvC), appointed by the JMC and composed of:

- One non-voting Chairperson proposed by the JMA,
- One non-voting Secretary from the JTS,
- 3-5 voting evaluators proposed by the participating countries.

The members of the Evaluation Committee should possess the technical capacity to evaluate the proposals, and be free from conflict of interest.

The Evaluation Committee may be assisted by external assessors, contracted by the JMA according to PRAG and criteria set by the JMC. The number of these external assessors will depend on the amount of proposals received, up to a minimum of three, so that their technical expertise can reflect the priorities covered by the call for proposals.

The JTS staff proceeds with the **administrative check** of the proposals, under the supervision of the Evaluation Committee Secretary and Chairperson. Considering the high cost and complexity of gathering the Evaluation Committee members over a long period of time, the JTS staff also proceeds straight after with the **eligibility check**, under the supervision of the Evaluation Committee Secretary.

After both checks are completed, the Evaluation Committee is gathered to approve the administrative and eligibility reports prepared by the Secretary, and to proceed with the **technical evaluation** of projects applications, according to procedures detailed in PRAG.

The Chairperson of the Evaluation Committee is responsible for ensuring the impartiality and transparency of the assessment work.

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

The entire evaluation procedure with the Evaluation Committee recommendations is recorded in an Evaluation report, submitted to the JMC for approval. It includes the proposals recommended for funding, as well as a reserve list. The Evaluation Committee may recommend a proposal under certain conditions (e.g. eligible costs reduced).

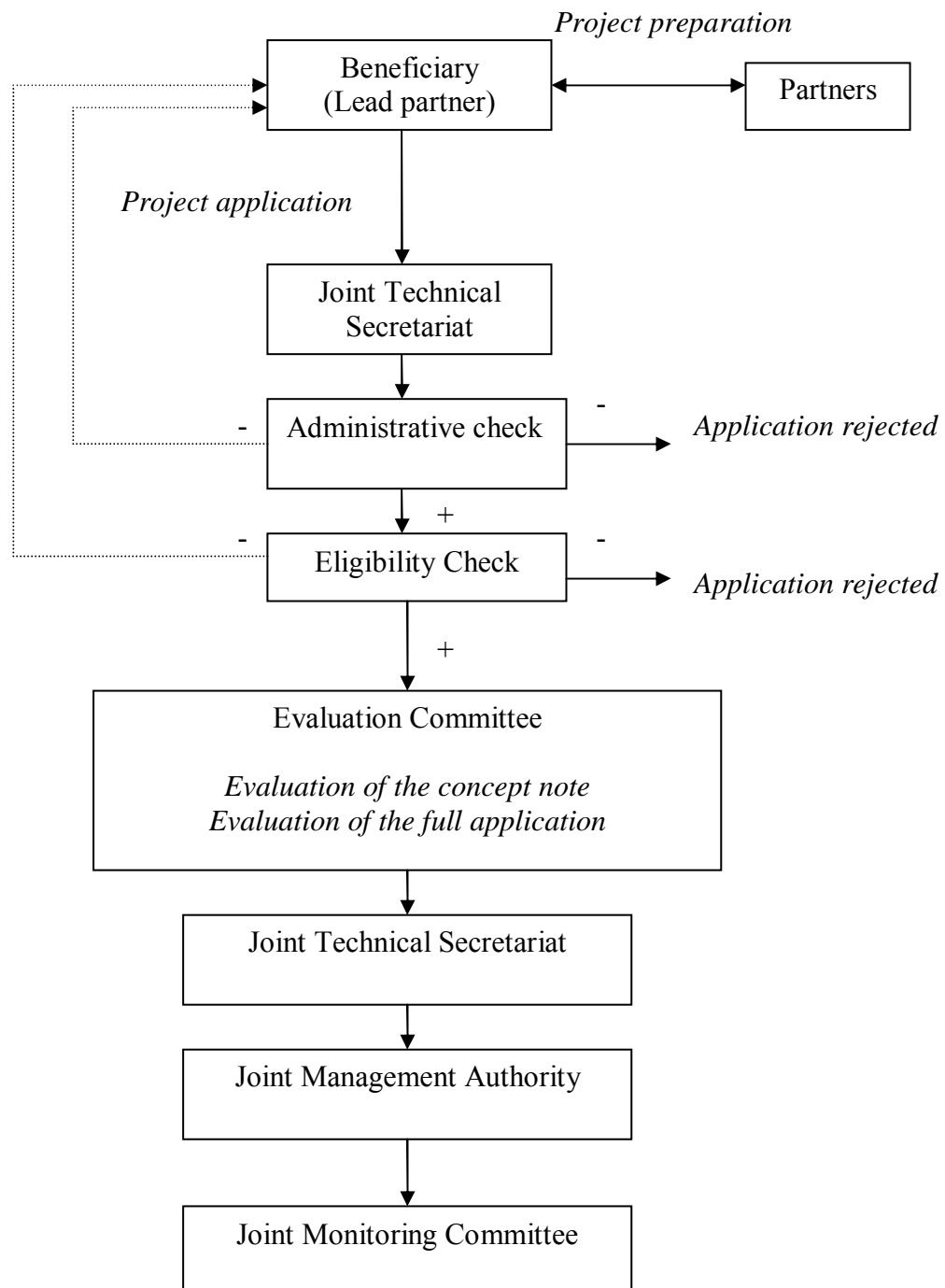
The JMC will approve the project proposals ranking and the recommendations made by the Evaluation Committee. No project proposal failing to pass the technical threshold may be approved.

If the JMC decides not follow all or part of the recommendations of the EvC it shall explain its decision in writing. The decision shall then be sent via JMA to the European Commission for prior approval.

Based on the formal approval of the list of projects by the Joint Monitoring Committee, the JMA concludes a grant contract with the beneficiary.

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

Submitting and evaluation of applications



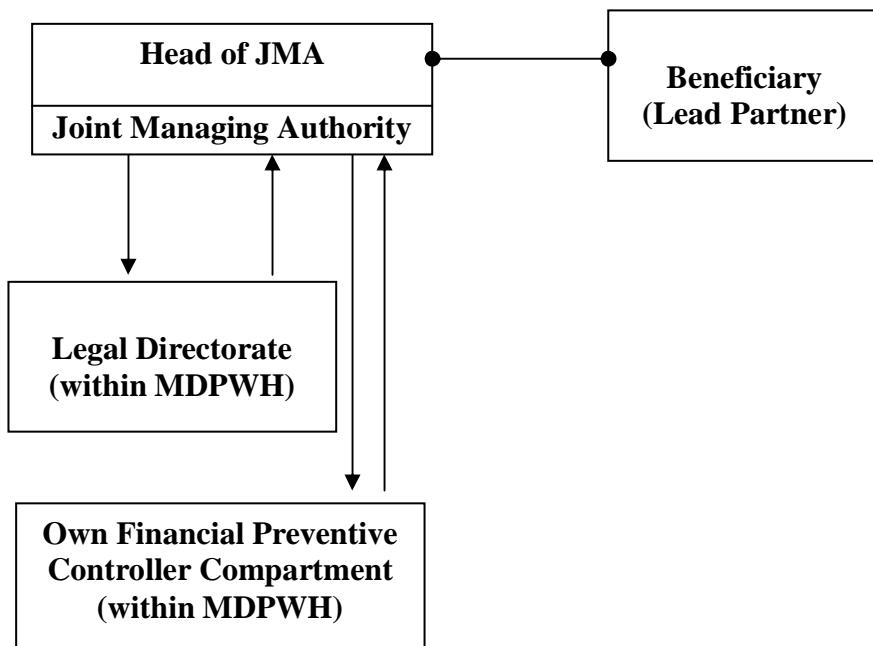
Contracting/amendments procedures

4. The Joint Managing Authority prepares the contract/amendments, together with all the necessary supporting documents and submits them to the Legal Affairs Directorate within MDPWH.

5. The Legal Affairs Directorate verifies if the contract/amendments fulfils the national and Community legislation and approves the contract/amendments from the legal point of view.

6. JMA submits the contract/amendments to the Own Financial Preventive Controll Compartment within MDPWH, which verifies the compliance of the contract with the Guidelines for Applicants verifies the amounts and approves the contract.

7. The Joint Managing Authority signs the contract with the Beneficiary (Lead Partner).



8.3.2 Nature of the projects

Partners from Romania and at least one partner from Ukraine and/or the Republic of Moldova should submit jointly the projects. The nature of these projects can be of three types:

- o Integrated projects, where partners carry out part of the activities of the joint project for their respective side of the border;
- o Symmetrical projects, where similar activities are carried out in parallel on both sides of the border;
- o Simple projects with a cross-border effect, taking place mainly or entirely on one side of the border but for the benefit of all or some of the partners involved in the Programme on both sides of the border.

Projects may take place in the core area of the Programme, as is defined in chapter 2. In exceptional cases, if necessary for achieving their objectives, projects may take place partially in adjoining regions as are defined in chapter 2 of this Programme and other regions of the countries participating in the Programme (according to Art. 41 of the Implementing Rules).

Only up to 20% of a project budget may be spent for activities carried out by partners located in the **adjoining regions**. Beneficiaries located in adjoining regions are allowed to participate in soft projects under each priority and measure of the Programme.

8.3.3 The grant beneficiary (lead partner)

For each operation, a project beneficiary that will act as a lead partner shall be appointed by the partners among themselves.

The beneficiary (lead partner) shall assume the following responsibilities:

- a) to lay down the arrangements for its relations with the partners participating in the operation 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. In this respect shall sign the partnership agreement and declarations.
- b) to submit the project application
- c) to sign the contract with the Joint Managing Authority for the whole project budget. Consequently will have the financial responsibility for the ENPI funds and co-financing for all partners, including liability to the JMA for the total amount of the ENPI grant;
- d) to ensure the implementation of the entire operation; In this respect it shall ensure the project management and overall co-ordination of the project activities.
- e) to ensure the monitoring and reporting about progress of the whole project in the framework of the agreed monitoring system. In this respect it shall collect information about all project components implemented by all partners.
- f) to ensure that the expenditure presented by the partners participating in the operation has been paid for the purpose of implementing the operation and corresponds to the activities agreed between the partners participating in the operation; in this respect it shall ensure that the expenditure presented by the partners participating in the operation has been validated as according to *Practical Guide to contract procedures for EC external actions*; It shall submit the payment claims to the JTS on the basis of the grant contract;
- g) to repay the JMA for the amounts unduly paid for the project.
- h) to facilitate the audit trail by all relevant EC and national authorities,

which also includes keeping of documents as requested by Art.45 of Implementing Rules and the relevant provisions of the *Practical Guide to contract procedures for EC external actions*.

The partner in a project shall assume the following responsibilities:

- a) to ensuring the implementation of the part of the project under its responsibility, according to the project plan and to the partnership agreement signed with the lead partner
- b) to cooperate with the beneficiary (lead partner) in the implementation of the project, reporting and monitoring
- c) to assume responsibility in the event of any irregularity in its own declared expenditures, and to repay the beneficiary the amounts unduly paid.

The project will be presented by the beneficiary (lead partner) who will act as the only direct contact between the project and the joint management bodies of the Programme. It is the responsibility of the beneficiary to create a well working partnership ensuring the proper and sound implementation of the project.

The possibility to initiate projects and to act as a beneficiary (lead partner) will be open for all of the eligible organisations located in the core area of the Programme, as it was described in chapter 2.1.

Organisations located in the **adjoining regions** may participate in projects only as partners. Following the mid-term evaluation this provision may be revised.

As a general rule, only bodies located in the Programme Area can apply for financing under this Programme. The participation of other bodies of the similar type, located outside the eligible regions but within the countries participating in the Programme, 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 may 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.

8.3.4 Eligibility of applicants

The list of eligible applicants shall be established in the Guidelines for Applicants of the call for proposals, according to the circumstances (objective of the call for proposals, local administrative structure, etc). It should generally include: national, regional, local public authorities, regional and local public organisations, chambers of commerce, regional associations, euroregional organisations, non-governmental organisations, trade unions, etc.

The grant cannot have the purpose or effect of producing a profit for the beneficiary or its partners.

In order to implement the project, grant beneficiaries may need to procure services, supplies or works. To this effect, private companies may be subcontracted.

8.3.5 Eligibility of expenditures

Expenditure for each project shall be incurred during the period of execution of each relevant contract.

Eligible cost 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*.

8.3.6 Co-financing rules

Beneficiaries and their partners should contribute to the project budget with an amount equivalent to 10% of the EU contribution to the project.

8.3.7 Size of projects

The thresholds for the project size are between 30.000-2 million Euro as a rule, while the projects of a larger value will be encouraged. The specific size will be set up at the priority/measure level, before the call for proposals, subject to the JMC decision.

8.3.8 Project level financial management

National control system

Romania had set up a national control system in order to verify the soundness of the expenditure declared for operations or part of operations implemented in Romania under this Programme, and the compliance of such expenditure and of related operations, or parts of these operations with national and Community rules. Two territorial branch offices of the Ministry of Development, Public Works and Housing, have been established in Piatra Neamt and Braila. These offices will have the responsibility for verification of 100% of the expenditures declared by the Romanian partners/beneficiaries, according to the methodology provided by the Joint Managing Authority. The national controllers shall be financed by the Romanian state budget.

Control carried out by audit companies

In order to ensure the soundness of the expenditure declared for operations or part of operations implemented in Ukraine and the Republic of Moldova, the partners/beneficiaries located in partner countries, as part of the contract signed with the JMA, should use the services of an audit company that must verify 100% of the expenditures declared. The costs of the work of the auditors responsible for this control will be covered by the beneficiaries/partners and financed as eligible cost of the project within the limit established by the grant contract.

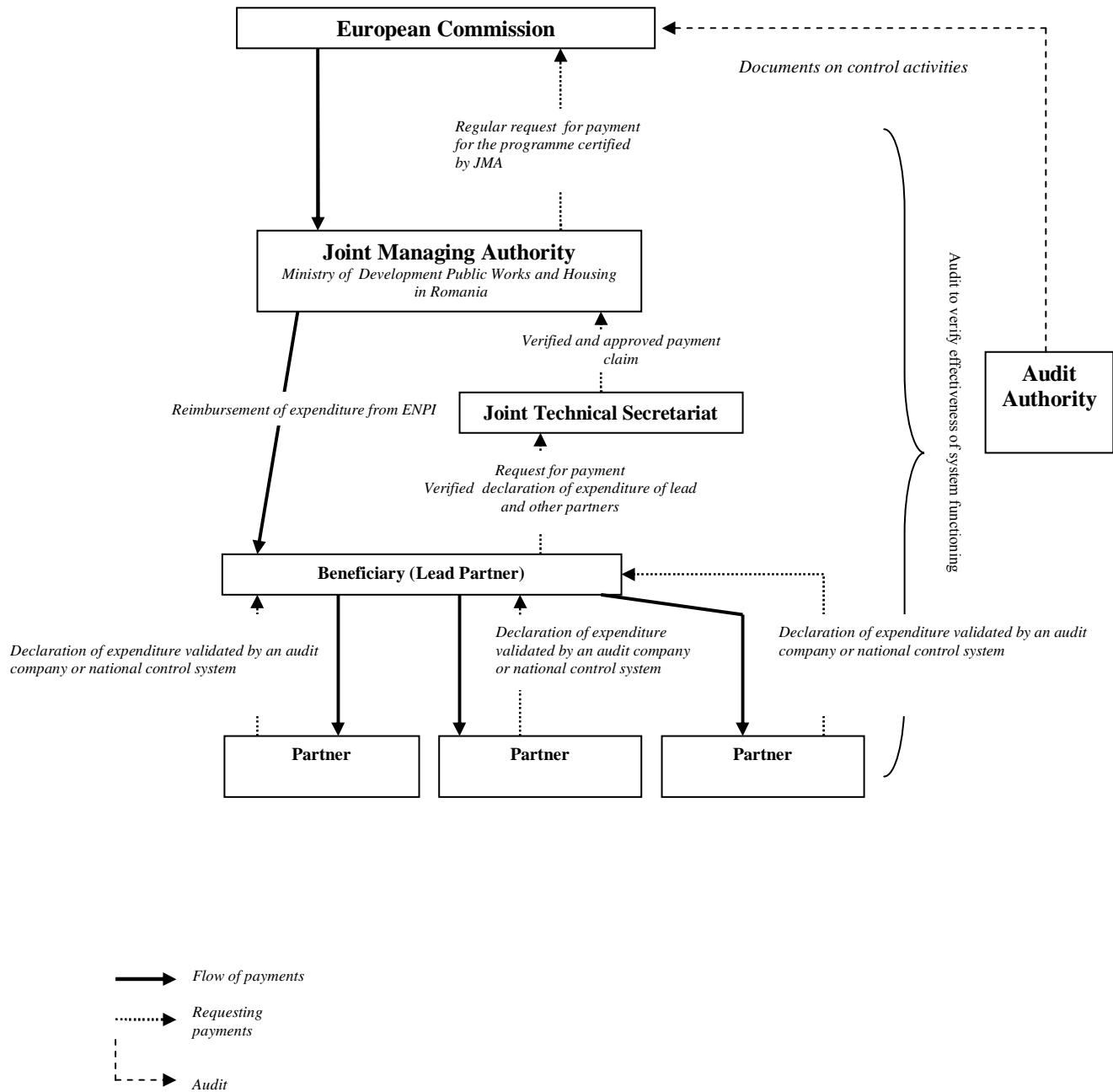
When contracting the audit company, the partner/beneficiary must consider the methodology provided by the Joint Managing Authority as part of the grant contract.

Main steps of the payment of ENPI funds are the following:

- Each beneficiary (lead partner) and partner shall verify all its expenditures using the services of the national controllers (for Romanian beneficiaries/partners) or of an audit company (for beneficiaries/partners in Ukraine/Republic of Moldova).¹⁹ Following the verifications, both the national controllers and the audit company will produce their own expenditure verification report.
- The beneficiary (lead partner) should prepare the payment requests for the ENPI contribution, supported by the expenditure verification reports produced by the audit company and national controllers respectively, on the basis of the verification of expenditures for the whole project.
- Payment requests, together with the progress report, shall be submitted to the JTS.
- The JTS checks the progress report and payment request in order to verify if all verification of expenditure was issued as according to the procedure and supporting documents..
- The JTS forwards the progress report and approved payment claim to the JMA Financial Unit
- In case the JTS requests clarification, correction or additional information from the beneficiary, the procedure of payment is suspended until the answer from the beneficiary is received.
- The JMA Financial Unit transfers the amount of ENPI funds to the Beneficiary (lead partner) (the control and payment flows set up within the JMA Financial Unit is presented in chapter 8.2.1 of this document).

¹⁹ Partners will jointly decide on the proceeding of project expenditure verification. They may chose for separate audit companies contracted directly by each partner, or for a single audit company with branches on both sides of the border contracted only by the beneficiary (lead partner) to perform expenditure verification for the whole project.

Financial flows



8.4 Use of languages

Taking into account the fact that the Programme is by definition multinational, and in order to facilitate management and to shorten the completion periods, according to Article 8 of the *Implementing rules*, the official language used in the Programme is English.

The call for proposal will be launched in the national language of each country.

8.5 Keeping of documents

The Joint Managing Authority, Joint Technical Secretariat and the various project beneficiaries and partners shall, for seven years from the date of payment of the balance for the programme or for a project, keep all documents related to the joint operational programme or a project, in particular the reports and supporting documents as well as accounts, accounting documents and any other document relating to the financing of the Programme, (including all documents relating to the selection and to contracts) and of the project, in accordance to the provisions of Art.45 of Implementing Rules and of *Practical Guide to contract procedures for EC external actions*.

8.6 Provisional indicative timetable

According to the article 4 of the *Commission Regulation (EC) No951/2007 laying down the implementing rules for ENPI CBC*, the Programme includes a provisional indicative timetable which specifies the dates for the launching of calls for proposals and those for the selection of projects.

As indicated in the following table, five calls for proposals are scheduled in 2008, 2009, 2010 2011 and 2012.

PROVISIONAL INDICATIVE TIMETABLE ²⁰

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

²⁰ The table is solely indicative. Any modification of the above schedule during the implementation will not be subject to a modification of the programme.

ANNEX A. STATISTICAL DATA OF THE PROGRAMME AREA**Table 1: Countries Involved in the Programme by Land Area**

Country	Programme Area (sq. km)	Adjoining Regions (sq. km)
Romania	37,299	4,766
The Republic of Moldova	33,845	Nil
Ukraine	41,410	59,287
TOTAL	112,554	64,053

Sources: National Institute for Statistics Romania, Ministry of Economy Ukraine, Ministry of Economy and Trade the Republic of Moldova

Table 2: Geographical Size of Adjoining Regions

REGION	COUNTRY	AREA (sq.km)
Braila	Romania	4,766
Ivano-Frankivskya	Ukraine	13,900
Khmelnytska (10 districts)	Ukraine	10,468
- Vinkovetskyi		0,653
- Chemerovetskyi		0,927
- Khmelnytskyi		1,227
- Kamyanets-Podilskyi		1,500
- Letychivskyi		0,951
- Dunayevetskyi		1,182
- Derazhnyanskyi		1,180
- Novoushutskyi		0,850
- Yarmolynetskyi		0,898
- Horodetskyi		1,100
Ternopilska (12 districts)	Ukraine	8,519
- Ternopilskyi		0,749
- Berezhanskyi		0,661
- Pidgayetskyi		0,496
- Kozivskyi		0,694
- Pidvolochyskyi		0,837
- Terebovlyanskyi		0,113
- Monasturskyi		0,558
- Gusyatynskyi		1,016
- Chortkivskyi		0,903
- Borshchivskyi		1,006
- Zalishutskyi		0,684
- Buchatskyi		0,802
Vinniyska	Ukraine	26,400

Sources: National Institute for Statistics Romania, Ministry of Economy Ukraine, Ministry of Economy and Trade the Republic of Moldova

Table 3:- Population of the Romania – the Republic of Moldova - Ukraine Programme Area, 2004

Area	Population Core Area	Population Adjoining Areas
The Republic of Moldova	3,383,332	
Romania (part)	3,319,853	400,000

Romania NUTS III areas		
Botosani	459,195	
Iasi	821,621	
Suceava	705,202	
Tulcea	253,419	
Vaslui	459,255	
Galati	621,161	
Braila		400,000
Ukraine (part)	3,341,530	4,595,616
Ukrainian Oblasts		
Odessa	2,430,030	
Chernivetska	911,500	
Ivano-Frankivska		1,393,616
Khmelnitska		827,900
(10 participating rayons):		172,200
-Kamyanets-Podilskyi		71,000
- Dunayevetskyi		34,400
- Novoushytskyi		48,200
- Chemerovetskyi		56,600
- Horodetskyi		35,900
- Yarmolynetskyi		29,200
- Vinkovetskyi		36,300
- Derazhnyanskyi		311,100
- Khmelnytskyi		33,000
- Letychivskyi		
Ternopilska		(654,000)
(12 participating rayons)		61,400
- Ternopilskyi		44,100
- Berezhanskyi		22,100
- Pidgayetskyi		41,400
- Kozivskyi		45,500
- Pidvolochyskyi		69,500
- Terebovlyanskyi		33,600
- Monasturskyi		65,900
- Gusyatynskyi		79,900
- Chortkivskyi		74,100
- Borshchivskyi		51,700
- Zalishutskyi		64,800
- Buchatskyi		
Vinniyska		1,720,100
TOTAL	10,044,715	4,975,400
Total Population of Core Area & Adjoining Regions		15,020,115

Sources: National Institute for Statistics Romania, Ministry of Economy Ukraine, Ministry of Economy and Trade the Republic of Moldova

Table 4 : The Rural-Urban Split in the Core Area in 2004

Country	Rural (%)	Urban (%)
The Republic of Moldova	58.6	41.4
Romania	53.5	46.5
Ukraine	46.4	53.6
PROGRAMME AREA	52.8	47.2

AVERAGE		
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Sources: National Institute for Statistics Romania, Ministry of Economy Ukraine, Ministry of Economy and Trade the Republic of Moldova

Table 5:- The Rural-Urban Split of the Adjoining Regions

Region	Rural (%)	Urban (%)
Braila	35	65
Ivano-Frankivska	42.4	57.6
Khemeliyitska	52.7	47.3
Ternopilska	57.1	42.9
Vinniyytska	47.7	52.3
ADJOINING REGIONS		
AVERAGE	46.9	53.1

Sources: National Institute for Statistics Romania, Ministry of Economy Ukraine, Ministry of Economy and Trade the Republic of Moldova

Table 6:- Cities of over 100,000 inhabitants in the Programme Area

City	Inhabitants	Location
Odeska	1,002,048	Ukraine
Chisinau	780,000	The Republic of Moldova
Vinnycjtsa*	362,201	Ukraine
Galati	329,000	Romania
Iasi	320,000	Romania
Khmelnitskyi	257,319	Ukraine
Chernivtsi	242,250	Ukraine
Braila*	216,929	Ukraine
Ivano-Frankivska *	234,800	Ukraine
Ternopil*	219,122	Ukraine
Tiraspol	162,000	The Republic of Moldova
Tighina	162,000	The Republic of Moldova
Botosani	130,000	Romania
Balti	127,000	The Republic of Moldova
Suceava	106,000	Romania

*Adjoining Regions

Sources: National Institute for Statistics Romania, Ministry of Economy Ukraine, Ministry of Economy and Trade the Republic of Moldova

Table 7 :- GDP Figures and Sectoral Splits for the Programme Area 2004

Country	Oblast/County	GDP	GDP	GDP	GDP
		Per head (€)	Agriculture (%)	Industry (%)	Services (%)
Romania	Botosani	1425.22	27.3	20.9	40.69
	Suceava	1820.04	21.4	26.1	41.8
	Tulcea	2056.97	21.1	30.1	37.3
	Galati	1961.32	16.0	32.2	40.2
	Iasi	2086.18	10.9	28.5	49.1
	Vasui	1410.98	23.4	29.7	35.6
	Braila	2089.4	29.6	21.7	37.2
Ukraine	Odessa	997.63	11.3	14.7	56.8
	Chernivetska	538.82	23.2	13.4	63.4
	Vinnytska *	660.58	na	na	na
	lvano-Frankivska*	781.79	14.9	35.8	43.7
	Khmelnytska*	561.80	26.5	19.4	48.3
The Republic of Moldova	Ternopilska*	527.91	25.93	15.28	1.68
		579.94	17.6	17.1	53.5

*Adjoining Regions

Sources: National Institute for Statistics Romania, Ministry of Economy Ukraine, Ministry of Economy and Trade the Republic of Moldova

Table 8 : R&D Units and Projects operating in the Programme Area, 2004

Country	R&D Units	R&D Projects
The Republic of Moldova	86	545
Romania	82	1899
Ukraine	162*	1037*

* Ukraine's figures include 72 R&D units and 311 projects in adjoining regions.

Source :- Statistics provided by national governments

Table 9:- Tourist Numbers in the Programme Area, 2004.

Country	Area	Accommodation Capacity (per night)	Total number of tourists accommodated	Total number of overnight stays
Romania	Botosani	840	26,925	56,067
	Suceava	5755	187,412	432,448
	Tulcea	3551	73,241	130,562
	Galati	1375	57,641	109,463
	Iasi	2996	133,507	278,724
	Vaslui	791	27,535	52,729
	Braila	1752	59,334	264,224
The Republic of Moldova		23,827	286,731	1.487585
Ukraine	Odessa	n/a..	289,800	564,900
	Chernivetska	1398	67.303	67.303
	Ivano-Frankivska	12,500	147,581	410,282
	Khmelnitska	n/a	n/a	n/a
	Ternopilska	n/a	n/a	n/a
	Vinnytska	n/a	n/a	n/a

Table 10: ICT and Telecommunications usage in Romania, Ukraine and the Republic of Moldova, , 2004

ICT Sector Performance	The Republic of Moldova	Romania	Ukraine
Telephone main lines (per 1,000 people)	296	198	230
Mobile subscribers (per 1,000 people)	378	464	285
Population covered by mobile telephony (%)	97	97	75
Internet users (per 1,000 people)	162	184	63
Personal computers (per 1,000 people)	102	83	20
Households with television (%)	100	96	97

Source: World Bank.

Table 11: Cross Border Traffic in the Programme Area

Cross border point	Cross border traffic in 2006 persons/year	% Romanians	% Ukrainians/Moldovans
Siret-Porunboe (road)	912342	30,35%	69,65%
Vicsani-Bogrenivka (rail)	60251	18,95%	81,05%
Vicov-Krasnoilsk (simplified crossing point)	12198	31,24%	68,76%
Climauti-Belaia (simplified crossing point)	1233	15,98%	84,02%
Ulma-Ruska (simplified crossing point, road)	1330	31,13%	68,87%
Izvoarele Sucevei-Sepit (simplified crossing point)	512	31,25%	68,75%
Suceava Airport	3167	36,60%	63,40*%
Albita-Leuseni (road)	773138	12,66%	87,34%
Falciu-Stoianovka (rail)	7039	9,70%	90,30%
Galati-Giurgiulesti (road)	687844	3,46%	96,54%
Iasi	173438	19,30%	80,70%
Oancea-Cahul (road)	254246	9,93%	90,07%
Sculeni-Sculeni (road)	859846	11,70%	88,30%
Stanca-Costesti (road)	282881	7,28%	92,72%
Galati-Giurgiulesti (naval)	67929	4,32%	95,68*%
Sulina (naval)	18522	2,18%	97,82*%
Tulcea (naval)	16364	2,90%	97,10*%

* This border traffic data refers also to other nationalities than those of Ukraine and the Republic of Moldova

Source: The Romanian Ministry of Interior and Administrative Reform, General Inspectorate of Border Police

Table 12: People Trafficking Investigations and Prosecutions, 2005

Country	No of trafficking cases investigated, 2005	Cases referred for prosecution, 2005	No of convictions 2005 (No. of convictions, 200\$)
The Republic of Moldova	388	314	58 (23)
Romania	231	124	235 (103)
Ukraine	78	95	115 (67)

Source:- "Trafficking in People Report, 2006" : US State Department.

Table 13:- Life Expectancy in, Romania, Ukraine and the Republic of Moldova, 2004

Country	Male	Female	Both sexes
The Republic of Moldova	64.5	72.2	68.4
Romania	68.0	76.0	72.0
Ukraine	62.0	73.0	67.5

Source:- World Health Organisation

ANNEX B. NATURAL PROTECTED AREAS***Botoșani County***

No	Title	Location	Area (ha)
* 1	Ştefăneşti Cliff	Ştefăneşti Village	1,00
* 2	Turf moor from Dersca	Dersca Village	10,00
3	Bucecea - Băltile Siretului	Bucecea Village	2,00
4	Ripiceni Cliff	Ripiceni Village	1,00
* 5	Ciornohal Forest	Călăraşi Village	76,50
* 6	Tudora Forest	Tudora Village	117,60
7	Alder Forest from Horlăceni	Şendriceni Village	5,00
8	Stuhoasa Secular Beech Forest	Suharău Village	60,70
9	Stâncă - Costeşti Lake	Mitoc, Liveni	2.950
* 10	Vorona	Vorona	

Galati County

No	Title	Location	Area (ha)
* 1	Sand hill from Hanu Conachi	Fundeni Village, Hanu Conachi Village	199,30
* 2	Gârboavele Forest	Galați	230,00
* 3	Breana-Roşcani Forest	Băneasa Village	78,30
4	Tirighina-Barboși Fossiliferous Site	Galați	1,00
5	Rateş Fossiliferous Site	Tecuci	1,50
6	Fundeanu Forest	Drăguşeni Village	53,20
* 7	Talasmani Forest	Bereşti	20,00
8	Buciumeni Forest	Buciumeni Village and Brăhăştei Village	71, 20
9	Ostrovul Prut	Galați	62,00
10	Potcoava Lake	Braniştea Village	49,00
11	Talabasca Lake	Tudor Vladimirescu Village	139,00
12	Bereşti Fossiliferous Site	Bereşti	49,00
*13	Lower Meadow of the Prut	Cavadineşti Village	81,00
14	Pochina Lake	Suceveni Village	74,80
15	Vlăscuţa Lake	Măstăcani Village	41,80
16	Pogăneşti Forest	Băneasa Village	33,50
* 18	Balta-Munteni Forest	Negrileşti	
* 19	Merișor-Cotul Zătuanului Forest	Movileni	
* 20	Mogoş-Mâtele Forest	Scânteieşti	
* 21	Torceşti Forest	Umbrăreşti	
* 22	Prut River	Cavadineşti	

Iași County

No	Title	Location	Area (ha)
* 1	Secular Hayfields Valea lui	Lețcani Village	46,36

	David		
* 2	Humosu Secular Beech Forest	Siretel Village	73,30
* 3	Uricani Forest	Miroslava Village, Uricani Village	68,00
* 4	Roşcani Forest	Trifeşti Village	34,60
5	Cătălina-Cotnari Forest	Cotnari Village	7,60
6	Dealul Repedea Fossiliferous Site	Bârnova Village	5,80
7	Bohotin - Pietrosu	Răducăneni Village, Bohotin Village	0,91
8	Poiana cu Schit	Grajduri Village	9,50
9	Poieni - Cărbunăriei	Schitu Duca Village	9,20
* 10	Frumuşica Forest	Mădârjac Village	97,30
* 11	Tătăruş Forest	Tătăruş Village	49,90
12	Pietrosu	Dobrovăt Village	83,00
13	Icuşeni Forest	Victoria Village	11,60
* 14	Mirceşti (Vasile Alecsandri) Meadow	Mirceşti Village	26,30
15	Băiceni Fossiliferous Site	Cucuteni Village, Băiceni Village	3,23
* 16	Saltiness from Valea Ilenei	Dumeşti Village	5,90
17	Prutelul Bălălău	Probota Village	24,89
18	Teiva Vişina Lake	Popricani Village	6,90
19	Bran Meander on Prut River	Golăieşti Village, Bran Village	10,00
20	Sălăgeni Bend	Grozeşti Village	5,81
21	Prut River	Bivolari Village, Trifeşti Village, Golăieşti Village, Probota Village, Tuţora Village, Prisăcani Village, Gorban Village	4.316,00
22	Chiriţa Reservoir	Holboca Village	78,00
23	Pârcovaci Reservoir	Hârlău	50,00
24	Dancu-Iaşi Forest	Holboca Village	10,80
25	Şcheia	Şcheia	1,00
26	River of Pietrei- Bazga Răducăneni	Răducăneni	0,50
* 27	Dealul lui Dumnezeu	Letcani, Movilenim, Rediu, Romanesti	
* 28	Bârca Hayfields	Mogoşeşti, Voineşti	
* 29	Bârnova- Repedea Forest	Bârnova, Ciurea, Comarna, Dobrovăt, Grajduri, Schitu Duca	
* 30	Gheorghiuoaia Forest	Sineşti	
* 31	Homiţa Forest	Cristeşti, Moţca	
* 32	Icuşeni Forest	Golăieşti	
* 33	Medeleni Forest	Golăieşti, Victoria	
* 34	Forest and lawns from Mărzeşti	Popricani, Rediu	

* 35	Jijia Inferioară - Prut Salt ness	Andrieșeni, Groapa, Movileni, Popricani, Probotă, Țigănași, Trifești, Victoria, Vlădeni	
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Suceava County

No	Title	Location	Area (ha)
1	Twelve Apostles NP-K	Dorna Cândrenilor Village	(200,00)
2	Bila-Lala NP-G Reservation	Cârlibaba Village	(325,10)
3	Mill of the devil	Câmpulung Moldovenesc	1,30
4	Stone of Țibău	Cârlibaba Village	20,30
5	Stone of Buha	Câmpulung Moldovenesc	2,00
* 6	Poiana Stampe Mountain Lake	Poiana Stampei Village	681,80
7	Todirescu hayfields	Câmpulung Moldovenesc	44,30
* 8	Şarul Dornei Mountain Lake	Şarul Dornei Village	36,00
* 9	Ponoare Secular Hayfield	Bosanci Village	24,50
* 10	Frumoasa Secular Hayfield	Moara Village	9,50
11	Găina - Lucina Mountain Lake	Moldova-Sulița Village	1,00
12	(Quercetumul) Crujana Forest	Pătrăuți Village	39,40
13	Rarău- Pietrele Doamnei	Câmpulung Moldovenesc	971,00
14	Slătioara Secular Forest	Stulpicani Village, Slătioara Village	1.064,20
15	Giumalău Secular Forest	Pojarâta Village	309,50
16	Răchitișul Mare	Moldova-Sulița Village	116,40
* 17	Dragomirna Beech Forest	Mitocul Dragomirnei Village	134,80
* 18	Zamostea – Luncă Forest	Zamostea Village	107,60
* 19	Cheile Zugrenilor	Vatra Dornei	150,10
20	Cheile Lucavei	Moldova-Sulița Village	34,00
21	Jnepenișul cu Pinus cembra- Călimani PN-K	Vatra Dornei	(384,20)
22	Pin's Stone and Hawk's Stone	Gura Humorului Town	0,50
23	Clipa de calcare triasică Pârâul Cailor	Breaza Village	0,10
24	Stratele cu Aptychus de la Pojarâta	Fundu Moldovei Village	1,00
25	Calafindești Secular Hayfield	Calafindești Village	17,30
26	Beats Cave	Câmpulung Moldovenesc	6,00

* 27	Găina-Lucina	Cârlibaba, Moldova-Sulița	
* 28	Maramureș Mountains	Cârlibaba	
* 29	Călimani-Gurghiu	Dorna Candrenilor, Panaci, Poiana Stampei Şaru Dornei	
* 30	Cușma	Poiana Stampei	
* 31	Larion	Coșna, Poiana Stampei	
* 32	Rarău-Giumalău	Câmpulung Moldovenesc, Crucea, Dorna-Arni, Pojarâta, Stulpicani	
* 33	Vânători - Neamț	Boroaia	

Tulcea County

No	Title	Location	Area (ha)
1	Murighiol Saltness DD-A	Murighiol Village	(87,00)
2	Roșca - Buhaiova DD-A	Chilia Veche Village	(9.625,00)
3	Letea Forest DD-A	C.A. Rosetti Village	(2.825,00)
4	Grindul and Răducu Lake DD-A	C.A. Rosetti Village	(2.500,00)
5	Nebunu Lake DD-A	Pardina Village	(115,00)
6	Complexul Vătafu - Lunguleț DD-A	Sulina	(1.625,00)
7	Caraorman Forest DD-A	Crișan Village	(2.250,00)
8	Erenciuc Alder Forest DD-A	Sfântu Gheorghe Village	(50,00)
9	Popina Island DD-A	Sarichioi Village	(98,00)
10	Sacalin Zătoane Complex DD-A	Sfântu Gheorghe Village	(21.410,00)
11	Periteasca - Leahova Complex DD-A	Jurilovca Village și Murighiol Village	(4.125,00)
12	Doloșman Cape DD-A	Jurilovca Village	(125,00)
13	Potcoava Lake DD-A	Sfântu Gheorghe Village	(652,00)
14	Belciug Lake DD-A	Sfântu Gheorghe Village	(110,00)
15	Rotundu Lake DD-A	Isaccea	(228,00)
16	Valea Fagilor Forest NP-P	Luncavița Village	(154,00)
17	Dealul Bujorului Natural Reservation	Babadag	50,80
18	Valea Oilor Lilac Reservation	Babadag	0,35
19	Fântâna Mare Lilac Reservation	Ciucurova Village, Fântâna Mare Village	0,30
20	Vârful Secarul	Ciucurova Village, Atmagea Village	34,50
21	Korum Tarla Botany Rezervation	Babadag	2,00
22	Dealul Bujoarele Fossiliferous Site	Turcoaia Village	8,00
23	Agighiol Geological Rezervation	Valea Nucarilor Village, Agighiol Village	9,70
24	Niculitel Forest	Niculitel Village	11,00

25	Babadar- Codru Forest	Babadar	618,00
26	Traian Lake	Cerna	326,00
27	Muchiile Cernei- Iaila	Cerna, Dorobanțu	1891,00
28	Beidaud	Beidaud	1121,00
29	Mahomencea Valley	Casimcea	1029,00
30	Ghiunghiurmez Hill	Dorobanțu	1421,00
31	Chervant- Priopcea	Cerna	568,00
32	Călugăru- Iancina	Jurilovca	130,00
33	Consul Mountain	Izvoarele	328,00
34	Sarica Hill	Frecătei	120,00
35	Beștepe Hills	Mahmudia	415,00
36	Enisala	Sarichioi	57,00
37	Carasan- Teke	Izvoarele	244,00
38	Ostrov Valley	Dorobanțu	71,00
39	Uspenia	Slava Cercheză	22,00
40	Edirlen	Frecătei	32,80
41	Casimcea	Casimcea	137,00
42	Colțanii Mari	Casimcea	53,00
43	Peceneaga	Peceneaga	132,00
44	Măgurele	Topolog	292,00
45	Războieni	Casimcea	41,00
46	Deniztepe Hill	Mihail Kogălniceanu	305,00
47	Mândrești Hill	Niculitel	5,00
48	Cocoș Monastery	Niculitel	4,60
49	Seaca- Movileni	Coroiești	48,00
50	Muntitoru Forest	Vintileasca	22,00
* 51	Agighiolul Hills	Frecătei, Mihail Kogălniceanu, Sarichioi, Tulcea, Valea Nucarilor	
* 52	Danube Delta- Maritime Aria	Black See	
* 53	Deniz Tepe	Mihai Bravu, Mihail Kogălniceanu	
* 54	Măcin Mountains	Cerna, Greci, Hamcearca, Jijila, Luncavița, Turcoaica	
* 55	Danube Delta	Babadac, Baia, Beștepe, C.A. Rosetti, Ceamurlia de Jos, Valea Nucarilor	
* 56	Nord Dobrogean	Babadac, Baia, Beidaud, Casimcea, Ceamurlia de Jos, Cerna, Ciucurova, Dăeni, Dorobanțu, Valea Teilor	
*57	Submarine Structures – Sf. Gheorghe	Black See	

Vaslui County

No	Title	Location	Area (ha)
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1	Mălușteni Fossiliferous Site	Mălușteni Village	10,00
2	Hulubăt Fossiliferous Site	Vaslui	2,50
* 3	Hillok of Burcel	Miclești Village	12,00
* 4	Tanacu - Coasta Rupturile	Tanacu Village	6,00
* 5	Bădeana Forest	Tutova Village	126,70
* 6	Hârboanca Forest	Ştefan cel Mare Village	43,10
7	Bălteni Forest	Bălteni Village	22,00
* 8	Glodeni Hayfields	Negrești, Glodeni Village	6,00
* 9	Seaca-Movileni Forest	Coroiești	
* 10	Low Meadow of Prut	Murgeni	
* 11	Bârnova-Repedea Forest	Tăcuta	
* 12	Talasmani Forest	Vinderei	
* 13	Prut River	Berezeni, Drânceni, Duda-Epureni, Fălcium, Lunca Banului, Murgeni, Stăniloae	

Brăila County

No	Title	Location	Area (ha)
1	Camenița Forest	Șuțești Village	1,30
2	Jirlău – Vișani Lake	Jirlău Village, Vișani Village, Galbenu Village	930,00
* 3	Măcin Mountains	Măcin	

* Natura 2000 sites

In the Romanian border region, there are also the following biosphere reserves, national and natural parks :

- Biosphere Reserve of Danube Delta (Tulcea: 580,000 ha);
- National Park - Rodna Biosphere Reserve (Maramures –Suceava 46,399 ha);
- Calimani Mountains National Park (Suceava: 24,041 ha);
- Macin Mountains National Park (Tulcea: 11,321 ha).
- Low Meadow of Prut River (Galati: 8247 ha)
- Balta Mica of Braila (Braila: 17529 ha)

In the **Ukrainian** border region national protected areas:

- Carpathian National Natural Park (Ivano-Frankivska, 50,300 ha)
- National Natural Park "Hutsulschyna" (Ivano-Frankivska, 32,300 ha)
- Natural reserve "Horhany" (Ivano-Frankivska, 5,300 ha)
- Danube bioreserve (Odesska, 46,400 ha)
- Vyzhnytsky National Natural Park (Chernivetska, 7,900 ha)

- Landscape reserves in Luzhky, Stebnik, Tsetsino,
- Ornithological reserve in Darnytsa,
- Forest reserves in Lunkivtsi and Petrivtsi.
- Around seven per cent of the Chernivetska oblast is part of the natural and reserve fund.

In the Republic of Moldova, the national protected areas are:-

- Scientific Reserve "Codri" (Hincesti raion 5117 ha,)
- Scientific Reserve "Padurea Domneasca" (Glodeni 6032 ha.)
- Natural Reserve "Plaiul Fagului" (Ungheni raion 5642 ha)
- Natural reserve "Prutul de Jos" (Cahul raion 1691 ha)
- Natural Reserve "White Swam"
- Silvan Reserve Poganesti, Sarata Razesti, Dancu, Nemteni, Zberoiaia Lunca
- Landscape Reserve-Valea Mare, Izvoare Nisipeni

ANNEX C. TABLE OF USAID PROJECTS IN THE PROGRAMME AREA

PROGRAMME	PROJECT	OBLAST(s) TAKING PART
Economic Growth	Agricultural Lending in Rural Area	Chernivtsi, Khmelnytsky. Vinnytsya Odessa Ternopil
Economic Growth	Agribusiness Volunteer Program	Vinnytsya
Economic Growth	Commercial Law Centre	Odessa
Economic Growth	Business Investments and Loans	Odessa
Economic Growth	Agricultural Marketing Project	Odessa
Democracy and Governance	Political Parties Building in Ukraine	Odessa, Ternopil, Vinnytsya
Democracy and Governance	Ukraine Reform Education Programme	Odessa, Ternopil Vinnytsya
Democracy and Governance	Promoting Democracy and Market Reform	Odessa, Khmelnytsky
Democracy and Governance	Ukraine Citizen Action Network	Odessa, Ternopil
Democracy and Governance	Communal Services Roll-out	Odessa, Ternopil
Democracy and Governance	Expanding Training & Advocacy Services of Association of Ukrainian Cities	Odessa, Vinnytsya' Ternopil, Chernivtsi
Democracy and Governance	Local Economic Development	Ternopil, Khmelnytsky
Democracy and Governance	Municipal Budget Reform	Ternopil, Khmeinytsky, Vinnytsya
Health and Social Transition	SUNRISE	Odessa,
Health and Social Transition	Countering Trafficking in Persons	Chernivtsi, Odessa, Vinnytsya, Ternopil
Health and Social Transition	Prevention Mother to Child Transmission of HIV/AIDS	Odessa
Health and Social Transition	Strengthening Civil Society Organisations	Odessa
Economic Growth	Economically Developed Ukrainian Cities	Ivano-Frankivska
Democracy and Governance	Municipal Budget Reform	Ivano-Frankivska

ANNEX D. INDICATIVE NUMBER OF STAFF WORKING IN THE MANAGING STRUCTURES

Managing Structures	Type of posts	Estimated No of staff per institution	TOTAL
Joint Managing Authority (MDPWH)	<p><i>Operational Unit</i></p> <p>1 Head of JMA (General Director) 1 Deputy Head of JMA (Director) 1 Programme Manager (Head of Unit) 1 Contracting Officer 1 Financial/Irregularities Officer 4 Implementing Officers 1 Communication officer 1 MIS-ETC officer 1 Evaluation officer</p> <p><i>Financial Unit</i></p> <p>1 General Director 3 Head of Units 2 Contract Officers 1 Payment Officer 1 Accounting Officer</p> <p><i>Internal Audit Unit</i></p> <p>1 Director 2 Auditors</p>	23	49

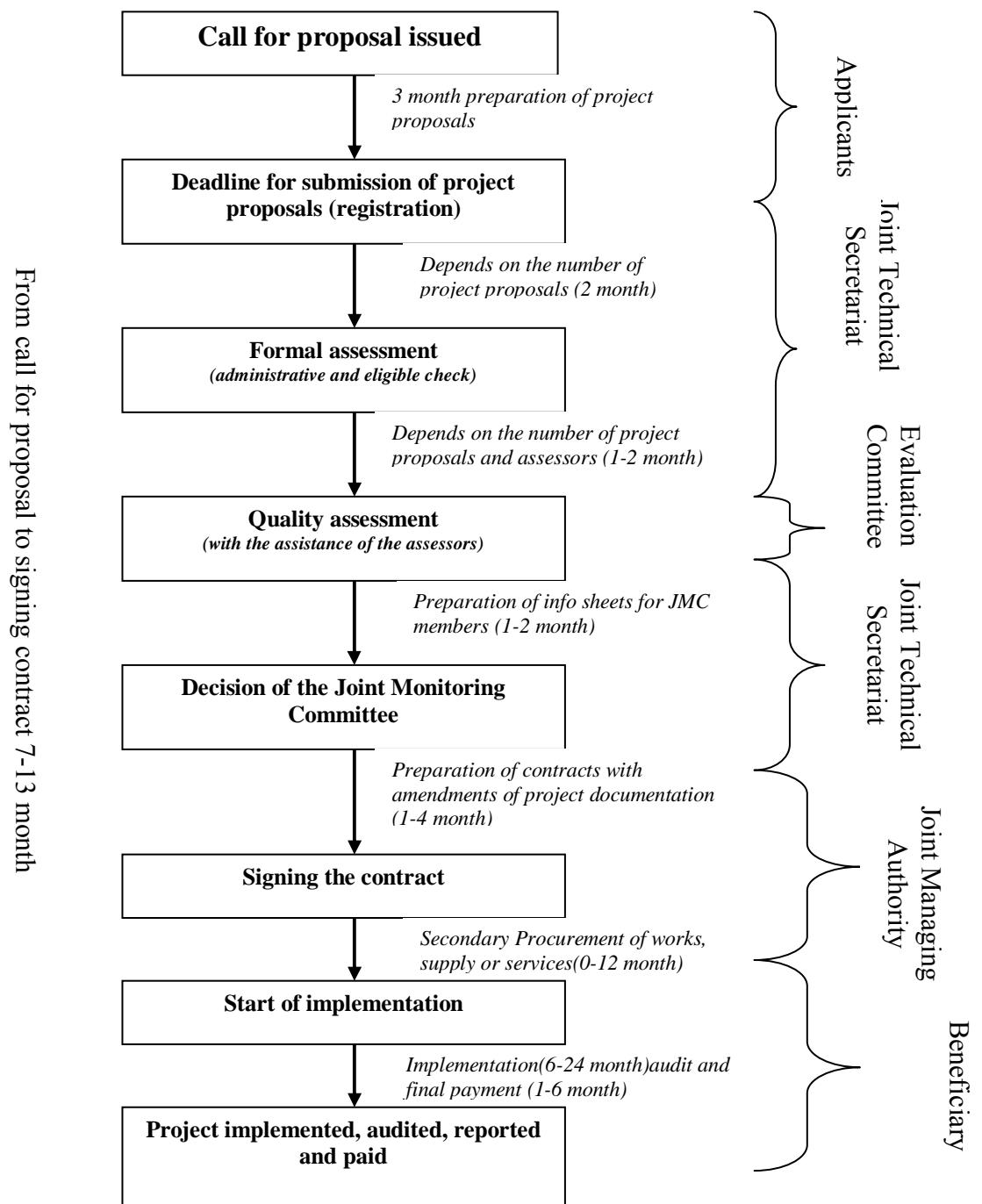
Joint Technical Secretariat in Suceava	<p>1 Director of the JTS 1 Information and Publicity/ Selection Coordinator 1 Implementing/ Monitoring Coordinator 1 Financial and TA Coordinator 1 Assistant Manager 1 IT and MIS-ETC Expert 1 Information and Publicity Officer 2 Implementing /Monitoring Officers 1 Implementing/Monitoring Officer (Ukrainian)</p>	10	
JTS Office in Iasi	<p>1 Deputy Director of the JTS 1 IT and MIS-ETC Expert 2 Information and Publicity Officers 4 Implementing/ Monitoring Officers 1 Implementing/Monitoring Officer (Ukrainian) 1 Implementing/Monitoring Officer (Moldavian)</p>	10	
Branch Office in Odessa	2 Information and Publicity Officers	2	
Branch Office in Chernivetska	2 Information and Publicity Officers	2	
Branch Office in Republic of Moldova	2 Information and Publicity Officers	2	

ANNEX E. INDICATIVE TIMETABLE OF TA ACTIVITIES FOR 2008

Month²¹	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Activity												
JMC meetings					■	■				■	■	■
Signing contract with JTS and advance payment					■	■						
Call for proposal and evaluation							■	■	■	■		
Launching conference					■	■						
Info seminars for potential applicants					■	■	■	■	■			
Workshops for beneficiaries												■
Procurement of IT and office equipment					■	■						
Strengthening the administrative capacity of JMA and JTS (including the branch offices)					■	■	■	■	■	■	■	■
Information (web site, Publications, etc.)					■	■	■	■	■	■	■	
Promotion (Publicity campaign)					■	■	■	■	■	■	■	

²¹ The table is solely indicative. Any modification of the above during implementation will not be subject to a modification of the programme.

ANNEX F. INDICATIVE SCHEDULE



ANNEX G. INFORMATION AND COMMUNICATION PLAN

ANNEX H. GLOSSARY OF TERMS