

EUROPEAN TERRITORIAL COOPERATION 2007-2013



CENTRAL EUROPE

COOPERATING FOR SUCCESS.

OPERATIONAL PROGRAMME

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EUROPEAN UNION
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DEVELOPMENT FUND

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1. Introduction

The former CADSES programme (INTERREG IIC, INTERREG IIIB) was, among the 13 transnational cooperation areas in Europe, the largest and most complex area. From the coasts of the Baltic Sea, through the mountains of the Central Europe and the Hungarian plains, through the Austrian and Slovenian alpine landscapes, CADSES stretches down to western Italy and Greece, thus grouping the Balkan regions, including Moldova and parts of Ukraine.

The CADSES area comprises regions belonging to 18 countries. In the period 1995-1999, only four countries (Germany, Italy, Austria and Greece) were Member States. In the period 2000-2006, the programme started with 4 Member States until in the year 2004 Czech Republic, Hungary, Poland, Slovak Republic and Slovenia received a new status as members of the European Union. Around 200 million people, more than 15 ethnic groups, live in this cooperation area, which has collected new challenges: the enlargement, the preparation and intensification of the integration process and the neighbourhood relations (Neighbourhood Programme – NP).

In the new Structural Funds Period (2007-2013), the former CADSES transnational cooperation area is now divided into two spaces: Central Europe and South East Europe. Following the Lisbon and Gothenburg strategy, transnational cooperation should play an important role in strengthening the territorial cohesion of the Union. For the CENTRAL cooperation area, this means:

- intensifying the integration process
- to continue the work commenced in the past based on experiences and by improving the actions (the quality and management of programme and projects)

The new CENTRAL programme includes eight Member States (Czech Republic, parts of Germany, parts of Italy, Hungary, Austria, Poland, Slovenia and Slovak Republic) and one permanent observer (Ukraine).

The Programming Process – Partnership Principle

In line with Article 11 of the General Regulation, the partnership principle applies to all levels of the programme, including the development of the Operational Programme, the composition of the Monitoring Committee and the development and implementation of projects.

As far as the implementation, monitoring and evaluation of the programme are concerned, the participating countries ensure on a national level that all competent partners are informed and involved in accordance with national rules and practices.

According to the partnership principle, the countries participating in the programme cooperate on finding optimal solutions for the benefit of the whole programme area. This principle has already been applied during programming as outlined below.

Programming as an integrative, bottom-up process

- All Member States of the Central Europe cooperation area were involved in the programming process.
- Member States' representatives jointly decided on strategies and Priorities of the Operational Programme.
- Involvement and information of national committees and integration of regional representatives ensured national feedback loops.

Intense interaction with the Ex-ante Evaluation and the Strategic Environmental Assessment teams (SEA)

- Ex-ante and SEA were seen as key processes accompanying the programming. Frequent personal contacts with Ex-ante and SEA experts ensured meaningful integration of results (rather than a pure formal check).
- As a result, a substantial number of Ex-ante and SEA proposals were accepted by the Member States and integrated in the Operational Programme and Ex-ante and SEA processes lead on continuous optimisation of structure and coherence of the Operational Programme.

Overview of milestones in the Programming Process

Milestones of the programming process are summarised below.

- ‘Task Force’ (TF) refers to the decision-making programming body and consisted of representatives from the Member States.
- ‘Drafting Team’ (DT) is the drafting body that prepared proposals to be decided upon in the Task Force.

Date	Meeting/Event	Progress Made
02/2006	1 st TF (Ljubljana, SI)	– decision on working procedures; set-up of the Drafting Team
03/2006	1 st DT (Berlin, DE)	– agreement on OP content and size – Division of tasks among drafter
05/2006	2 nd DT (Budapest, HU)	– discussion of strategic issues based on a questionnaire – discussion of diagnosis, strategy, Priorities, implementation of system
05/2006	2 nd TF (Plzeň, CZ)	– decision on Terms of Reference and tendering procedure for external experts for OP drafting, Ex-ante evaluation, strategic environmental assessment and team moderation.
06/2006	3 rd DT (Warszawa, PL)	– discussion of strategic approach, preparation of general objectives – definition of Areas of Intervention for each Priority – discussion of programme knowledge management and capitalisation efforts
07/2006	3 rd TF (Wien, AT)	– discussion of DT inputs and decisions – further development of implementation and management model
07/2006	Editorial DT (München, DE)	– further elaboration of Priorities and Areas of Intervention
09/2006	4 th DT (Torino, IT)	– discussion of project quality characteristics and focus – discussion of project development, application procedure and selection of projects – involvement of private partner, funding rates and material investments – presentation of external experts as support for the programming process
10/2006	4 th TF (Ljubljana, SI)	– discussion of DT input and decisions – decision on final structure of analysis, SWOT, strategy and Priorities – 1 st Ex-ante involvement: decision to consider Ex-ante remarks – 1 st SEA involvement: decision on incorporation procedure for SEA remarks
11/2006	5 th Task Force Meeting (Bratislava, SK)	– 2 nd Ex-ante involvement: process analysis of impacts of Priorities and Areas of Intervention – 2 nd SEA involvement: decisions on SEA reformulation proposals

Date	Meeting/Event	Progress Made
01/2007 – 03/2007	OP National Consultations and SEA Consultation (AT, CZ, DE, HU, IT, SI, SK, PL)	<ul style="list-style-type: none"> – start of SEA and OP public consultation processes on January 3rd, 2007 (publishing of the draft Operational Programme 3.0 and the Environmental Report on the CADSES website). – Members of the Task Force provide information to national environmental authorities to announce starting of SEA process.
01/2007	Meeting with the European Commission	– discussion of Operational Programme (Draft 3.0)
01/2007	6 th TF (Berlin, DE)	<ul style="list-style-type: none"> – further development of the management and implementation structure – further development of the financial breakdown and indicators
03/2007	7 th TF (Wien, AT)	<ul style="list-style-type: none"> – finalisation of the content Chapters 1- 4 – input of EC to Draft 3.5 – further development of the financial breakdown and indicators – further development of management and implementation structure
04/2007	Conclusion of SEA and OP public consultation	<ul style="list-style-type: none"> – revision of the OP on the basis of comments received – finalisation of Ex-ante report – finalisation of SEA report
05/2007	8 th TF (Budapest, HU)	<ul style="list-style-type: none"> – approval of last revisions of Operational Programme – finalisation of management and implementation structure – approval of financial tables
06/2007	Submission of the OP Central Europe	
07/2007	Programme kick-off event (Wien, AT)	Grand Programme Opening Event

1.1 The Programme Area

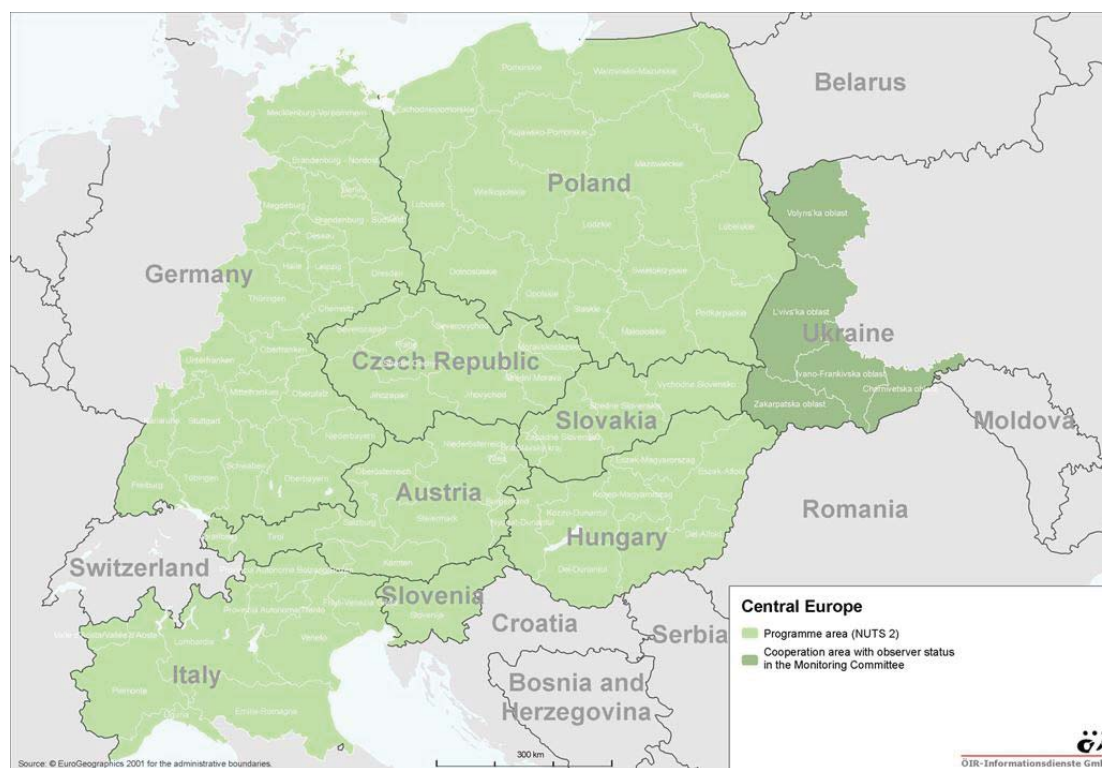
The cooperation area comprises the territory or parts of the territory of eight EU Member States and the western border area of Ukraine. Three of them were already part of EU-15, five joined in 2004. The participating countries and regions are listed in the following table.

Table 1: Countries and regions participating in the Central Europe Programme

Austria	The whole country
Czech Republic	The whole country
Germany	Baden-Württemberg, Bayern, Berlin, Brandenburg, Mecklenburg-Vorpommern, Sachsen, Sachsen-Anhalt, Thüringen
Hungary	The whole country
Italy	Piemonte, Valle d'Aosta/Vallée d'Aoste, Liguria, Lombardia, Provincia Autonoma Bolzano/Bozen, Provincia Autonoma Trento, Veneto, Friuli-Venezia Giulia, Emilia-Romagna
Poland	The whole country
Slovak Republic	The whole country
Slovenia	The whole country
Ukraine	Volyn, Lviv, Zakarpattia, Ivano-Frankivsk, Chernivtsi ¹

¹ As programme cooperation partner, Ukraine is a member of the monitoring committee and can participate in the programme with national financial contribution.

Map 1: Programming area

**Table 2:** Cooperation of participating countries/regions in other transnational programmes and Cohesion Policy (please, see Annex 7.3 for further details)

Country	Cooperation in other transnational programmes					Cohesion Policy	
	Alpine Space	Baltic Sea Region	North West Europe	Mediterranean Progr.	South East Europe	Convergence	Competitiveness and Employment
Austria	✓				✓	Burgenland (PO)	all except for Burgenland (CE)
Czech Rep.						all regions except for Praha (C)	Praha (CE)
Germany	(✓)	(✓)	(✓)			Brandenburg-Nordost, Mecklenburg-Vorpommern, Chemnitz, Dresden, Dessau, Magdeburg, Thüringen (C) Brandenburg-Südwest, Leipzig, Halle (PO)	all other regions (CE)
Hungary					✓	all regions except for Közép-Magyarország (C)	Közép-Magyarország (incl. Budapest, PI)
Italy	(✓)			(✓)	(✓)		all regions within CES (CE)
Poland		✓				all regions (C)	
Slovak Rep.					✓	all regions except for Bratislavský (C)	Bratislavský (CE)
Slovenia	✓			✓	✓	all regions (C)	
Ukraine					(✓)		

✓ ... Participation of the whole country, (✓) ... Participation of some regions within the country

Convergence: C ... Convergence, PO ... Phasing Out

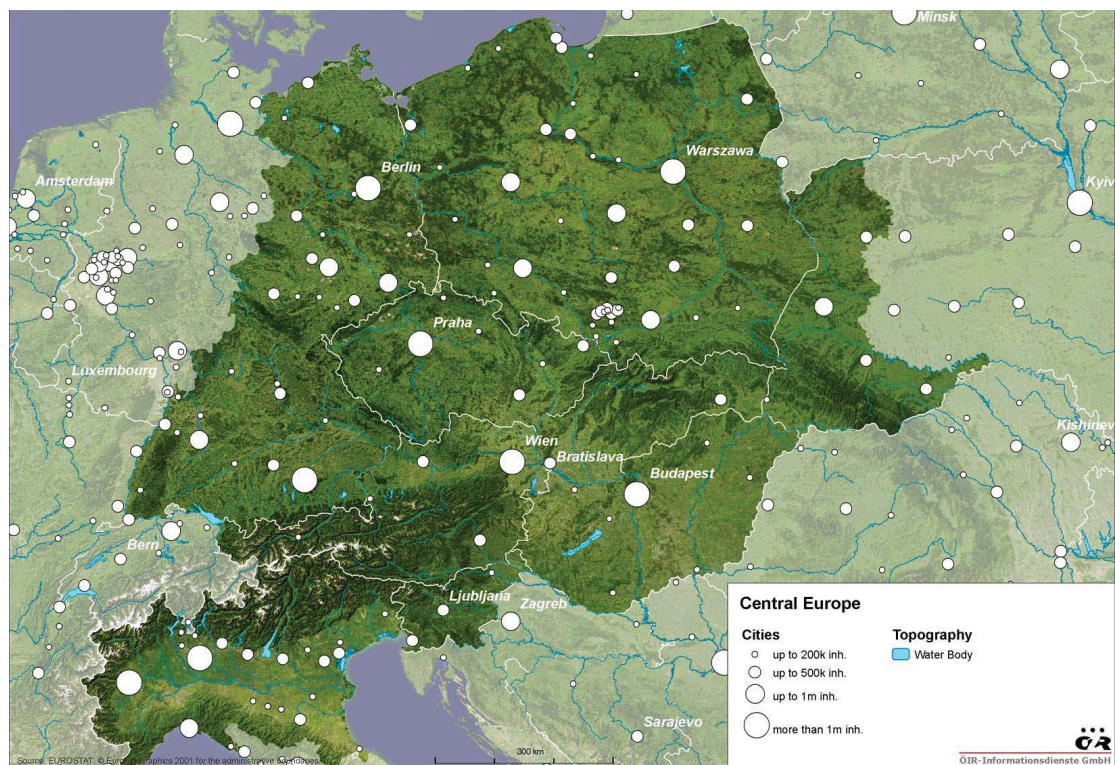
Regional Competitiveness and Employment: CE ... Regional Competitiveness and Employment, PI ... Phasing In

2. Outlining Central Europe Today

The programme area covers 1,050,000 sqkm and with approximately 148 million inhabitants, the area provides one of the biggest population mass potentials in Europe. More than 12 different languages (8 national languages and more than 5 languages of national and ethnic minorities, e.g. Romanes, Croatian, Ruthenian...) are spoken in this area. The topographic diversity causes great differences in terms of climate conditions, land use, settlement and economic structures, accessibility, development processes and ecological problems. Also in terms of political and administrative structures, the Central Europe space is among the most heterogeneous areas in the European Union.

The great diversity is a strategic key factor for the development of the area and should be used to strengthen sustainable economic growth and territorial cohesion. The main characteristic of the programme region and the challenges can be described by a need for reducing economic and social disparities by intensifying integration, reaching harmonised efficiency and quality standards, deepening existing and growing institutional networks, as well as cooperation and capacity building.

Map 2: Landscape and settlement structures



2.1 Spatial Structures – Settlement Structures

The spatial structure of Central Europe is determined by a distinct topography of mountainous areas, the sea, the most important river systems, flatlands and a variety of different border situations.

The main characteristics are:

- high population density
- high concentration of population in capital agglomerations

- a distinct importance of small and medium sized towns
- a variety of border situations

2.1.1 Urban Regions

A striking feature of the area is a relatively high population density almost evenly distributed over the territory. Around 28% of the EU population live in Central Europe, on approximately a fifth of its landmass. In comparison to other European macro regions, such as the Nordic Countries or the Iberian Peninsula, the area is characterised by an above average population density.

In Central Europe, both **polycentric and monocentric structures** are to be found. In some of the countries, the capital city plays an outstanding role. This is particularly true for Hungary, Austria and Slovakia, where about a quarter of the total national population lives in the capital agglomeration. On the other hand, the urban networks of Northern Italy, Southern and Eastern Germany, Poland and the Czech Republic demonstrate an advantage of larger towns with several major cities ranking behind the capital in the urban hierarchy.

Table 3: Population density and share of population in cities of different size 2005

	AT	CZ	DE*	HU	IT*	PL	SI	SK	UA*	CES
population density (per sq km)	98	130	186	109	221	122	99	109	93	141
share of population in cities										
with pop. 200-500 thsd.	6.7	7.0	6.5	0.0	7.8	11.3	13.5	12.9	0.0	8.1
with pop. 500 thsd. – 1 Mio.	0.0	0.0	4.1	0.0	2.7	7.3	0.0	0.0	10.0	4.0
with pop. more than 1 Mio.	20.8	11.8	11.8	19.9	17.6	4.3	0.0	0.0	11.1	10.8
urban population, total share °	65.8	74.5	88.5	65.9	67.5	62.0	50.8	58.0	67.3	73.2

Source: Eurostat, nat. statistics (population density, Ukraine), * ... within programme area, ° ... Source: United Nations 2005, entire countries

Countries like Slovenia, the Slovak Republic and Poland are fostering polycentrism as traditional policy option supported by different instruments, while others, such as Hungary, still have a more mono-centric character. The meaning of national polycentric policies and their steady implementation in the Eastern part is therefore most important for integrating this part of Europe and realising its role more effectively.

Taking the close proximity of some metropolitan areas, such as Wien and Bratislava and Brno, Ljubljana and Zagreb (the latter just outside Central Europe), Katowice and Krakow and Ostrava; Ústí nad Labem and Dresden, Plzeň and Regensburg, České Budějovice and Linz, Zagreb – Maribor – Graz etc. into account, transnational cooperation for regional development is an essential tool to make use of possible development advantages.

The strengths of the urban areas are a high economic potential and a diversified economic basis. In all countries of Central Europe, the **central locations** are the key economic regions, with a competitive industrial sector, a high share of high-quality services, a substantial infrastructure that supports economic activity and skilled workforce. Due to better access to higher education and innovation systems in urban areas, they offer a high degree of cultural performance and of attractiveness for new businesses, industries and services. Additionally, the urban population and enterprises have better access to administration and the political decision making system. **Smaller towns** providing rural population with basic public and private functions are important as local centres of peripheral regions. Some of them are also dominated by functions as e.g. tourist cities, university cities or industrial cities.

Most of Central Europe's urban areas are facing a concentration of social, environmental and economic problems. The consequences are:

- Social and inner urban segregation (also including abandoned housing, mass-housing estates, decline of public safety, high shares of disadvantaged and deprived groups) and social tensions
- High level of unemployment
- Environmental problems such as noise, air and water pollution, traffic congestion, waste production and excessive water consumption
- Growing disparities in income and lifestyles are reflected in the different needs in terms of housing and residential location
- Decreasing accessibility to green and leisure areas
- Increasing suburbanisation processes

There is a clear trend of **suburbanisation** in the region dating back to the nineties. The impact of suburbanisation is to a certain extent also felt because of the enlargement and the improvements to the transportation infrastructure network. The radius covered by people daily commuting to work in the cities and economic centres has already widened substantially. Although changes in new Member States have been comparatively smaller than in EU-15 up to now, an accelerating development in those countries has to be expected. The adverse effects of suburbanisation are increasingly apparent: segregation is growing, transport links between towns and the countryside are difficult to sustain and there is a burden on urban traffic, too.

2.1.2 Rural Regions

The share of population that lives in urban areas² is lower in Central Europe compared to that of the EU-25. The urban population ranges from above Central European average values in Germany (89%) and Czech Republic (75%), over average values in Italy, Ukraine, Hungary and Austria (66-68%), to below the Central European average figures in Poland (62%), Slovakia (58%) and Slovenia (51%).

Low levels of urbanisation in the region may indicate that the economies still depend on agriculture largely and do not fully exploit the possibility of benefiting from the (re)development of manufacturing and the expansion of services. It also indicates that a large share of population may not have immediate access to a number of services that are available in the cities.

Due to the structural situation, rural areas are confronted with the following trends and problems:

- Strong dependence on specific industries (agriculture, forestry, mining...)
- Depopulation and the aging of the rural society due to the process of structural changes, the decrease in agricultural production or the loss of jobs in dominant branches
- Adverse conditions for diversification regarding financial and human resources
- Peripheral position and lacking transportation network, poor links to the central regions
- High level of unemployment and unfavourable unemployment structure due to lacks of job opportunities
- Brain drain
- Problems in stabilising the technical and social infrastructure

² **Urban population** (by definition of UN Population Division), national data

Nonetheless, some of the rural areas have the potential to accomplish the process of structural change successfully. Key factors are:

- The possibility of access to infrastructure, knowledge and technology
- The development of natural and cultural heritage (e.g. tourism)
- Diversification of the economic base (new products, new markets, cooperation networks, new production methods, agro-environmental measures, organic production)
- Structural changes from agriculture towards service sector, recreation areas, ...

2.1.3 Border Regions

The border region is one of the typical regional characteristics in Central Europe. Due to the fact that the number of neighbouring countries is rather high in Central Europe (averagely 5.5 neighbours), there are many very different 'border situations' influenced by factors such as:

- Economic and social disparities
- Spatial and settlement structures
- (Physical) accessibility and infrastructure
- Cultural and social networks
- Economic structure and development
- Political, legal and administrative systems and frameworks (e.g. Schengen, EU Member States/ non-member states)
- Historical, socio-cultural and political atmosphere

2.2 The Socio-Economic Performance

2.2.1 Demographic Trends, Social and Cultural Aspects

Demographic trends are very heterogeneous between and within Central European countries. The region includes areas with high population increase and others with high decrease in the number of population. At a national level, the **demographic development** 2000-2005 ranges between a considerable to a slight increase of population (Italian regions, Austria, Slovenia), over stable population figures in the German Central European regions (in total), to a major population decrease in Ukraine.

At regional level, major gaps concerning population within Central Europe have to be stated between German regions; slightly lower are the differences in the remaining countries. Most East German regions had to cope with a population decrease of 4% to 6% (NUTS2, 2000-2005), i.e. excluding the delayed trend of suburbanisation which can be observed in most city regions in the new Member States and East Germany. Other regions, mostly in Southern Germany, Northern Italy and Austria, on the other hand, had an increase of up to 5%³ (also due to migration from outside the countries). In Ukraine, there is no region showing population increase, population decrease in western Ukraine is lower than in the east. The capital regions usually have positive trends (e.g. Berlin, Warszawa, Praha, Wien, Budapest, and Ljubljana).

Migration flows confirm the strong attraction – mostly for young people – to the central locations, but also indicate the structural weaknesses in the peripheral agricultural regions and in the old industrial

³ No comparable data was available for Poland, Slovak Republic and Slovenia.

centres confronted with structural changes, as well as structural national weaknesses. Generally, a flow to economically strong regions and/or regions with a high quality of life (nature, leisure, attractions) has to be stated. On a national level, main migration flows (in absolute figures) are found from Poland and Ukraine, to a lower extent also from Czech Republic and Hungary to EU-15.

The population shift from peripheral regions to the central places (and economically stronger countries) makes it hard to maintain the current infrastructure (social, health, education etc.) in the peripheral regions and leads to the phenomenon of brain drain. Especially urban areas are confronted with intensive migration. This often leads to ethnic concentration in some districts. Spatial and social segregation in form of low income level, unfavourable housing conditions, lower educational level and high unemployment rates are the results and cause social tensions.

In general, the demographic development follows the European trend of an **ageing population**. The decline of birth rates and the progressive ageing of the population are characteristic of most advanced European countries and the forecasts predict a further increase in the share of older people. This development puts constraints on long-term population growth connected with strong impacts on the social and health services and the labour market. Especially challenging (concerning demographic trends) is the situation in Ukraine, which has a rather seriously negative balance of birth and death rates. This development in combination with emigration is expected to lead to a further decline of population.

In terms of relations between **generations**, the most disadvantageous situation concerning the old-age-dependency ratio⁴ in 2005 has to be stated for Italy and Germany (0.28-0.29), whereas low ratios are shown in Czech Republic, Poland and Slovakia (0.16-0.20). By the year 2030, the old-age-dependency ratio is expected to increase to more than 0.45 in Germany and Italy, and less yet still up to 0.32 in the most advantaged countries within Central Europe (Slovakia, Ukraine). Nonetheless, the situation in terms of population above age 65 is slightly less challenging in Central Europe, in the new Member States, respectively, than it is in EU-15. The estimations concerning the proportion of people above age 65 in 2030 are clearly lower in the new Member States and Ukraine (20.8% – 23.6%, with the exception of Slovenia: 25.1%) than in EU-25 (24.7%).

As a result of historic development and/or migration processes, the Central Europe region is extremely diverse in terms of **minorities and ethnicities**. In all countries – often in the border regions with their neighbouring countries – there are ethnic groups speaking their own language, organising their specific cultural life and running educational and cultural institutions (theatres, media, schools, libraries,...). International, European, national and regional (esp. DE) laws regulate the situation of minorities in the respective countries. Integration depends on historical burdens, the socio-economic situation of the minority, prejudices and the political atmosphere. On the other hand, minorities often act as links between two different cultures. By using their linguistic and cultural competencies, they can contribute to intensifying the integration process.

Concerning the ethnic group of Roma, a specific situation has to be mentioned; they are poorly integrated into society, they often have poor access to education, services and healthcare, housing conditions are mostly unfavourable. Additionally, poor vocational training opportunities intensify low employment levels within this group.

Cultural heritage is defined as the totality of material and immaterial cultural assets like libraries, archives and museums, buildings (churches, castles, monasteries), as well as the manifestation and expression of folk culture, the scientific perception and so on. The immaterial cultural assets are passed down from one generation to the other. They are formulated by communities and groups depending on their particular milieus, their interactions with nature and their history, and are part of their identity and continuity. Cultural heritage contributes to cultural diversity and creativity and is part of a regional identity.

⁴ www.populationeurope.org, European Demographic Data Sheet 2006, definition of old-dependency ratio: proportion of population 65+ to 15-65 year old population. A ratio of 0.25 means that there are four people in the age group 15-65 (considered as the potential working age) for each person aged 65 and older.

The variety of cultural heritage and activities in Central Europe offers specific links to activities and measures in order to protect cultural traditions covering legislative framework (e.g. UNESCO convention, national regulation for the protection of historical monuments and buildings, culture policy...) up to customs and traditional handicraft techniques. The preservation, conservation and development of cultural heritage are also very important for tourism. There are comprehensive activities in the programme area to protect the cultural heritage (historical urban areas, monuments and historical ensembles, cultural landscapes,...). As examples for this wide variety of cultural heritage, the properties included in UNESCO's⁵ World Heritage list are mentioned here.

In general, the richness of the cultural heritage in the programme region is endangered since the investment perspective is lacking for large parts of the heritage. Efforts regarding the restoration and revitalisation of cultural sites concentrate on those areas, where the economic perspective including the positive impact on employment (especially for women) is clearly visible. Compared to the programme region as a whole, the number and size of these zones is limited. In general, there is an urgent need for intensified awareness with regard to risk-control, the prevention of further degradation and the recovery of impaired heritage, through safeguard and innovation and through the involvement of private actors.

2.2.2 Economic Structure and Development

The economic performance in Central Europe is characterised and influenced by the following factors:

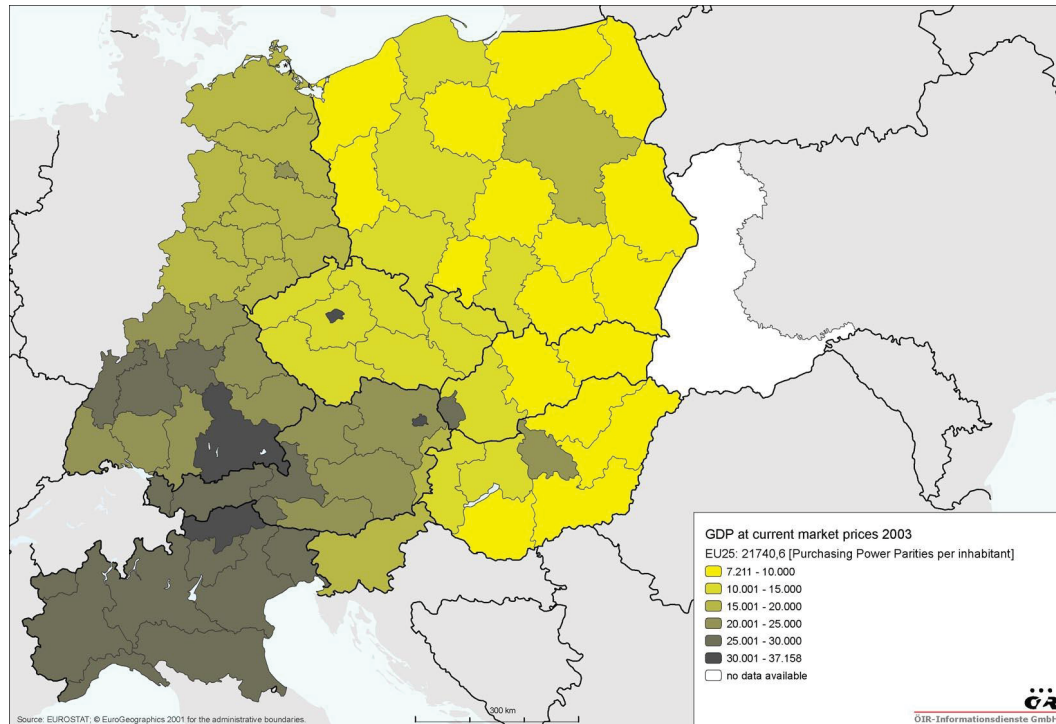
- Marked disparities concerning GDP, personal income, productivity, wage etc.: disparities at national level between the highly developed countries and the new EU-member countries and the accession countries on the one hand, and regional disparities between urban and rural/peripheral regions on the other hand
- The process of structural change caused by a decrease in the secondary sector and an increase in the importance of the tertiary sector and/or the formation of new market structures; the technological progress through the transformation and integration processes in the new Member States and acceding countries.
- Divergent accessibility to markets, labour and qualification, technology and innovation, transport and telecommunications networks, as well as to education and research.
- The regions feature significant differences in the level of economic activities, specialisation of production and services, their innovation potential in dependence on economic and enterprise structures, production costs and productivity.
- The influence of direct foreign investment.

Besides encompassing some of Europe's richest regions, Central Europe also includes some of Europe's poorest ones. The difference between those regions is more than tenfold: there are regions like Wien, Oberbayern and Praha with a per capita GDP of over 140% of EU-25's average, while there are others, for instance Lubelskie and Podkarpackie in Poland with 33%. Regions in Ukraine, such as Zarkarpattie and Chernivtsi, are even below 15% of the EU-25 average.

In terms of economic strengths, old EU Member States are usually more competitive than new EU members and EU neighbouring countries. Out of 73 NUTS 2 regions in Central Europe, 22 are below 50% of the average EU-25 GDP level, all in the new member countries. In fact, all of the ten regions with the lowest GDP per capita in the whole of the EU-25 are part of Central Europe. In terms of economic dynamism (i.e. annual growth rate of GDP per capita), the positions are, however, partly reversed. The new EU member countries generally perform better than the old EU Member States – suggesting that the Eastern countries are catching up.

⁵ The United Nations Educational, Scientific and Cultural Organisation (UNESCO) seek to encourage the identification, protection and preservation of cultural and natural heritage around the world considered to be of outstanding value to humanity. This is embodied in an international treaty called the **Convention concerning the Protection of the World Cultural and Natural Heritage**, adopted by UNESCO in 1972.

Map 3: Economic Level – GDP per capita PPP, 2003



Source: Eurostat

Trade relations can be interpreted as an indicator for the intensity of integration. Regarding **trade links**, Central Europe already looks highly and increasingly integrated. About 29.5% of trade of Central Europe countries was carried out within the area. Growth rates of trade concerning the three western Central European countries, namely Germany, Austria and Italy, show much higher figures than trade with the other 12 western EU countries. Moreover, figures concerning trade growth between the three Western countries and the eastern countries are much higher than the respective figures concerning trade growth with the EU-15 and the world.

Besides traditional networks, the geographical proximity, accessibility, the size of the national economy and historic ties influence the economic integration. The most important trade partner of the new member countries in Central Europe is by far Germany, whereas for south-eastern European countries, which are not yet EU members, the most important partner is Italy. Moreover, there is still a more intensive trade between the Slovak and Czech Republic and even between older traditional links of Hungary and Austria.

Present competitiveness of Eastern Central European countries (except for Slovenia) depends largely on the presence of **foreign capital**. Foreign investors implement a very significant proportion (20-40%) of business investments in Central and Eastern Europe countries. Community support and private foreign investment are thus of equal importance for the development of the respective countries. Since the location of FDI is rather selective and rather indifferent to cohesion considerations, the result is a dramatic increase in economic- and income-disparities among and within the Eastern countries.

The **urban agglomerations** are the **centres of economic activity and growth**. Measured by GDP in all countries, the most highly urbanised regions are economically the strongest and the most successful ones.

In the past few years, the metropolitan regions have been the carrier of growth in the entire Eastern area. 75% of the whole increment of the Central Europe area's GDP was generated by only one fifth of the regions – including all capital regions – inhabited by a third of the total population. Yet, the

difference in competitiveness between metropolitan regions is significant. There is a clear distinction between metropolitan regions in western and eastern partner countries. The metropolitan regions München, Stuttgart, Milano, Berlin and Wien are among Europe's strongest and most competitive regions. With exception of Wien, they are situated rather 'on the edge' of Central Europe in the old EU Member States. On the other hand, the area around Budapest, Praha, Krakow and Bratislava is still rather weak in comparison to the level of economic activities of Western European metropolitan regions, but indeed very dynamic in terms of its growth rates, so that the metropolitan regions are slowly catching-up.

Besides the capital regions, the second highest level of per capita GDP can be found in the western part of Germany and Austria and in the northern Italian regions. In the new Member States, the most advanced regions are those in vicinity to the old Member States.

Central Europe is far from being cohesive – at least in economic terms, as the figures on GDP above show. Cohesion is 'missing' along the following lines, marking strong economic disparities. The main dividing lines could be found

- along the former 'Iron Curtain',
- along the Eastern external border of the EU,
- and in regard to internal regional disparities.

The differences in eastern Central Europe countries are much larger than in the western countries. The current trend is widening the gap: while in the 'Western' part disparities are decreasing, they are growing in the new member countries. The more advanced a country is in the process of transition, the higher are the internal disparities. Thus, the capital regions in the new EU-member countries take up an outstanding position today.

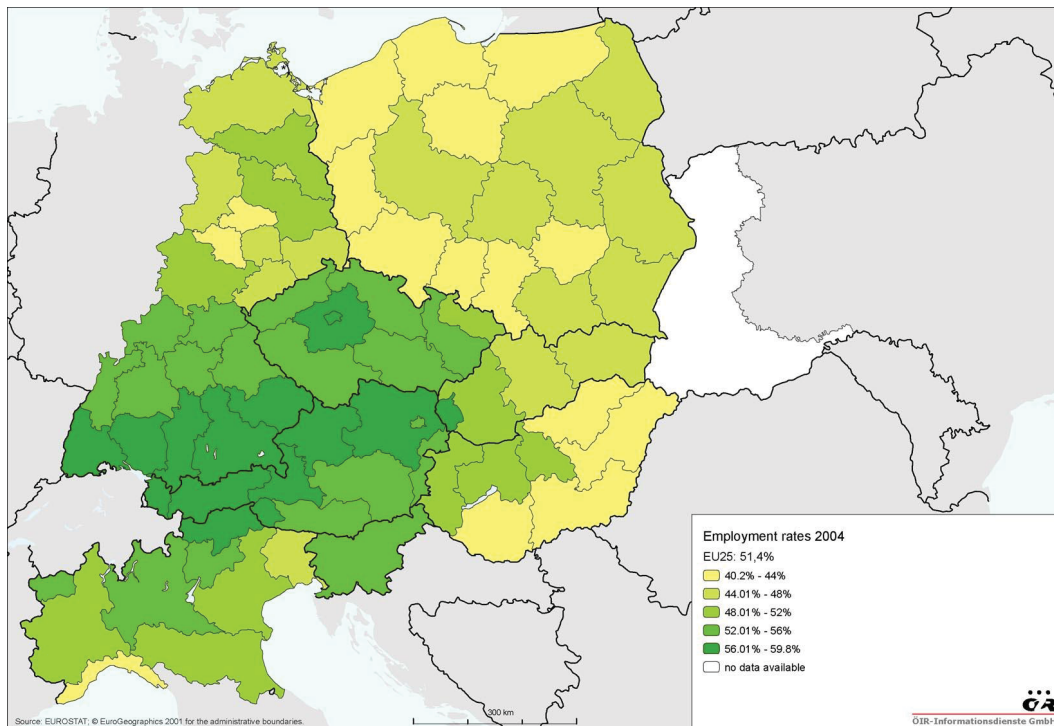
2.2.3 Labour Market – Employment and Unemployment

The structures and opportunities in the regional economies also determine the **employment structures** in Central Europe. Employment rates tend to vary less among old and new Member States and more between the central-Central European region and the Central Europe countries around. Specifically the southern part of Germany, Czech Republic, Austria and Slovenia reach EU-25 average while the employment rates of Poland, Slovakia, Hungary and Italy are considerably lower.

Regarding the development of the labour market in Central Europe, the following trends can be observed:

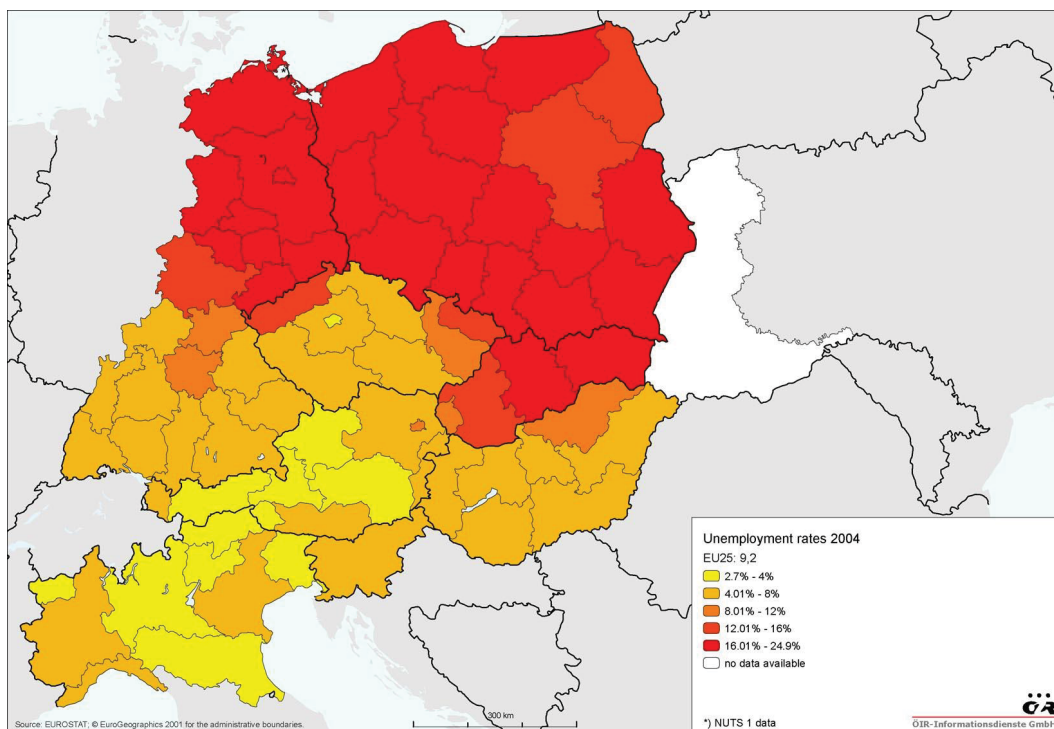
- negative impacts of structural crises on agricultural and old industrialised regions with the consequence of lack of new job opportunities;
- increasing employment in the service sector, increasing employment of women;
- new and increasing commuting networks;
- migration flows mainly caused by better labour market opportunities in urban areas and/or other countries;
- and increasing unemployment rates with increasing shares of unemployed people with structural problems (low qualification, low mobility, disabled, ...).

Map 4: Employment Rate 2004



Source: Eurostat

Map 5: Unemployment Rate 2004



Source: Eurostat

Regarding labour market opportunities and education, a different situation for men and women could be found.

- In contrast to the experiences of EU-15, women's participation in the **labour market** used to be high, but dropped dramatically during the early years of transition. Today labour markets in Central Europe are strongly gender-segregated and show a wide gender pay gap. In all Central European countries, unemployment of women is higher than men's. Corresponding to the common labour market/employment patterns concerning female employment rate, the Central European region lies within EU-25 average, whereas the countries around show lower employment rates. Part-time employment, both in total and in that of women, is much less to be seen in the new member countries than it is in EU-15.
- In terms of **education** and by considering all age groups, women in Central Europe (as in EU-25) are less educationally qualified than men. This inequality in qualification levels between men and women is no longer apparent in the younger age groups. Not only could women catch up, the percentages of young women (25-34 years) e.g. not having secondary school diplomas are now lower than among men in that age-group. Additionally, concerning tertiary students, there are more women studying at universities than men throughout the Central Europe region. A higher proportion of female university students has been counted especially in Czech Republic, Poland, Hungary, Italy and Slovenia. In contrast, the proportion of women choosing studies in the fields of sciences, mathematics and computing is much smaller and even less in the fields of engineering, manufacturing and construction.

2.3 The Innovation System (innovation, technology, R&D, education and qualification)

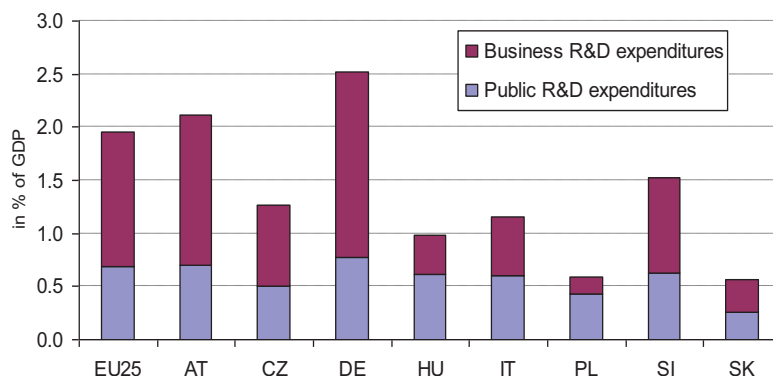
A high level of education and innovation is one of the major assets of regional development and a basic factor in regional innovation. Educational level, the knowledge base and access to research and development (R&D) play a major role in supporting the economic performance and have become the major determinants of economic competitiveness. The (regional) qualification level and innovation intensity depend on

- the education system, the regional distribution of educational infrastructure and the physical and socio-cultural accessibility of education;
- the orientation of the national innovation and technology policy;
- economic factors (economic structure – enterprises, branches, level of economic activities);
- and the expenditures for R&D (national, regional, private).

With regard to the **Lisbon performance**, Central Europe provides quite a mixed picture in terms of performance on economic indicators related to R&D and innovation. Whilst some countries are among the EU forerunners in terms of productivity, employment rate, R&D expenditure, R&D personnel and educational level of the population, others clearly lag behind on these aspects. The same pattern can be observed within individual countries, with marked differences in capital regions and most of the other regions, especially in the new Member States.

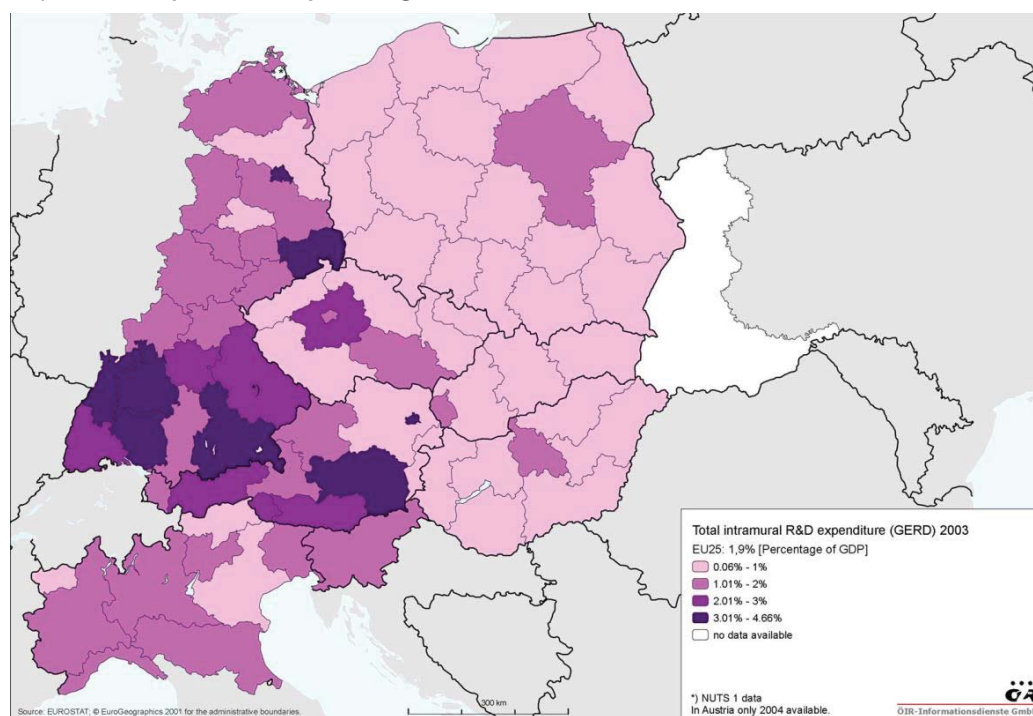
These patterns can also be found regarding general **R&D expenditure** (in % of GDP and %GERD - Gross Expenditure on Research and Development), where the disparities between old and new Member States generally are highly distinct. In the old Member States of Central Europe, total R&D expenditures are significantly higher in Germany and Austria, but considerably lower in Italy. In the southwestern part of Germany and the western and southern parts of Austria high values of R&D expenditure are shown due to a favourable industrial structure and a well-equipped R&D system in the old Member States.

Poland and Slovakia show the lowest performance of R&D expenditure in total (GERD). Generally, in the countries of Central Europe low values of GERD come with a considerably lower share of business R&D expenditures (%BERD - Business Expenditure on Research and Development).

Figure 1: **Share of public and business R&D expenditures** (in % of GDP)

Source: European Innovation Scoreboard 2005

Within the new Member States, disparities are shown mainly between central and rural regions, whereas above average expenditures can be stated mainly in the central (capital) regions. Within the group of the new Member States, a level of R&D expenditures per capita above the European average can only be found in the agglomeration of Praha (following map).

Map 6: **R&D expenditure as percentage of GDP, 2003**

Source: Eurostat, Statistik Austria

The **research and development system** of Central Europe is particularly rich and includes universities as well as other public and private R&D facilities, science and technology parks, innovation and transfer centres and enterprises. Nevertheless, the capacity to innovate widely varies throughout the Member States and regions and depends on the economic basis and structure of the region and the national policy for innovation and technology. While universities and science centres

concentrate mostly in major urban areas and/or the regional economic centres, some other facilities have already been established in other regions to stimulate innovation and development processes.

The economic structure also tends to work against weaker regions. High-tech industry and knowledge-intensive business services usually concentrate in core regions, which in itself tends to increase innovative activity, since a lot more is spent on R&D here than in the more basic economic activities in which employment concentrates in less favoured regions.

Following this pattern **R&D and high-tech activities** are also highly concentrated in the core regions (universities, research institutes, R&D intensive enterprises). Firms – especially SMEs – in less favoured regions often suffer from being isolated from the best international R&D networks and research centres developing new technologies. It is particularly the SMEs that have difficulties in finding out about the latest technological developments and their use as well as in establishing contacts with suitable partners elsewhere.

SMEs are the backbone of the EU's non-financial business economy⁶ as they represented 99.8% of all EU-25 enterprises in 2003, employing about two thirds of the workforce and generating more than half (57.3%) of its added value. In the Central Europe countries, the share of micro enterprises lies between 73% (Slovakia) and 96% (Poland), (Italy 95%). The highest proportion of small (10-49 employees) and medium sized (50-249 employees) businesses are registered in Slovakia (25%), in Germany (17%) and in Austria (13%), in all other countries the share accounts to approx. 4-7%. In terms of employment, in some countries the high number of employees in large enterprises shows the importance of those enterprises (with 250 employees and more) as in Slovakia (51% of employees), in Germany (40%) and in the Czech Republic (31%)⁷.

R&D activity often tends to vary with the size of a firm, particularly in the secondary sector (e.g. manufacturing). Regions with a high concentration of employment in (small) manufacturing firms and producing at a low technological level tend to have low rates of expenditure on R&D. Unlike (large) high tech firms which usually have an internal capacity for research. SMEs depend largely on their capacity to access technology and expertise from outside, especially from within their immediate vicinity.

While the new Member States significantly differ from the EU-15 in terms of flexibility, incentives and other business environment conditions, they were even more affected by barriers of an efficient geographical allocation of economic activities across regions.

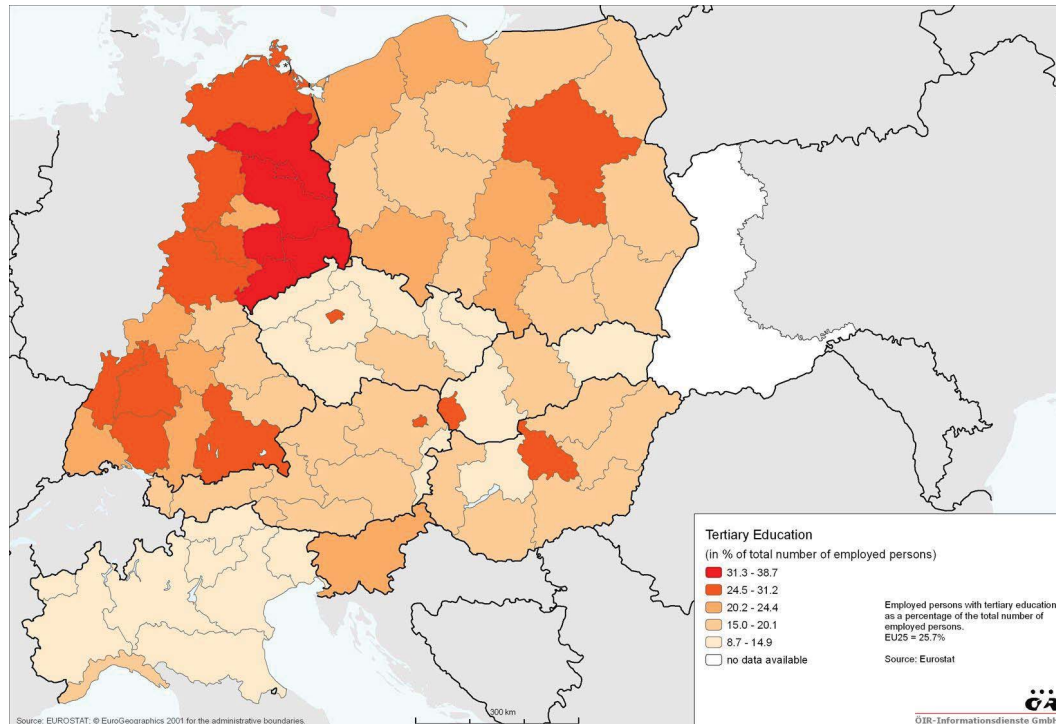
Regarding the **education level** of employees, mainly the capital regions but also a large number of German (non-capital) regions show a high share of employed persons with tertiary education. Regions with lower educational level comprise two characteristics:

- The exceptions are the capital regions Czech and Slovak Republic, which show an outstanding high share of employees with secondary education over their entire national area. Generally, the share of employees with secondary education is higher in the new Member States (but not in Slovenia) and Austria.
- The share of primary education is highest in Northern Italy, followed by a larger area in Southern Germany.

⁶ defined as NACE Sections C-I and K

⁷ Source: Eurostat, Statistics in focus, Industry, trade and services 24/2006, SMEs and entrepreneurship in the EU

Map 7: Employed people with tertiary education, 2004



Source: Eurostat

In terms of **innovation capacity**, Central Europe again shows a rather mixed picture. Most of Central Europe has, compared to the EU average, clear strengths in employment in high-tech services, medium and high-tech manufacturing, public R&D expenditures and youth education attainment level (cf. European Innovation Scoreboard 2005⁸). There are, however, weaknesses related to the share of population with tertiary education, the number of new science and engineering graduates, less than average participation in life-long learning and low R&D expenditure in the private sector.

Based on the **Summary Innovation Index (SII) 2005** (score and growth rate), Central Europe shows average to higher performance only within the old Member States (Germany has been defined as one of the leading countries, followed by Austria with above average and Italy with below average values). Those countries also show medium growth rates of SII (1.0% for Germany to 2.4% for Austria)

The new Member States can be divided into two groups:

- countries 'catching up', include Slovenia, Hungary, Czech Republic with a development of SII over the past three years between 4.3% (Hungary), 3.2% (Slovenia) and 2.2% (Czech Republic)
- countries 'losing ground' include Poland and Slovakia with a development of SII of only 0.3% respectively 0.2%

Nevertheless, following the results of the European Innovation Progress Report 2006, convergence within EU cannot be expected in the short term. None of the countries catching up are expected to be at the EU-25 average by 2010. At best, Hungary, Slovenia, and Italy will reach the EU-25 average under the current conditions by 2015, whereas the catching-up process for Slovakia and Poland would take much longer.

Good **governance** and an effective **institutional structure** are important sources of regional competitiveness. The improvement of the collective processes of learning and creation, and the transfer and diffusion of knowledge are critical for innovation. In addition, the development of networks

⁸ DG Enterprise and Industry, European Innovation Progress Report 2006

and public-private partnerships are important in order to stimulate thematic and/or regional clusters as well as regional innovation strategies and policies, especially in less-favoured regions which tend to have deficient innovation systems.

The innovation and R&D system and policy, especially in the new member countries, are subject to a large structural change. Before the transformation process, innovation tradition was shaped by the existence of manufacturing branches with intensive technological skills (e.g. machinery, chemical industry, food industry, arms production, vehicles...), a strong orientation of the educational system in engineering training, distinct R&D capacities in manufacturing firms, also good cooperation structures and relationships between academic and the industrial science community. In most countries, privatisation, the restructuring of the secondary sector and new ownership relations lead to a reduction of the innovation activities measured in personal and financial resources.

In all Central Europe countries, technology and innovation policy is largely based on the following elements: the use of traditional industrial expertise (e.g. cluster) and diffusion of expertise and research results (technology transfer). Technology and innovation policy also includes policy measures such as development of clusters, upgrading of infrastructure and establishment of focal points (technology centres, transfer centres etc.). All of the new Member States initiated development measures to clear their backlog within this field by the beginning of transition.

2.4 Accessibility

2.4.1 Transport

The quality of the supranational and regional **transportation infrastructure** as well as the accessibility varies widely from country to country, from region to region and by means of transport. In general, the transportation systems are designed to meet the internal needs and reflect the circumstances of the countries and their strategic focus. Considering the European context, new perspectives and requirements arose and new priorities influenced the national and regional decisions.

In Central Europe, we are confronted with the following challenges:

- highly developed infrastructure (in the old Member States) versus lags in quality and quantity of supply (in parts of the new Member States);
- a different rating of means of transport (individual vs. public transport, road vs. railway);
- increasing transport volumes and high densities of traffic flows (international routes, commuting, urban areas, tourism...);
- weak accessibility of peripheral regions and cross border accessibility in border regions;
- high environmental burden (pollution, noise, land use...) due to increasing (road) traffic;
- increasing mobility (commuting, business, leisure time...).

Transnational Infrastructure and Accessibility

In contrast to the relatively even distribution of population in space – because of the differing levels of infrastructure – the framework conditions for total accessibility⁹ vary considerably within Central Europe. Influenced by its relative position to the West European core, the space not only includes areas of highest (e.g. Milano, München, Wien, Bratislava) but also of low accessibility in Europe, though the latter remain an exception. The area around Wien and Bratislava even provides the only

⁹ Total accessibility over all means, as outcome of ESPON

area of highest European accessibility that can be found outside the so-called Pentagon¹⁰ Peripheral, poorly accessible areas are located along the Baltic coast, in Eastern Poland, Slovakia and Hungary, in some Czech border regions, the Alps and Southern Hungary.

Transnational accessibility within Central Europe is highly dependent on the **Transeuropean Transport Network (TEN-T)**¹¹ and its priority projects as identified in Decision 884/2004/EC. With regard to *North-South connections* this refers in particular to the railway axis Berlin–Verona/Milan–Bologna (towards Palermo), to the railway axis Nuremberg/Dresden–Prague–Vienna–Budapest (towards Athens); to the railway axis Gdansk–Warsaw–Brno/Bratislava–Vienna; to the motorway axis Gdansk–Brno/Bratislava–Vienna and to the ‘Rail Baltica’ axis Warsaw–Kaunas–Riga–Tallinn–Helsinki. With regard to *West-East connections* this refers to the railway axis Lyons–Trieste–Divača/Koper–Divača–Ljubljana–Budapest–Ukrainian border; to the railway axis Paris–Strasbourg–Stuttgart–Vienna–Bratislava and to the Rhine/Meuse–Main–Danube inland waterway axis. Furthermore the following *motorways of the sea* are most relevant for the cooperation area: the motorway of the Baltic Sea (linking the Baltic Sea Member States with Member States in central and western Europe, including the route through the North Sea/Baltic Sea canal); the motorway of the sea of south-east Europe (connecting the Adriatic Sea to the Ionian Sea and the eastern Mediterranean, including Cyprus); the motorway of the sea of south-west Europe (western Mediterranean, connecting Northern Italy with Spain, France and Malta and linking with the motorway of the sea of south-east Europe).

Additionally, all of the **5 major trans-European transport axes to the neighbouring countries**¹², as defined in COM(2007)32, are in principle affecting Central Europe’s cooperation area. However, most prominent are (1) the Northern axis to connect the northern cooperation area with Norway to the north and with Belarus and Russia to the east; (2) the Central axis to link Central Europe to Ukraine and the Black Sea and through an inland waterway connection to the Caspian Sea; (3) the South Eastern axis to link the cooperation area with the Balkans and Turkey.

The support and development of the Trans-European Transport Network is regarded as an essential policy for the proper functioning of the internal market and for economic and social cohesion. Whereas the level of service of the TEN-T within EU-15 territory is rather high, the upgrading of the transport corridors in the new Member States and in their neighbouring countries is divergent yet generally lagging behind.

The major needs concerning transnational transport networks lie within upgrading the TEN railway network, as can easily be seen looking at the priorities set by the ‘High Level Group’ in 2005 (most of the TEN-T Priority axis are railway axis). Especially the missing **fast (rail) connections** to and from metropolitan regions need to be strengthened further. Additionally, the north-south axis from the Baltic Sea to Wien/Bratislava has also been given priority.

The **development of road and rail transport**¹³ between 1995 and 2004 (measured by million tkm) went in opposite directions. In general, road transport increased considerably whilst rail transport decreased. Regarding the development of single countries, the pattern is less clear however.

- Road transport increased in all countries, yet to different degrees. Highest growth has to be stated for Slovenia (+173%) and Poland (+101%), whilst Italy, Slovakia (+13%, +17% respectively) and Germany (+28%) show only little, the Czech Republic, Austria and Hungary (+47% to +49%) show moderate development.
- Rail transport in total decreased, but in Austria (+36%), Germany (+24%) and Slovenia (+13%) freight transport by rail grew. A slight decrease took place in Hungary and Italy (-1% to -3%). On the other hand, major decrease is found in the Czech Republic (-33%) as well as in Poland and Slovakia (both -30%).

¹⁰ The so-called “Pentagon” area, delimited by London, Paris, Milan, Munich and Hamburg, is according to the European Spatial Development Perspective (ESDP 1999) the only ‘global economic integration zone’ in Europe (then EU15), following the observation that the most dynamic regions were concentrated in North-Western Europe.

¹¹ see respective maps on TEN-T network in annex 7.6

¹² see map on 5 major trans-European transport axes in annex 7.6

¹³ Source: European Commission, Energy & Transport in Figures, 2005

Due to the fast increase of road transport **modal share of freight transport** in Central Europe in total is dominated by road transport over land, though the rail transport system is well developed in most countries (especially in the new member countries). The road share (2004) ranges between about 60% (in Slovenia, Poland and Slovakia) and more than 90% (Italy).

Logistics plays a key role in ensuring (sustainable) mobility and increasing modal share of environmentally friendly means of transport. Its importance continues to grow due to the increase in globalisation of production along with corresponding supply chains. There are a number of trends – some contradictory – currently taking place, as e.g. centralisation of logistics organisation in European and regional distribution centres, decentralisation in the light of saturation on the European roads, outsourcing logistics activities (shippers buy multifunctional logistic services from external service providers).

Regarding **inland waterways**, the rivers Danube and Rhine are of utmost importance within Central Europe. Those rivers accommodate trade between the Netherlands, Germany, Austria, Slovakia and Hungary and further with the Balkan countries, while also providing the main transit link between Western Europe, the North Sea and countries at the Black Sea. Additionally, many other, smaller inland waterways (e.g. in Poland) have the potential to further develop environmentally friendly transport. According to the NAIADES¹⁴ programme the availability of low-cost inland waterway transport services proves to be a decisive location factor for European industry: However, today only 10% of the capacity of the Danube is utilised. The modal share of inland waterways (in tonne-kilometres) accounts for 6% in EU25. In Central Europe only Germany (12.8%) is above this average, whereas all other countries show lower values, ranging from 5.8% in Hungary, 4.9% in Austria, 2.8% in Slovakia, 0.8% in Poland to 0.1% in Italy.

Located at the Baltic and Adriatic Seas and connected through surface and inland navigation corridors to the North Sea, **seaports** play a significant role for the accessibility of space. So far, the ports within the area are, from a European viewpoint, only of national significance. Seaports from intercontinental significance can only be found outside the programme area (e.g. North Sea and Mediterranean ports...). A renewed hierarchy in the European port system creates competition between ports. While Baltic ports have already found their place in the evolving port hierarchy, smaller ports are successful in following a niche market. In Central Europe co-ordinated port development can be regarded as a source for regional growth: ports serve as source and destination of global freight transport, they can provide advantages regarding logistics of multimodal and environmentally friendly modes of transport. However, co-ordinated port development must be undertaken in such a way as to avoid potential distortion of competition.

Air transport has developed very dynamically in the past years. Airports of international importance are located in München, Berlin, Warszawa, Praha, Milano, Wien, Budapest, Bratislava and Ljubljana. The specific performance of international air transport is the weakest in Slovakia and Poland and the highest in Germany and Austria, although the intra-European connections are improving fast because of the establishment of 'no-frills-airlines'.

National and Regional Transport System

The old Member States in Central Europe widely provide a good condition of transportation networks at a national and regional level with only few bottlenecks. In the new Member States, however, both fast road-network and railway network, generally a higher density of transport infrastructure mainly in vicinity of the capitals and along corridors linking capitals with EU-15 can be stated. This pattern is clearer in Poland, Slovakia and Hungary, whereas the density of networks in Czech Republic is higher in large parts of the country. Apart from those central regions, transportation infrastructure still is often rather weak (esp. in northern and eastern Poland, southern Slovakia, eastern Hungary and wide parts of Ukraine). There are three types of different network structures of **railways** in the countries: 1) monocentric and radial: Hungary, Czech Republic, Slovenia; 2) quasi monocentric: Austria, Slovakia;

¹⁴ Communication from the Commission on the promotion of inland waterway transport "NAIADES" - An integrated European action programme for inland waterway transport {SEC(2006) 34} /* COM/2006/0006 final */

and 3) polycentric, web-type: Germany, Poland, Italy. High-speed railways representing the technological development of transport (with speed above 200 km/h, running on a separate track) only exist in Germany. In Austria and in the Czech Republic (on the traditional track but partly with pendolino trains running) the 'quasi high-speed' railway is only in the pilot phase. In the Visegrád countries, the network of tracks allowing a speed of 160 km/h represents 2-5% of the entire network only.

As far as **passenger traffic** is concerned, private road transportation has a leading role, especially in the old, but also increasingly in the new Member States. The development of the use of passenger cars (measured in passenger-kilometres) mainly shows the highest increase in the new Member States, as e.g. in Poland (1995-2003: +56%), Slovakia (+40%), Slovenia and Czech Republic (+27%, +26%), whilst the increase in Germany (+4%) and in Hungary (+2%) was much smaller. In terms of car sharing, Germany and Italy are leading (85%, 83% respectively, followed by Czech Republic, Poland and Austria) whilst Hungary shows the smallest proportion (60%). Railways still have a higher share in the Czech Republic and in Poland.

The national transport systems are oriented towards the national or regional economic centres. Even if the rural districts only have minimum good access to the central places on a regional level, deficits still exist with respect to road infrastructure and to public transport in particular in all countries. This is also true for border regions and the connections on both sides of the border. Although the integration process has been going on for years, the cross-border transport infrastructure, esp. in regions of the new Member States, are unfavourable. Moreover, in some sections, road connections are missing between the neighbouring regions, or are of low technical comfort, low capacity and bottlenecks. This implies disadvantages that reduce the opportunities and the density of cooperation.

Urban Transport System

Due to their administrative, economic and cultural functions, the transport system of cities is of high importance. A sustainable urban transport system is essential being able to take both the increasing mobility requirements of the population and the quality of living and working spaces into consideration. Thus, major challenges for the urban transportation system can be formulated:

- increasing demand for quick, flexible and ubiquitous public transport, in order to cope with the increase of commuting
- financial restrictions of public authorities
- operating safety and efficient service
- the possibility of using public transport for all groups of population (depending e.g. on ticket prices and construction of infrastructure)
- reduction of impacts caused by the increase of transport volumes (noise, emissions, area-consumption, congestions, ...)

Studies from the Urban Transport Initiative¹⁵ demonstrate that cities in the new Member States generally show urban road networks, which are less densely developed than those in the cities that are located in EU-15 states and car ownership still is lower in those countries. Furthermore, those studies indicate that the share of public transport in new Member State cities is still considerably higher than in EU-15 cities.

It is further considered possible that the limited road space in those cities acts as an inherent form of demand management measure, which – combined with the lower levels of car ownership – has served to stimulate a higher public transport modal share until today (although bus-fleet renewal is still less regular in those cities than in EU-15 cities). Nonetheless, presumably this favourable modal share will – together with the further economic development – approximate to the less favourable share in EU-15 cities, if not hindered by policy measures.

¹⁵ Source: Urban Transport Initiative, Year Two, 2005

Safety of Transportation

Safety of transportation is stated to be a main issue in context with road transport, as e.g. in 2004 about 726,200 road accidents and 991,100 victims had to be counted in the Central Europe countries (about 55% of the road accidents and victims in EU-25, source: CARE, DG TREN). Central Europe clearly shows a higher number of road fatalities per million inhabitants than Western Europe. Within Central Europe, the highest value is observed in Poland (143 road fatalities per million inhabitants), followed by Slovenia (129), Hungary (128) and the Czech Republic (126).

2.4.2 Information and Communication Technologies (ICT)

The **supply and quality of information and communication technologies** also form prerequisites concerning the level of economic and social integration of economies and persons¹⁶. As already shown above, in some fields considerable differences between old and new EU-member countries have to be stated. This also applies to the field of ICT.

The quality of telecommunication infrastructure permanently increases. Due to the growing competition, infrastructure providers have to offer sufficient supply, at least in economic centres or centres of population. From an overall view, all countries of Central Europe provide a relatively well-developed net of infrastructure and a major forthcoming concerning ICT within the new EU-Member States can be stated.

A main trend that can also be stated is that broadband connections have increased significantly. Although the limited availability in 2002 has been transformed and access is now available to a lot more citizens, there are important exceptions, mainly in the new Member States and in sparsely populated regions, where the respective countries have to cope with a large backlog.

Differences can not only be shown concerning the supply of ICT infrastructure, but also regarding the **use of those technologies** between and within countries, regions and social groups.

Referring to internet connection in general, disparities between Member States have not been reduced yet. On a national level, the new Member States (joining in 2004) were generally behind (esp. Hungary). Nevertheless, some of the New Member States are catching up, some already show an intensity of use which is as high as that of EU-15 (e.g. Slovenia).

In regard to the internet-use of enterprises, the e-business readiness composite indicator (based on the year 2004, elaborated by the Joint Research Centre, European Commission) shows a similar picture. Within Central Europe, Germany (former Eastern Germany is assumably in a less favourable situation), Austria and the Northern Italian regions are leading. Concerning ICT-adoption, the national value in Italy shows below EU-average. This value is assumed higher in regions within Central Europe. Tendencies of catching up can be found in Slovenia and the Czech Republic, whereas Hungary, Slovakia and Poland are lagging behind.

Access to information (both in general and concerning specific supply of public services) is to an increasing extent offered exclusively by ICT. This form of information also allows high potential of development. Problems arise due to low use of ICT by the elderly population who have to be supported in that matter, while those needs already have been considered for the education of the younger generation. Access to ICT could also be restricted for people confronted with social or regional disadvantages for example for people living in peripheral regions with no ICT infrastructure, people with low income due to unemployment, illness.

¹⁶ A new strategic framework for the information society 'i2010 – a European Information Society for growth and employment' has been set out by the European Commission in June 2005 (Source: Information Society Benchmarking Report, European Commission 2005).

2.5 Environment (in coordination with the SEA)¹⁷

2.5.1 Natural Resources, Biodiversity

The natural resources are extremely diversified in Central Europe and include large areas of forested and agricultural land, mountainous areas, watercourses, coasts with specific landscapes, the sea, the plains, lakes and urbanised areas. The Central Europe regions belong to several important European river systems: the Vistula, Oder/Odra and Elbe/Labe are nearly completely within the area, as are the source and the upper half of the Danube. In addition, the westernmost parts of Germany and Austria are part of the catchment's area of the Rhine. This variety of natural resources offers a wide range of possibilities for recreation for the resident population and serves as attraction for the development of tourist activities.

Apart from the variety of landscapes and natural resources, there are substantial differences in Central Europe regarding the present state of the environment, nature and the scale of problems they are confronted with. Depending on the landscape features, the economic structure and performance, the settlement structure and the population density, the main environmental issues and challenges are e.g. land use, water, protected areas, urban environment and brown field development.

Several parts of the Central Europe space are characterised by a relatively high degree of naturalness. The diversity of the natural heritage is one of the biggest assets of the region with a view to sustainable development. Biodiversity and natural heritage, in general, are subject to a variety of adverse impacts from industrialisation, intensive agriculture, traffic and urbanisation and intensive tourism. Protected areas are fragmented, however; they usually consist of isolated smaller spots and rarely form ecological corridors. Furthermore, most valuable natural ecosystems are to be found in border areas where a co-ordinated form of regulation and maintenance is needed. Thus, protection strategies have to be adopted. The network of Natura 2000 still shows rather low implementation forthcoming in the Central Europe countries, many species so far remain endangered.

2.5.2 Environmental Features, Sustainable Production and Resource/Energy Efficiency

The **environmental situation** in Central Europe has improved substantially over the last 15 years. Emission of most pollutants decreased due to a decline in production but also due to restructuring and environmental measures. Currently, the most severe environmental threats derive from increasing flows of motorised traffic and an increasing number of bottlenecks in urban areas. Huge future financial burdens due to the revitalisation of derelict, contaminated areas; gaps in energy efficiency; risks of natural and man made disasters; threatened water reserves; deforestation and soil erosion and insufficient supply and disposal infrastructure with regard to water and waste.

The state of the environment (including trends) has been shown in the SEA report:

- **Water:** Reacting on organic and inorganic pollutants from point sources caused good results, while diffuse sources will continue to be a challenge for environmental management. To provide drinking water in sufficient quality and quantity still efforts are needed.
- **Soil:** Erosion, compaction, sealing and actual land filling as well as burden from earlier human activity pose the highest risks to soil and its capabilities.
- **Air, Climate:** Development of the emissions of several air pollutants (incl. Green house gases)¹⁸ are closely linked to activities in the economic sectors of energy production, industry,

¹⁷ The complete SEA (Strategic Environmental Assessment) of the Central Europe OP is entitled 'Environmental Report Central Europe Programme 2007 – 2013' and deals with the topics water, soil, air and climate, population and health, fauna, flora and biodiversity, landscape and cultural heritage. Additional information can also be found in Annex 7.4 of this OP.

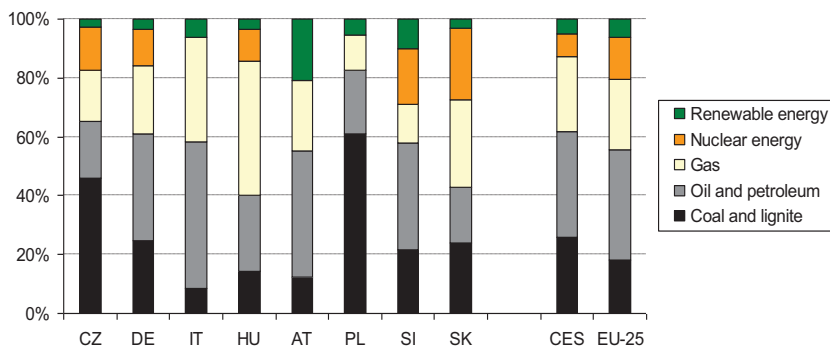
housing and transport. Technological improvements to reduce emissions are overridden by increasing energy and transport demand. Although energy intensity decreased in the last ten years, final energy demand is still growing.

In the last two decades, the production industry has started to adopt techniques, waste treatment and production cycle management to foster a **sustainable economic development**. Moreover, a new and so-called 'clean' industry has emerged, producing innovative technologies which are still not well known and from being mainstream.

The countries and regions in Central Europe provide great opportunities for increasing **energy efficiency and the production and use of renewable energy**. Generally, a high level of energy import dependency (import of oil and crude gas) has to be stated, as e.g. Italy imports more than 80% of its energy, Austria, the Slovak Republic, Germany and Hungary still more than 60%. Import dependency is lowest in the countries producing energy by hydrocarbon, namely the Czech Republic (below 30%) and Poland (below 20%). Germany (132 MTOE – millions of tons oil equivalent) can be named as the main primary energy producer within Central Europe¹⁹, followed by Poland (80 MTOE).

Gross inland consumption²⁰ of energy in Central Europe in contrast to EU-25 shows a higher share of coal, lignite and oil, and a lower share of nuclear energy (6 out of the 9 countries produce nuclear energy). In Poland, gross inland consumption of coal and lignite prevails.

Figure 2: **Gross inland consumption by source, 2003**



Source: DG TREN, European Union energy and transport development.

The average share of gross inland consumption of **renewable energy** in Central Europe is slightly lower than in EU-25. The highest share of gross inland consumption of renewable energy can be shown in Austria, followed by Italy and Slovenia. Within the renewable energy production, biomass and wastes along with hydropower (mainly in Austria and the Slovak Republic) are by far the most abundant sources of renewable energy.

The ongoing restructuring of the energy sector is an opportunity to diversify the energy supply, fulfil the Kyoto requirements and bring certain economic, environmental and social benefits to the citizens. The housing sector and large housing estates in particular, are examples where the energy efficiency potential is very high and immediate results can be achieved cost and time efficiently.

¹⁸ As outlined in the 'Thematic Strategy on Air Pollution' in relation to health, ground level ozone (emitted through the reaction of volatile organic compounds (VOCs) and nitrogen oxides (NOx)) and particulate matter ('fine dust', emitted directly or formed from gases such as sulphur dioxide (SO₂), nitrogen oxides and ammonia (NH₃)) are the pollutants of most concern. Ecosystems are also damaged by the deposition of acidifying substances which lead to loss of flora and fauna.

¹⁹ Data not available for Ukraine. Source: DG TREN

²⁰ Gross inland consumption is defined as primary production plus imports, recovered products and stock change, less exports and fuel supply to maritime bunkers (for seagoing ships of all flags); it therefore reflects the energy necessary to satisfy inland consumption within the limits of national territory.

2.5.3 Natural Risks and Risk Management

Central Europe has faced a number of natural and man made disasters with transnational dimension over the last decades. The flooding experienced throughout Central Europe in August 2002 (esp. Danube, Oder/Odra, Elbe/Labe) and the persistent heat wave during the summer of 2003 are the most recent examples of the damage caused by unforeseen weather driven natural hazards. As examples of man made disasters, the fallout of the Chernobyl nuclear power plant and the poisoning of the river Tisza have received high international public attention.

To a large extent, concepts for the management of risks (such as floods, landslides, earthquakes, avalanches, wind storms, droughts, nuclear accidents, industrial pollution, poisoning and eutrophication of water etc.) including civic protection plans and risk management tools are most often 'end-of-pipe' technologies still focused on a national level.

2.6 Strengths, Weaknesses, Opportunities and Threats

	Strengths	Weaknesses	Opportunities	Threats
General situation and socio-economic performance	<ul style="list-style-type: none"> – High economic potential with industrial tradition – Diversified economic structure and dynamic development – Favourable conditions for FDI, esp. in the new Member States – Diversified culture, minorities and ethnicities with common identities 	<ul style="list-style-type: none"> – Neglected and underused infrastructures (e.g. transport infrastructure, housing) – Economic disparities as separating elements (e.g. economic disparities along the EU external borders, between old and new Member States, within countries, urban – rural, centre – periphery) – Inefficient transnational cooperation (e.g. due to lack of financial and personnel resources; sometimes strong nationalism) – Physical barriers, e.g. impermeable borders – strongly gender-segregated labour markets: lower female employment rates, high unemployment, lower level of qualification of women 	<ul style="list-style-type: none"> – The spatial structure suggests structural linkages between west and east, north and south – between old, new, Candidate and Neighbouring EU states. Utilising these cross-border linkages, transnational cooperation could help overcome physical barriers and unleash hidden potentials. – Increasing mobility of the labour force – Dynamic FDI activities 	<ul style="list-style-type: none"> – Unbalanced development at transnational level – Growing disparities within countries (capital regions – rural regions) – Different speed of development process (between countries and regions)²¹ – Strong dependencies on special branches (mining, iron, shipping, agriculture...) in some parts of the programme area – Discrepancies in income level – strong increase of economic and income differences among the regions due to selective flow of foreign direct investments and dynamic development – Negative effects of distinct structural changes (decline primary sector, deindustrialisation) like depopulation and unfavourable demographic structures, missing job perspectives

²¹ The economic performance and development of a country is currently linked to its EU membership status (e.g. with the old EU Member States performing best in terms of GDP). If this pattern is consolidating, economic development of EU neighbouring countries would be hampered in the long run.

	Strengths	Weaknesses	Opportunities	Threats
Innovation	<ul style="list-style-type: none"> – Average or higher than average employment in high-tech services in most countries – Public R&D expenditure on average with EU-25 – R&D infrastructure well developed in the central regions – High educational potential 	<ul style="list-style-type: none"> – Less than average share of population with tertiary education and fewer new science and engineering graduates in most countries – Less than average participation in life-long learning in most countries – Low R&D expenditure in the private sector – Unfavourable R&D infrastructure and considerably lower cluster participation in the rural/non urban regions 	<ul style="list-style-type: none"> – Dynamic catching-up process in some new Member States – Strong foreign direct investments in R&D in the new Member States – Mobile work force – Further development of the existing innovation systems (R&D infrastructure, transfer of know-how, education facilities) – Further improvement of incentives and other business environment conditions – High cluster portfolio strength in the capital regions of the larger new member countries 	<ul style="list-style-type: none"> – Strong increase of economic and income differences among the regions due to selective flow of foreign direct investments – High centralisation of innovation activities in urban areas – Low catching-up process regarding qualification level (in total) – Brain-drain of well educated persons
Transport Infrastructure, Accessibility and ICT	<ul style="list-style-type: none"> – Highly accessible regions, especially in the 'heart' of Central Europe – Access to two seas (Baltic Sea and Mediterranean Sea) – Yet, relatively high modal share of railway in freight transport – High experience in development of (environmentally friendly) transport systems – Generally, still high share in urban public transport 	<ul style="list-style-type: none"> – Partly weak accessibility (e.g. due to missing or neglected transport links) esp. rural/peripheral regions – Lags in quality and quantity of highly developed transport infrastructure – Lower road safety in the new Member States – Generally, ICT-infrastructure, esp. in rural areas, is lagging behind in new Member States – Undeveloped environmentally friendly transport system in some of the analysed countries 	<ul style="list-style-type: none"> – Upgrading of transnational corridors (esp. railway) and quality of public (urban) transport – Catching up process of ICT-infrastructure (broadband, internet) – Improvement of traffic conditions based on the existing logistic framework – Shift of goods and persons to environmentally friendly means of transport 	<ul style="list-style-type: none"> – High density and increasing traffic flows (urban areas, transnational routes, increasing mobility...) – High environmental burden – Exclusion of some groups of people due to regional accessibility, low incomes, age structure, illness... – Increasing demands for personal mobility at the expense of public transportation

	Strengths	Weaknesses	Opportunities	Threats
Environment	<ul style="list-style-type: none"> – Unique natural assets and landscapes – Broad biodiversity – Protected areas – Natural environment as source of future economic development 	<ul style="list-style-type: none"> – Unfavourable quality of natural assets (e.g. water, soil, air, biodiversity) as consequence of high economic concentration (e.g. mining areas, industrialised areas, agriculture,...) – Fragmentation of the landscape, noise and emissions due to dense transport infrastructure (esp. road transport) – Use of mineral resources has been threatening the natural and human environment – High energy dependency and low share of renewable energy 	<ul style="list-style-type: none"> – High potential for the production of renewable energy – High potential to benefit from natural environment in social and economic terms – Valorisation of natural assets 	<ul style="list-style-type: none"> – Intensive land use and dispersed settlement structure – During recent years, high exposure to flooding along rivers and other natural hazards – Uncertainties regarding the impacts of climate change
Cities and Regions	<ul style="list-style-type: none"> – Population mass potential – Strong and thriving capital regions as carriers of economic growth – Small and medium sized cities as centres of economic development – Polycentric system – Cultural environment as source of future economic and social development 	<ul style="list-style-type: none"> – Functions of the Eastern metropolitan areas are still weakly developed in a European context – Great national and international disparities (in particular between capital and other regions) – Decreasing economic potential in the peripheral rural areas – High economic and social disparities: urban agglomerations – rural areas and/or within urban areas 	<ul style="list-style-type: none"> – New forms of public-private cooperation – Coordination of the urban-rural division of labour and functions – Valorisation of cultural assets 	<ul style="list-style-type: none"> – Increasing monocentric development at national level (e.g. due to concentrated FDI expenditure) reinforces national disparities between capital regions and other regions – Social and spatial segregation – Increasing suburbanisation process with negative environmental impacts – Increasing commuting activities – Financial restriction for providing sufficient supply of public infrastructure and public services

2.7 Lessons and Recommendations

From INTERREG IIIB to 'Territorial Cooperation'

It is the aim of the Central Europe Programme to build upon the experiences gained during the predecessor programmes for the CADSES area. Cooperation in this area started in the mid-nineties. The Interreg IIC programme (1997-1999) played a considerable part in establishing and enhancing cooperation networks and contributed to a better understanding of common challenges and solutions. Projects under the successor Interreg IIIB CADSES programme (2000-2006) could build upon this basis.

Interreg IIIB projects typically aimed at advancing European and national policies and directives and establishing networks to deliver solutions. Some examples illustrate this approach:

- Experiences of the past few years have shown that dikes and other flood protection measures may fail in case of extreme flood events. Especially in settlement areas, this may lead to devastating socio-economic and ecological damages. Coordinated transnational measures are needed to effectively address flood risks. Useful approaches to flood prevention and better preparedness include revitalisation or extension of floodplains and retention areas. Several transnational projects under the IIIB CADSES programme have successfully dealt with this topic, including ELLA on the river Elbe/Labe, ODERREGIO on the Oder/Odra and ILUP on the Danube.
- The IIIB CADSES programme also addressed innovation issues in a transnational environment. Projects such as I-Log, INDE or Trans-IT worked in the fields of industrial logistics, cluster development, commercialisation of technology parks and better cooperation between the public sector and SME.
- Housing is another crucial issue where common solutions can save time and money and improve the quality life of inhabitants more efficiently. Throughout Central and Eastern Europe, prefabricated housing estates are dominant in certain urban areas. Pilot projects for the renovation of housing within the LHASA project (Large Housing Areas Stabilisation Action) contributed to the social stabilisation of large housing areas in eight cities and improved the quality of life of 600,000 inhabitants in these areas.
- First future-oriented attempts to stimulate development and integration of areas along transport corridors and to prepare strategic visions for the smaller transnational areas within CADSES were also made (projects: AB Landbridge, EUcore III, Carpathian Project). Future projects in the fields should take into consideration their findings and experiences.

In the CADSES programme by October 2006 the ERDF contribution was surpassing EUR 143 million, which were allocated during the 2000 – 2006 programming period to support 134 projects. All together around 1,600 project partners from all 18 countries were involved. The majority of project partners was however still based in the old Member states (IT, DE, AT and GR).

Within the framework of territorial cooperation, with more balanced starting conditions in the cooperation area, the main challenge will consist in putting into practice also those strategies and action plans, which were elaborated under the CADSES programme.

The Central Europe Programme should build upon the experience and outputs achieved under CADSES and thoroughly analyse the lessons to be drawn. This specifically relates to

- the need for clear Implementation Guidelines right from the beginning of the programme with respect to eligibility guidelines and a clear description of expected results.
- the creation of common tools to assist project generation and implementation
- the need for partners feedback mechanisms beyond the obligatory reporting
- the set-up of a programme with a strong learning capacity and the will to improve its structures

Taking the new directions of the European Union's territorial cohesion policy into account the Central Europe Programme should aim at an even more focused and result-oriented approach and specifically contribute to reaching the Lisbon and Gothenburg objectives. For the new programme, this bears the following challenges:

- Reach out to new stakeholders in the field of innovation, economic development and environment.
- Place more emphasis on the need to capitalise on past and current activities and initiatives and explicitly support a better management of knowledge available.
- Put more emphasis on the preparation of concrete investments and specifically foster the development and implementation of projects that are of outstanding strategic value for the programme area.
- Ensure compliance with convergence and competitiveness objectives with NSRF (National Strategic Reference Frameworks) and other programmes.

3. Programme Strategy

The strategy of the Central Europe Programme for the 2007-2013 period aims at strengthening the transnational character of cooperation across Member States on matters of strategic importance. For this purpose a programme strategy has been jointly elaborated which

- is coherent to EU policies (Lisbon and Gothenburg Agenda, Community Strategic Guidelines for Cohesion Policy, 2007-2013)
- builds on the analysis of the territorial needs of Central Europe (Chapter 2)
- gives responses to the identified weaknesses (Chapter 2, SWOT)
- is relevant for the transnational area concerned (Chapter 2.6) and
- considers the remarks of the Ex-ante evaluation (Chapter 3.5.1)

The *Community Strategic Guidelines for Cohesion Policy (2007-2013)* constitute the **wider framework** for the elaboration of this programme strategy. The Guidelines ask territorial cooperation to achieve better territorial cohesion and to contribute to competitiveness. The Guidelines reflect the Lisbon (growth, competitiveness and employment) and Gothenburg (sustainability) agendas and suggest activities for (1) improving the attractiveness of Member States, regions and cities; for (2) encouraging innovation, entrepreneurship and growth of the knowledge economy and for (3) creating more and better jobs. Furthermore, Member States and regions should pursue the objective of sustainability as well as equal opportunities at all stages of the preparation and implementation of programmes and projects.

The Community Strategic Guidelines further take explicitly account of the territorial dimension of EU Cohesion Policy as one of its determining features by contrast with sectoral policies. Consequently, the Guidelines highlight that Member States and regions should pay particular attention to specific needs in order to prevent uneven regional development from interfering negatively with the EU growth potential. In this respect, the territorial dimension is of particular importance for urban and rural areas, cross-border areas and regions suffering from other handicaps (remoteness, sparse population; mountain character etc.)

The Central Europe Programme aims at adopting a consistent and transparent albeit flexible strategic approach. Against the background of the overall programme goal, the objectives and Priorities as well as the horizontal 'implementation principles' the cooperation programme is understood as a 'learning system' that adapts itself over time to external and internal needs. Adaptation over the duration of the programme can, for example, become necessary due to unforeseen external events (e.g. catastrophes) or developments (e.g. economic, social, environmental). Adaptation can also become necessary to streamline the overall approach as more experience becomes available.

3.1 Programme Goal

The overall **programme goal** has been formulated in direct response to the renewed Lisbon (growth, competitiveness, employment) and the Gothenburg (sustainability) agendas. The Lisbon Agenda set out to make Europe the most competitive economy in the world, claims that the potential for growth that exists in all regions has to be mobilised, in order to improve the geographical balance of economic development. As a result, it is expected that the potential rate of growth in the Union as a whole can be raised. Against this background, the Central Europe Programme 2007-2013 has formulated its overall programme goal:

**Strengthening territorial cohesion,
promoting internal integration and
enhancing the competitiveness
of Central Europe**

Territorial cohesion, meaning the balanced distribution of human activities across the Union, is complementary to economic and social cohesion. The concept translates the goal of sustainable and balanced development into territorial terms. In the Third Cohesion Report, the concept of territorial cohesion is further elaborated and it is stated "[...] people should not be disadvantaged by wherever they happen to live or work in the Union". The Fourth Report on Economic and Social Cohesion²² underlines that economic prosperity in the EU is becoming less geographically concentrated due to the emergence of new growth centres (among them Warsaw, Prague, Bratislava and Budapest). However, within the Member States, economic activity has become more concentrated in capital city regions. The dominant trend in European cities is towards suburbanisation, while the concentration of deprivation and unemployment in urban neighbourhoods remains an issue in many European cities. Significant outward migration from rural areas is still the prevailing trend in large parts of the EU (among them Eastern Germany and in the eastern parts of Poland).

Disparities may be caused by structural weaknesses, by a lack of accessibility or by other geographical handicaps. Territorial cohesion includes fair access for citizens and economic operators to services of general interest, irrespective of the territory to which they belong. It further aims to ensure a more balanced development, to build sustainable communities in urban and rural areas and to seek greater consistency with other sectoral policies, which have spatial impacts (transport, economy...). This involves improving territorial integration and encouraging cooperation between and within regions.

In Central Europe, territorial disparities are causing a sub-optimal allocation of resources and a lower level of efficiency and economic competitiveness than could potentially be attained in the regions affected. Consequently, territorial disparities threaten the harmonious development of economy in the Cooperation area, the single market and the European integration. As also noted in the Third Cohesion report, some of the poorest regions in the new Member States have some of the highest growth rates in the Union. Consequently, disparities may not be regarded by the level of GDP only but have further territorial aspects such as accessibility and the provision of high quality services.

Integration has a social, economic and territorial dimension. Integration implies to remove barriers of free movement in physical, legal, social and economic terms. The free movement of people, goods, information and ideas should be facilitated through the optimisation of networks, the harmonisation of regulations and setting of common standards. In practical terms, integration may also be fostered through joint preparation of common projects and more generally through mutual interaction and cooperation in various fields. Integration implies to build up efficient transport and communication networks (both physical and virtual) and to facilitate the access to information for all citizens, enterprises and institutions.

Central Europe is one of the areas, where the process of deepening relation is most challenging. The integration of Central Europe may take advantage of an extraordinary great diversity in economic,

²² European Commission. Growing Regions, Growing Europe. Fourth Report on Economic and Social Cohesion. May 2007

social, ecological, cultural, and territorial terms: integrating east and west, north and south, developed and underdeveloped, highly accessible and hardly accessible areas. The great diversity is a key strategic factor for the development of the area in terms of agriculture, industry and tourism. Strong relations across the regions of Central Europe will help to integrate the area within and to the rest of Europe as well. Both metropolitan regions as well as small- and medium-sized cities will play a crucial role as catalysts for the development of their countries and regions. Building up a strong polycentric network and the sustainable utilisation of the natural and cultural heritage will help to strengthen the overall integration process and are essential for cohesion and competitiveness.

By means of developing intrinsic integration, elements such as river corridors, coastal zones, mountainous areas etc., transnational cooperation and integration will contribute to unleash and capitalise on such potentials and to provide important means for economic social and environmental development. In this respect, Central Europe disposes of numerous geographical areas (Danube region, Carpathian region, Adriatic-Alpine region and German/Polish/Czech border) and transnational organisations (e.g. Euro regions) that open the possibility for effective transnational and regional cooperation and are important factors to stabilise the whole area as well as to establish stronger links in terms of common interest and economic and social identity.

Competitiveness in this programme is not only understood in terms of pure economic performance, but rather as a more complex concept, which embraces soft factors that influence economic performance positively (quality of life, sustainability, gender equality etc.). However, competitiveness is also regarded as essential precondition for achieving economic wealth and a high quality of life. In this light competitiveness is not only about strategically utilising and developing economic strengths and dynamics but also about the ability to develop territorial, cultural and social capital among individuals, firms and institutions. In economic and territorial terms, competitiveness implies the capability of regions to cope with the European wide place competition for market shares. Regional concentration and specialisation is taking place and the competition between places for investments is getting stronger. At the same time, the competition has increasingly shifted from the national to the regional and local level because of the opening of the market and the establishment of a single currency. Territories compete based on an absolute or competitive advantage, rather than on the comparative advantage, which always guarantees each country a role in the internal division of labour, no matter how low its productivity level is.

Central Europe still has existing economic disparities between the Western and Eastern part of the cooperation area, as well as within Member States (in particular between capital and other regions). Though most of the disparities within the area are not extremely large, cohesion is 'missing' at least along three lines marking strong economic disparities. Competitiveness stands in close relation to innovation, insofar as it together with knowledge and learning is regarded the key to economic development. Nevertheless, while knowledge and innovation are at the centre of the Union's efforts to promote faster growth and more jobs, in Central Europe basic preconditions for innovation are sometimes missing. This in particular refers to the low R&D expenditures, to the regional capacity to generate and absorb new technologies (ICTs) and to the qualification level of human resources. Central Europe therefore has to meet the clear challenge to improve the climate for innovation and to foster the transfer into the knowledge-based society. Better access to knowledge and information and an efficient transport system will further help in better exploiting and strengthening the innovative potentials of Central Europe. An optimised territorial structure will support economic development and mitigate negative impacts of economic growth.

Territorial cohesion, internal integration and competitiveness are not independent goals: Evidently, they have strong interrelation with each other. The 'Territorial Agenda'²³ of the EU, which demonstrates the territorial consequences of the Lisbon and Gothenburg strategies, considers these relations and illustrates ways to strengthen the synergies between these goals. The Gothenburg Sustainable Development Strategy claims that the economic, social and environmental effects of all

²³ Territorial Agenda of the European Union - Towards a More Competitive and Sustainable Europe of Diverse Regions; approved May 2007 in Leipzig

policies should be examined and coordinated in order to strengthen the synergies between sustainable development and growth.

3.2 Strategies and Objectives

The overall programme goal will be pursued with the following strategic approach:

1. *Improving competitiveness of Central Europe by strengthening innovation and accessibility structures.*

Innovation and accessibility are essential factors for improving competitiveness in Central Europe. Innovation is one of the driving forces for economic wealth: it promotes the shift towards a knowledge-based economy and provides the basis for economic wealth. Accessibility, both in terms of transport and access to ICT infrastructure, is a precondition for better exploiting the innovative potentials of Central Europe and for strengthening its internal integration and territorial cohesion.

2. *Improving territorial development in a balanced and sustainable way by enhancing the quality of the environment and developing attractive cities and regions.*

A balanced and sustainable territorial development is a precondition for economic development and helps to mitigate unintended effects of growth. This comprises to develop the environment and natural resources of Central Europe responsibly in such a way as to secure them for future generations. Improving the general quality of the environment and reducing the impacts of natural and man-made hazards are related to this objective. Central Europe's cities and regions need to achieve such territorial development by setting measures to become attractive places to invest and to life in.

The overall programme goals and the strategic approach will be pursued through four thematic Priorities, which are directly related to the specific territorial needs as identified in the SWOT analysis.

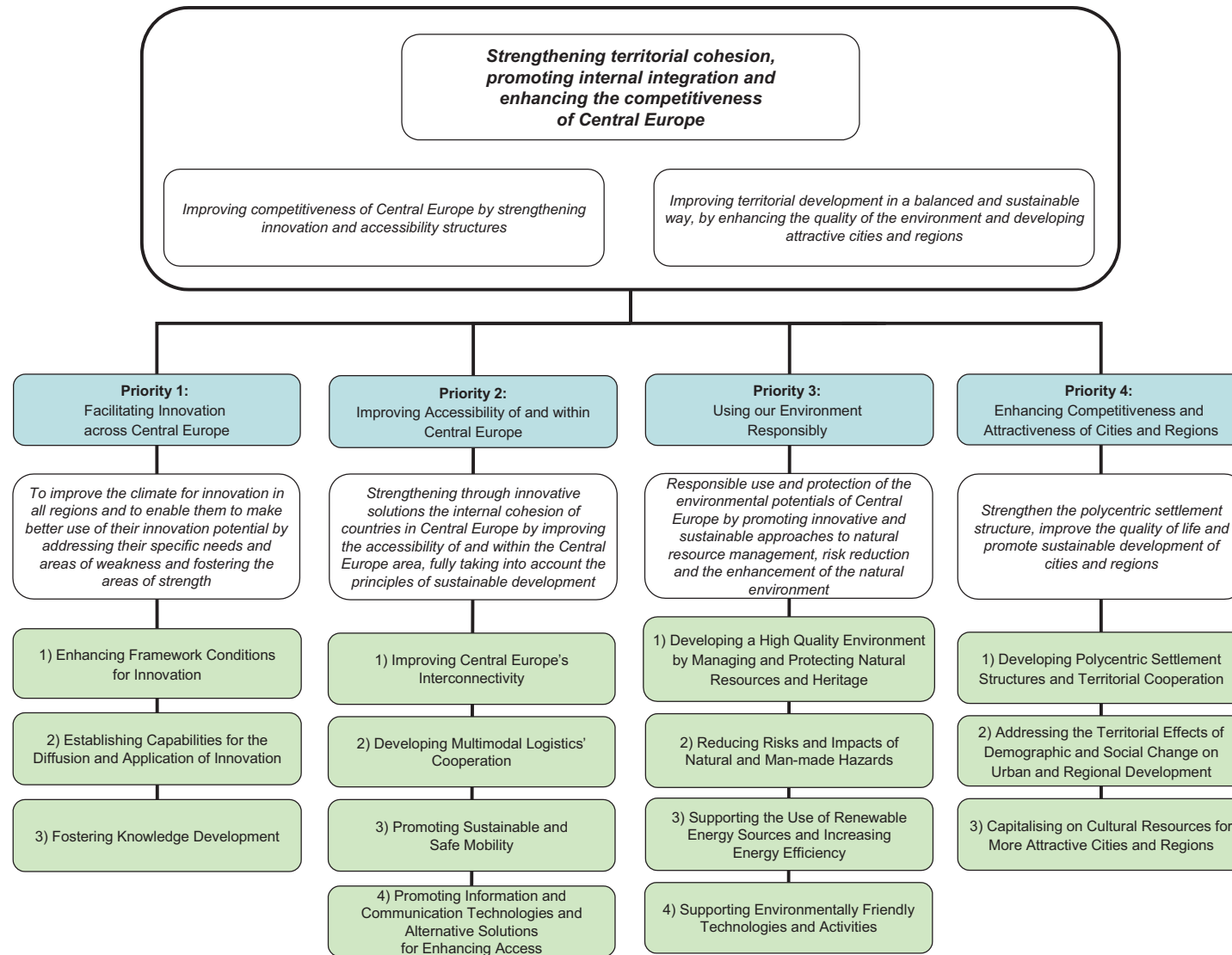
Priority 1 – *Facilitating Innovation across Central Europe* – will improve the framework conditions for innovation and build up the capabilities to transfer and apply innovation. In this light, knowledge-development will be strengthened.

Priority 2 – *Improving Accessibility of and within Central Europe* – will improve the interconnectivity and intermodality of transport across the cooperation area. It will support multimodal logistics cooperation in all relevant transnational fields. Sustainable and safe mobility will be promoted and Information and Communication Technologies (ICT) will be used for enhancing access. It will help to ensure accessibility also for sparsely populated areas and to find further alternative solutions for enhancing access.

Priority 3 – *Using our Environment Responsibly* – develops a high quality environment by managing natural resources and heritage, by reducing risks and impacts of natural and man-made hazards. This Priority will support the use of renewable energy sources and increase energy efficiency throughout the cooperation area. The use of environmentally friendly technologies and activities will be strengthened.

Priority 4 – *Enhancing Competitiveness and Attractiveness of Cities and Regions* – will promote polycentric settlement structures and will address the effects of demographic and social change on urban and regional development. The capitalisation on cultural resources will contribute to achieve more attractive cities and regions.

Figure 3: Objective Tree Central Europe



3.3 General Principles

Sustainability

The principle of sustainability aims at providing relevant development conditions to the living generation, without decreasing the development possibilities for future generations. To reach this goal, the three dimensions of sustainability – the ecological, the economic and the social one – will be taken into consideration.

- ecological sustainability means the environmentally friendly use of natural resources, the improvement of the quality of the environment, the protection of biodiversity and risk prevention for humans and the environment.
- economic sustainability means to create a future oriented economic system and to increase economic capability and competence for innovation.
- social sustainability means social balance, the right for human life and the participation of the population in policy and society.

In accordance with Article 17 of the General Regulation²⁴, the Operational Programme conforms to the general objective of protecting and improving the environment as stipulated in Article 6 of the Treaty. Projects are expected to actively tackle wider environmental concerns and should contribute to the realisation of the EU Sustainable Development Strategy²⁵, focusing on key issues such as climate change and clean energy, public health, social exclusion, demography and migration, management of natural resources, sustainable transport, global poverty and development challenges.

In relevant areas, projects shall further consider the principles of the Community Policy regarding the protection and improvement of natural heritage and biodiversity as well as related amendments, such as the Flora-Fauna-Habitat directive (92/43/EEC), Birds directive (79/409/EEC) and NATURA 2000 ecological system.

Appropriate management arrangements of the Central Europe Programme shall support environmentally sustainable development of the cooperation area. Besides respecting the legally required absolute minimum standards, the programme seeks to avoid possible effects that are unsustainable or unfavourable to the environment at all levels of the programme implementation cycle. Environmental issues of specific concern are climate change, the maintaining of biodiversity and eco-systems and the sustainable use of natural resources. Negative impacts shall be avoided to the highest degree possible.

The OP's positive effects and potentials for synergies in the sense of optimising its contribution to an environmentally sustainable development shall be exploited at best and, wherever possible, be strengthened. Wherever possible, preference will be given to the design, planning and implementation of environmentally friendly solutions (see also Chapter 6.2). The carrying out of such environmental management shall include, among others, structured experience sharing and capacity development, indicators and the use of targeted selection criteria.

Innovation

Projects implemented in the framework of this transnational cooperation programme should support innovation in a wider sense: (a) *process oriented innovation*: encouraging the development of new approaches, methods and tools and the improvement of existing ones (e.g. use of ICT etc.), (b) *goal-*

²⁴ Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, hereafter referred to as **General Regulation**;

²⁵ Commission Report for the Council and the European Parliament on the matter of the Sustainable Development Strategy summary: operational platform. Bruxelles, December 13, 2005, COM (2005) 658 final.

oriented innovation: centering around the formulation of new objectives and strategies, and/or
(c) *context-oriented innovation*: related to innovations in political and institutional structures and systems.

In compliance with item 11 of the ERDF regulation²⁶, activities concerning small and medium enterprises, the Operational Programme will also contribute to the realisation of the European Charter of Small Enterprises adopted by the European Council in June 2000 in Santa Maria de Feira, in the area of increasing technological capacities in small enterprises.

Equal opportunities and non-discrimination

The Amsterdam Treaty 1999 adopted Gender Mainstreaming as one of the main tasks of the Community – imbalances should be abolished and equal opportunities for men and women supported. Article 16 of the General Regulation stipulates that the Member States and the Commission have to take care of equal opportunities for men and women and non-discrimination based on sex, racial or ethnic origin, religion or believe, disability, age, or sexual orientation by implementing European Funds activities. Moreover, in any case of public expenditure it has to be ensured that the expenditure will be evaluated in its impact on equal opportunities and non-discrimination and, if needed, activities have to be adapted.

The consideration of the principle of equal opportunities and non-discrimination will be ensured throughout all stages of the programme implementation as well as during the realisation of the financial support from the funds and the evaluation of its impacts. Efforts will be made towards promotion of equal access to the labour market through promotion of employment and vocational education.

In the elaboration of this programme, gender mainstreaming and non-discrimination will be dealt with as a cross cutting issue.

3.4 Strategic Implementation Principles

In accordance with the Lisbon and Gothenburg Agendas and the Community Strategic Guidelines for Cohesion Policy 2007-2013, the programme follows specific implementation principles to promote high innovation and learning capacities as well as to maximise overall programme impacts and visibility.

Promoting Availability of Relevant Knowledge to Partnerships

One key aspect of this approach is a stronger emphasis on the **availability of relevant and up-to-date knowledge and tools inside the Central Europe Programme area** to project partnerships in order to build a solid ground for innovation and to avoid duplication of efforts. In this respect, the programme not only seeks to support relevant partnerships actually competent for the development, implementation and dissemination of planned outputs and results, but also emphasises the importance of building upon past efforts and existing knowledge in order to avoid re-inventing the wheel. Promoting the availability of relevant knowledge to partnerships also allows for generation that is more effective, transfer and application of knowledge within the framework of the programme to address efficiently existing disparities between regions and uneven development of regions in the cooperation area.

In this respect, the programme also invites partnerships to reach out to relevant stakeholders and professionals in order to ensure **effective networking beyond the partnerships**. This approach regards projects as being part of much wider areas of relevant activities and initiatives on both

²⁶ Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999, hereafter referred to as **ERDF Regulation**

scientific and policy-levels, the most relevant of which should be known to the partnerships and imbedded in a larger networking approach.

Focusing on Outputs, Results and Actual Implementation

In line with the new directive of the European Union's territorial cohesion policy, the programme also follows an **output and result-oriented approach** that places much emphasis on the development of concrete, relevant and visible outputs and results. As one consequence of this approach, the programme specifically supports the creation of outputs and results which directly support or feed into **concrete future initiatives and/or concrete investments**. As another consequence of this approach, the programme also – but not exclusively – supports efforts that focus and have a clear positive impact on well defined larger **transnational geographic areas** such as river basins, transport corridors or polycentric developments. This emphasis is especially important to the programme since these transnational geographic areas are highly relevant to integrated economic, social and environmental development, yet are not typically targeted by other programmes such as cross-border or interregional cooperation programmes.

To support the overall approach and to increase overall programme visibility and positive impacts, the programme also foresees the generation and implementation of **Strategic Projects** that are of outstanding strategic value for the programme area.

Further details on the quality of outputs and results and Strategic Projects are provided in Chapter 6.2.

3.5 Justification of the Priorities Chosen

3.5.1 Summary Description of the Main Findings of the Ex-ante Evaluation

Content of the Ex-ante evaluation

The Ex-ante evaluation of the future Transnational Cooperation programme 'Central Europe' was carried out in close coordination with the Strategic Environmental Assessment (SEA) both in terms of timing and content.

The components of the Ex-ante evaluation correspond with those contained in the relevant Working Paper of the EU-Commission:

1. Appraisal of the Socio-economic Analysis, Relevance of Strategy
2. Rationale and Consistency of the Strategy
3. External Coherence with other policies (national levels, EU)
4. Implementation systems
5. Main results with regard to expected impacts

These components were specified further during the meetings with the Programming Group, neither the Managing Authority nor the Task Force put forth additional evaluation questions or requirements to the Ex-ante evaluators.

In dealing with these components, the experience gained during the current programme period was taken into account, in particular the findings of the Mid-Term Evaluation (MTE) 2003 and the MTE Update in 2005 of the CADSES programme.

Process of the Ex-ante evaluation

The Ex-ante evaluation was carried out in parallel to the elaboration of the Operational Programme, i.e. the assessments were done in an iterative process, based on interim results of the programming process and in close co-ordination with the programming team.

This process can be subdivided into five phases respectively assessment stages (see also figure below):

1. In a meeting of the Drafting Team on 04, 05 September 2006 in Torino, the Ex-ante evaluation team presented the content of the evaluation and a work plan.
2. The assessment of the first three components was done based on OP-Draft 1.0. (September 2006). The work was documented in a paper containing detailed comments, which were discussed with the programming experts. The main findings were also presented and discussed with the Task Force (05, 06 October 2006).
3. The next assessment was carried out based on the OP-draft 2.0 (November 2006). On one hand the incorporation of recommendations expressed earlier was assessed, the (preliminary) results on the check of the coherence of the OP-Draft with National Strategic Reference Frameworks outlined and an initial appraisal of the likely achievement of expected results/impacts was made. On the other hand the evaluators prepared impact diagrams on the basis of the Draft OP. These diagrams were presented and discussed – along with other findings – with the Task Force (22, 23 November 2006). Detailed comments and recommendations were discussed with the programming experts.
4. Following this meeting impact diagrams were revised based on OP-draft 3.0 (December 2006) and validated with the programming expert. Based on that, the initial appraisal of expected results and impacts as well as of the implementation system (based on the draft 3.0) were both presented to and discussed with the Task Force (22, 23 January 2007).
5. For the Task Force on 19, 20 March 2007 a Draft Report has been prepared which was presented there. Input was also given on the proposed indicator system. Following this meeting, the assessment of the indicator system as well as of expected impacts was finalised with information on the financial allocations and quantification of indicators contained in OP Version 3.6. This assessment has been presented at the Task Force meeting on 10, 11 May 2007 in Budapest.

Results and value-added of the Ex-ante evaluation

– *Appraisal of socio-economic analysis, Relevance of Strategy*

The analysis presents an accurate overview of the current situation in the cooperation area. Generally the analysis contains recent and relevant information on the economic and social situation of the programme area. The main disparities, deficits and development potentials, relevant to the programme's strategy are presented in a concise manner, and extensive stakeholder consultation has taken place to identify needs or collect development ideas. The recommendations of the Ex-ante evaluators have largely been integrated, eliminating initial inconsistencies between SWOT analysis and area description.

– *Rationale and Consistency of the Strategy*

The programme objectives and the selected Priorities appropriately address the needs identified in the socio-economic analysis. The OP displays a high degree of strategic rationale: the strategic approach is in line with the premises and principles of the programme strategy and goal, and the selected Priorities address the defined objectives. The programme is well focused and strives for a stronger implementation focus, compared to the current INTERREG IIIB-CADSES Neighbourhood Programme. The experience gained with the implementation of this programme, the findings of the mid-term evaluation and its up-date have been taken into account.

Most of the amendments recommended in the course of the Ex-ante evaluation have been incorporated, which lead to improved justifications of Priorities as well as to a clearer description of the links between Priority Objectives and Areas of Intervention. In addition, the intended application and implementation of horizontal strategic implementation principles was made more visible.

However, the implementation of the strategy – in particular the intended focus and level of ambition – is still associated with some risks that should be taken into account during the programme's implementation:

- Translating programme strategy into action: This will notably require pro-active development of transnational projects in line with defined objectives, which can only be achieved if there is a joint understanding of all programme partners. If this transformation process cannot be carried out swiftly, there is a risk of slow programme start, delays in implementation and even de-commitments.
- Mix of financial contributions: The inclusion of different funding sources (e.g. ENPI, due to the participation of Ukraine) as well as the 10%/20%-rule (in Third Countries and EU-Member States) can complicate financial management or control and even delay the implementation of the programme.
- Need to identify/address new actors: The realisation of Strategic Projects requires involvement of key actors for the respective themes, some of them might not be familiar with transnational projects.
- Information on follow-up finance: To strengthen the pre-investment type of projects respectively support project follow-up with other funds, guidance on relevant programmes at EU and national levels is required.
- *External coherence with other policies*

The Draft OP is coherent with the General Structural Fund Regulation and the ERDF Regulation, notably Article 6 (2). It is equally in line with the basic aim of Cohesion Guidelines, especially 2.5. on transnational cooperation (economic and social integration).

The Draft OP was assessed for coherence with the National Strategic Reference Frameworks (NSRF) of all EU-Member States participating in the programme. In addition, interviews were carried out with persons responsible for NSRF.

This assessment has revealed that all Priorities of the Draft OP are in line with the NSRF objectives and priorities. Therefore, the contents of the programme are in line with national strategies. In those cases, where the NSRFs contain a specific chapter on territorial cooperation, it was also verified that the Draft OP correspond with the Priorities and objectives stated therein. This coherence with NSRF implies that – in principle – within each Member State taking part in the Central Europe Programme funding will be available through various OPs, which can be used to co-finance follow-up actions to transnational projects.

When drafting the programme, it was also taken into consideration that programmes under EAFRD and ESF shall fulfil a complementary function, that overlapping is avoided and possible synergies can be created.

- *Implementation system*

The Draft OP contains a concise overview of the structures and procedures for programme implementation, including descriptions of the administrative structures (MC, MA, JTS, CA, AA, CP), the project life cycle, publicity and communication. In addition, descriptions of evaluation, monitoring system and electronic data exchange are available.

Programme management structures are in line with ERDF requirements and take into consideration the experiences with management of the CADSES Neighbourhood Programme. It was thus decided to concentrate administrative structures on one location and to choose experienced institutions.

The roles and tasks of the various structures are clearly described and there is a clear division of tasks between Management, Certifying and Audit Authority.

At project level, the application of the Lead Partner principle is foreseen, whereby the authorities can build on experiences from the current programming period. The proposal on how to deal with transnational activities contributes to clear and quick project implementation.

There is a good and useful description of desired quality of projects and the mechanisms for the generation of projects (targeted calls, 1 and 2 step procedures). In addition, an outline is provided on the desired characteristics for Strategic Projects. All of this can make an important contribution to achieve the intended focus on outputs and results.

The monitoring and evaluation system also displays an orientation towards observing the achievement of expected results and objectives. However, the descriptions at present are only rudimentary, and it remains to be seen whether the required focus on expected results and project contributions is actually integrated in the templates for applications and reports and if the foreseen on-going evaluation will be implemented in an adequate manner to support the Monitoring Committee in its envisaged steering tasks.

Concerning complementarity with other programmes, no provisions are made for overlaps with the South East Europe and Alpine Space Programmes, beyond the application of the 20% rule. In particular, mechanisms for co-ordinating decision-making at project level should be introduced as well as provisions for the continuation of successful partnerships, which have been established within the (much larger) CADSES cooperation space.

To allow for a swift programme start as well as a smooth implementation of the programme, following recommendations of the Ex-ante evaluation are underlined:

- A swift establishment of programme administration and procedures shall be ensured
- It shall be envisaged that all Contact Points have the same level of commitment and that financial support is ensured.
- A rapid establishment of technical monitoring system and of control systems in the Member States shall be strived for.
- *Main results with regard to expected impacts*

In order to assess the likeliness of results and impacts, impact diagrams were prepared by the evaluators at the level of Priorities. These initial diagrams were presented to the Task Force, adapted to new Draft OP (3.0) and discussed with the programming expert team as well as once more with the Task Force.

These impact diagrams show that most of the expected effects are linked in a direct and plausible manner to the types of activities envisaged for support. Therefore, the programme displays a rather consistent set of impact mechanisms and 'theory of action'. All of the expected results and impacts can be achieved with the foreseen Areas of Intervention.

However, there is a clear need for continuous steering at programme level to ensure focus and progress towards results. Elements in this direction are the targeted calls, the development of Strategic Projects and continuous monitoring of project contributions (via applications/reports).

The indicator systems consists of two types – output and result indicators.

- In the proposed system outputs are captured at a rather aggregated level (number of projects on Priority level), but with the additional set of indicators contained in the Call-specific Application Manuals it will be possible to provide figures on indicators at the level of Areas of Intervention and thus meet the likely reporting requirements of the EC (which are not clear at present)

- Result indicators are considered as proxy indicators, which measure the contribution of the projects to programme objectives, but not the achievement of objectives per se.

The Call-specific Application Manuals will contain an additional set of indicators, which should provide more detailed and qualitative information on the projects supported by the programme, including a more detailed breakdown of indicators per Area of Intervention.

The financial allocations at Priority level were agreed in a collaborative manner between the programme partners, taking into consideration their thematic preferences, their estimation on the potential for project generation and the experience gained during the current programme period. Based on these premises, the resulting distribution – preference for Priorities 2 (accessibility) and 3 (environment) – seems plausible, but the lower allocations for Priorities 1 and 4 should still permit the achievement of their intended objectives.

A more refined picture of the financial allocations per thematic areas (based on an aggregation of the quantifications for the categories of expenditure) reveals that transport, research and technological development, innovation and entrepreneurship and environmental protection incl. risk management will receive the highest allocations. These thematic areas will receive almost 45% of the total funding, which is considered appropriate given that these are thematic areas of EU – wide importance, which also have a good potential to demonstrate a transnational value-added.

The smallest allocations are foreseen for reforms in employment and inclusion, as well as access to employment, which are not considered to be a main focus of the programme by the Task Force. Other thematic areas with comparably smaller allocations as urban regeneration and information society should be generally closely observed in project generation and reallocation of funds considered if the financial volumes prove to be too small for reaching the operational objectives of the corresponding Areas of Intervention.

The quantification of indicators is based on two plausible assumptions (average project size and expected contributions per project). The assumed average project size in terms of ERDF contribution (1.5 Mio) is considerably higher than in the current CADSES programme (1 Mio), but due to the higher ERDF-co-financing rate average total project size will stay more or less the same. As a result of the larger project size in terms of ERDF-share the expected total number of projects is only slightly above the figure for the current period (155 vs. 134 at present) – although the ERDF contribution to the programme and the total funding available will be considerably higher than in the current CADSES programme. The targets for the result indicators (expected contributions to the objectives of the Areas of Intervention) are based on the assumption of on average three contributions per project, which seems ambitious yet achievable – but will require adequate reporting of these contributions, so all of them can be duly captured.

Altogether, it can be stated that the allocation of financial resources – in terms of both volume and their distribution to the Priorities and Areas of Intervention – is in line with the programme's theory of action. And it can therefore be expected that this allocation will provide adequate support for the achievement of the objectives as stated in the OP.

Integration of core recommendations in the OP

The following table contains a synthesis of the main recommendations made during the Ex-ante evaluation and how they have been incorporated during the programming process:

Ex-ante Recommendations	Integration in the Final-OP Draft
<i>Feedback to 1st Draft OP (September 06)</i>	
Coherence of analysis and SWOT with other programme parts to be improved – especially with Strategy and Priorities	The analysis has been newly structured and further elaborated. The consistency of the analysis, SWOT, strategy and Priorities has been cross-checked throughout the whole document. The SWOT analysis has been structured according to the Priorities and has been completed with further information arising from the analysis.
Some chapters of the analysis could be elaborated further or merged, strong spatial focus should be extended	The spatial focus of the analysis has been balanced by incorporating socio-cultural aspects, demographic trends, migration, innovation and innovation system. New maps based on Eurostat-data have substituted the former ESPON maps. These maps have the advantage to show only between 1-2 indicators per map and therefore do not make the need to explain the ESPON methodology.
Strategy needs to be developed further, choice of Priorities better justified as well as descriptions of strategy completed	The strategy has been revised and shortened. The newly decided overall strategic goal has been incorporated into the 2 nd Draft. The strategy has been linked to the Priorities chosen, by outlining the programme objectives. The justification of the Priorities chosen has been integrated into Draft 3.5 through the summary description of the main findings of the Ex-ante evaluation and the description of how the SEA results have been taken into account in the OP strategy.

Ex-ante Recommendations	Integration in the Final-OP Draft
<i>Feedback to 1st Draft OP (September 06)</i>	
Hierarchy of objectives should be elaborated further and expected results inserted in Priorities	The hierarchy of the former overall strategic goal and the two programme objectives has been restructured: Once programme goal was formulated, which is pursued by two strategic approaches (former programme objectives). The Priorities 1 to 4 relate to one or both of the strategic approaches. Expected results are integrated into the descriptions per Priority as well as in the Chapter 'Quality of Projects' under the implementing provisions.
Descriptions of Directions of Support need to be improved and value added of transnational activities illustrated	In the 2 nd Draft, the Directions of Support (DoS) have been reformulated and the former block-descriptions have been divided into (1) aims; (2) 'directions of support' (bullet points in the text boxes); (3) target groups and (4) possible project examples. Directions of Support have been rearranged between the Priority axes in order to make them more coherent. In a later stage (Draft 3.0), the possible project examples were shifted into the Implementation Manual, while the aims were described in more detail. Finally, the Directions of Support were renamed in Areas of Intervention. For each Priority axis a paragraph on the transnational approach has been introduced.
Risk of broad thematic approach with limited budget: requires clear criteria for project selection and complementarity with other programmes	In Chapter 6 (Implementation) a coherent set of eligibility and project selection criteria has been integrated, which will help to focus the programme during the implementation phase. Furthermore in various occasions reference to the Implementation Manual has been integrated, which specifically tackles this issue. The compliance with other policies and programmes is described in Chapter 3.6.
Risk of delayed start due to unclear focus, and new implementation procedures	The description of the implementing provisions has been concretised in order to ensure a speedy start-up of the programme. Preparatory steps are outlined in the Operational Programme and further reference to the Implementation Manual is given.
Implementation of horizontal objectives (sustainability and equal opportunities) should be made clearer	General principles, understood as horizontal objectives have been incorporated into the draft: (1) sustainability (2) Innovation and (3) Equal opportunities and non-discrimination
Trans-national value of programme needs to be demonstrated clearer (vs. cross-border or interregional cooperation)	Transnationality has been defined throughout the programme document in terms of general quality characteristics of project, the transnational approach for each Priority axis and in terms of relevant outputs and results. Under the Chapter 'Compliance with other policies and programmes', the demarcation from other programmes has been described.
<i>Feedback to 2nd Draft OP (November 06)</i>	
Cohesion should be incorporated in the strategic goal	For the 3 rd Draft a revised overall goal has been formulated 'Strengthening territorial cohesion, promoting internal integration and enhancing the competitiveness of Central Europe'. The new goal has been described and integrated into the objective tree. A better consistency of goal, objectives and Areas of Intervention was achieved.
Relation of DoS activities to Aims and Objectives should be made clearer (esp. within Priority 4)	The relation of the activities with the aims of the Areas of Intervention has been crosschecked on basis of the Impact-Monitoring-Diagrams. Priority 4 has been re-structured, dissolving one DoS (= Area of Intervention). The Priority aims have been adapted.
<i>Feedback to 3rd Draft OP (December 06)</i>	
Indicator system shall be completed and suitable result indicators identified	A subset of Ex-ante quantified result-indicators for the Priority axes and Areas of Intervention has been incorporated into Draft 3.6

Ex-ante Recommendations	Integration in the Final-OP Draft
<i>Feedback to 4th Draft OP (March 07)</i>	
Average project size shall be lowered, quantification of outputs and contributions to results need to be revised accordingly	In Draft 3.6 the average project-size has been lowered to EUR 1.5 million ERDF funds.
International organisations, consortia and NGOs should be taken into consideration as eligible partners	International organisations, consortia and NGOs are taken into consideration as eligible partners in Draft 3.6. ²⁷
Quantifications are still required for categories of expenditure and indicator targets.	The categories of expenditure and the indicator targets have been quantified in Draft 3.6.

3.5.2 Summary Description of the Main Findings of the SEA

According to the SEA directive (2001/42/EC) a Strategic Environmental Assessment has been performed for the Central Europe Programme.

The main aim of the Strategic Environmental Assessment was to assess significant impacts on environmental issues. Additionally, it was an objective to integrate environmental considerations into the programming procedure at an early stage to ensure a high level of environmental protection and promote sustainable development.

The process enabled the environmental authorities of the participating states and the general public to express their opinion on the environmental impacts of programme implementation (procedural steps and timeline see Chapter 1 and Annex 7.4).

Methodology of impact assessment, selection of alternatives

The Environmental Report describes the current situation and likely development of environmental issues. This 'zero-option' represents the 'baseline' for the overall assessment process within the SEA. International environmental objectives, laws and regulations with relevance to the transnational programme for Central Europe are summarised.

For each Area of Intervention possible effects on the relevant environmental issues have to be analysed, referring to 'guiding questions' and environmental protection objectives. As none of the Areas of Intervention are described sufficiently detailed to perform a quantitative assessment, the assessment concentrates on a qualitative description of possible impacts on relevant environmental issues referring to SEA directive (2001/42/EC).

The SEA directive requests to identify reasonable alternatives to the programme. In a multi-step process, the SEA provided recommendations in order to optimise the programme. Environmental impacts (positive, neutral and negative effects on environmental issues) of different draft versions of the Operational Programme were assessed by SEA during the programming process. The SEA team suggested reformulations and new activities to the programming experts, which were mostly integrated in the following draft versions of the programme. These suggestions and recommendations are regarded as possible alternatives to the Operational Programme (SEA Directive, Art. 5). (details see Annex 7.4)

Due to the specifications of Article 6 of the ERDF Regulation, the 'zero-option' is not regarded as a 'reasonable alternative' in the light of the Directive. However, the environmental impact of the 'zero-option' is illustrated in Chapter 5 of Environmental Report according to Annex I lit. b of the Directive.

²⁷ The eligibility and role of international organisations, consortia and NGO's in the partnership will be laid out in greater detail in the Implementation Manual

Integration of SEA process during programming

The preparation of the Operational Programme was conducted within the transnational Task Force composed by representatives of national authorities of participating Member States (Austria, Czech Republic, Germany, Hungary, Italy, Poland, Slovak Republic, Slovenia) and Ukraine as well as external experts providing the technical assistance on the programming, the Ex-ante evaluation of the programme and the SEA-team. The process involved a number of meetings of the Task Force and discussions with continued feedback between the SEA and the programming experts from September 2006 to March 2007. The involvement of environmental authorities and SEA-experts in the programming process and the closely linked SEA process ensured that environmental aspects were considered at an early stage and were adequately integrated.

Possible environmental impacts of the programme (non-technical summary)

The programme addresses the most important environmental issues of Central Europe in a positive way. Priority 1 supports the implementation of best available (or at least advanced) technologies, which – in a mid-term perspective – will lead to an increase of resource and energy efficiency in production and service sector. Priority 2 aims to change transnational framework conditions in the direction of sustainable and energy efficient mobility systems, by implementing multimodal logistics and cooperation networks. Priority 3 supports the overall improvement of environmental conditions in the programming area, with positive impacts on most of the environmental issues including biodiversity and human health. Priority 4 promotes activities to improve living conditions in urban areas, with positive impacts on water resources, soil, air and environmental related health risks.

An assessment of possible positive or negative effects could not be performed for all Areas of Intervention, due to the lack of information on details about possible downstream activities. Some activities seem to have only limited impact on environmental issues (e.g. 'Capitalising on cultural resources for more attractive cities and regions').

Negative impacts on environmental issues cannot be excluded, if the programme supports the preparation of additional physical infrastructure (road, rail, waterways) to be part of Trans-European transport corridors or secondary networks. This could lead to an increase in land take, fragmentation of habitats and additional impact through air and noise pollution in sensitive areas. Ongoing implementation of risk technologies (like genetically manipulated seeds) or the enhanced exploitation of energy sources could have indirect negative impacts on landscape, soil and biodiversity, but these impacts will be taken into account by strict project selection criteria.

Main Results

Most of the Programme Priorities and Areas of Intervention will have positive impacts on the relevant environmental issues. Significant negative impacts on the environment can be excluded, as project selection criteria will be elaborated in line with the overall objectives of the programme (including the general principle of 'sustainability') and the objectives of the Priorities by the future Monitoring Committee.

Recommendations of the Environmental Report

The SEA provided recommendations for improving the Operational Programme from the environmental point of view. These proposals for new activities, reformulations and for the selection of projects to be implemented aimed at the promotion of positive environmental effects and the mitigation of possible negative impacts on the environment. The table below gives an overview on main SEA suggestions and how these have been considered in the programme.

SEA Comments	Integration into the OP
– Diffusion and application of innovation should lead to more resource and energy efficiency, especially by establishing transnational technology transfer networks, which work on these issues.	– These objectives are largely addressed under Priority 1: 'Enhancing framework conditions for innovation' and 'Building up capabilities for the diffusion and application of innovation'.
– Know how transfer for appropriate re-use of Brownfield, e.g. for new economic and urban development projects, should be addressed by transnational projects, integrating technical, financial and legal aspects.	– Transnational approaches on Brownfield development will be integrated into activities addressed by Priority 4 'Enhancing Competitiveness and Attractiveness of Cities and Regions'.
– The transnational programme should concentrate on developing sustainable and energy efficient transportation systems to meet the objective of improving accessibility as well as the limitation of adverse environmental impacts.	– Priority 2 supports the reduction of environmental burdens arising from traffic by promoting sustainable mobility.
– All projects, which will support the enhancement of transeuropean transport capacities, should be accompanied with impact assessments, reflecting long-term effects on urban development, land take, biodiversity, air pollution and climate change.	– Activities to improve Central Europe's interconnectivity (e.g. 'promoting strategic cooperation between and within Transeuropean transport corridors') will have to consider the impacts of transport on environmental issues (including landscape, biodiversity, climate change and human health), by that way helping to establish an efficient and sustainable transport network.
– Economic growth as well as the attractiveness of metropolitan areas could be restricted by overloaded transport infrastructure and negative environmental conditions during programme period (2007-2013), as a result of increasing road/air traffic.	– Priority 3 includes activities, which support actions plans for improvement of air quality in agglomerations.
– The Operational Programme should address activities, which aim to a long-term reduction of greenhouse gas emissions beyond the target period of Kyoto-protocol (2012+).	– Priority 3 includes possible actions which address sustainable production of renewable and biofuels for transport use as well as action plans for reduction of greenhouse gas emissions (housing, traffic, production)
– Expertise transfer should be supported in the field of integrated waste management, cleaner production and consumption, sustainable energy production and construction technology.	– All these issues are on the agenda of possible activities addressed by Priority 3 ('supporting environmental friendly technologies and activities').
– Strategies for regeneration of derelict housing areas, urban districts and (polluted) industrial areas should be addressed by transnational activities.	– Priority 4 'Enhancing Competitiveness and Attractiveness of Cities and Regions' focuses on improving the quality of life and promoting sustainable urban development, including cross-sectoral strategies to adapt the housing stock to current needs. Additionally, brown field redevelopment could be on the agenda of transnational expertise exchange activities.
– Activities to capitalise on cultural resources should be restricted to natural or social capabilities and support for 'sustainable tourism development'.	– The Area of Intervention 'Capitalising on cultural resources for more attractive cities and regions' takes into account long-term environmental and social restrictions of economic development.

Procedure of public consultation

According to SEA-Directive Article 5 and 6, environmental authorities and the public had the opportunity to express their opinion on the draft Operational Programme and the Environmental Report.

There were two key stages of consultation within the SEA-process:

- Stage 1: Scoping – Consultation with environmental authorities on scope and level of detail of Environmental Report in all participating Member States: 9. Oct. – 23. Oct. 2006
- Stage 2: Environmental Report and Draft Operational Programme – Consultation with the public and the Environmental Authorities on Environmental Report and Draft Programme: 03. Jan. – 28. Feb. 2007 (in CZ: 06. Feb. 2007 – 08. March 2007; in SK: 05. Feb. 2007 – 21. March 2007). Environmental authorities in all Member States were invited by e-mail to send comments on the Environmental Report and Draft Programme.
Information for the general public about the ongoing planning process including the relevant documents and invitation to send comments were provided by the website www.cadses.net.

Results of Public Consultation and how they were taken into account in the final Operational Programme

National environmental authorities have brought in most issues raised during public consultation. To deliver an overview, they contained recommendations as follows:

- extended analysis of the current situation of environmental issues including different scenarios of on-going development
- detailed normative references on international level, particularly according to the thematic of biodiversity and water protection
- suggestions for reformulation and possible activities as described in the environmental report to be implemented into the Operational Programme
- project selection criteria to be part of programme implementation should specify that any project likely to have a significant effect on Natura 2000 sites has to be subject to appropriate assessment
- more stringent obligation towards a monitoring system of the environmental impacts

During the SEA consultation process environmental authorities at the national and regional level raised most of the issues. From civil society, private individuals or non-governmental organisations, apart from a contribution from the Technical University of Dresden and the UNEP (Carpathian convention), no further remarks were received.

All issues raised during the public consultation period in participating Member States of the Central Europe Programme are outlined in Annex 7.4 of the Operational Programme, including remarks about how they were addressed in the final Operational Programme.

Monitoring the environmental impacts of the programme

The Operational Programme provides a set of core indicators for monitoring and evaluation. The full set of indicators is further developed in separate documents by the Monitoring Committee.

It is strongly recommended, that environmental indicators should be an integrated part of the extended set of indicators, as monitoring and ongoing evaluation will "form an indispensable basis for the reporting and communication needs to make the programme achievements visible to the programme partners and to a broader public" (OP, Chapter 6.5.1).

Additionally, the monitoring has to fulfil following requirements:

- it has to evaluate the results of the environmental assessment documented in this report, referring to Chapter 5 of environmental report;
- it has to reveal of unforeseen significant environmental effects;
- it has to measure the effectiveness of project selection procedures in terms of mitigation and avoidance of significant adverse effects on environmental issues.

The monitoring shall enable the programme authorities to take remedial action if the evaluation shows unexpected adverse environmental effects.

When preparing project selection criteria it will be essential to include requirement avoiding significant effects on relevant environmental issues. A preliminary impact assessment on environmental issues is recommended, probably based on 'guiding questions' (see Chapter 3.3.1 of Environmental Report). Any project likely to have a significant effect on Natura 2000 sites has to be subject to appropriate assessment of its implications according to Art. 6 and 7 of Habitat Directive.

3.6 Compliance with other Policies and Programmes

The Operational Programme of Central Europe in 2007-2013 contributes to achieving priorities established in the updated Lisbon and Gothenburg strategies and in the Community Strategic Guidelines. Additionally, it takes European policies in respect to social aspects, spatial development and transport into consideration.

Table 4: Main issues of Lisbon, Gothenburg and cohesion policy

	Main issues of Lisbon and Gothenburg				Community strategic guidelines on cohesion		
	Competitive & dynamic economy	Social cohesion & inclusion	Ecological sustainability	Gender equality	G1	G2	G3
Priority 1: Facilitating Innovation across Central Europe	✓			✓		✓	✓
Priority 2: Improving Accessibility of and within Central Europe	✓			✓	✓		
Priority 3: Using our Environment Responsibly			✓	✓	✓		
Priority 4: Enhancing Competitiveness and Attractiveness of Cities and Regions	✓	✓		✓	✓		

Community strategic guidelines on cohesion (2006/702/EC)

Guideline 1 (G1): Making Europe and its regions more attractive places in which to invest and work

Guideline 2 (G2): Improving knowledge and innovation for growth

Guideline 3 (G3): More and better jobs

In the course of the European Council summit held in March 2000, the **Lisbon strategy** was adopted in which the emphasis was put on the necessity to make the EU 'the most competitive and dynamic knowledge world economy with a higher figure of job opportunities having a better quality along with a higher social cohesion'. The scope of this strategy, which forms a socio-economic programme, has been extended by an agreement entered in the course of the **Gothenburg** summit where the sustainable economic development became an integral part. With regard to unsatisfactory results of the Lisbon strategy, its innovation has been proposed (in the report to the European Council spring summit²⁸) and the so-called Lisbon Action Programme has been adopted and presented in the

²⁸ Communication to the Spring European Council: Working together for growth and jobs. A new start for the Lisbon Strategy. COM (2005) 24, Brussels, 2 February 2005

document called 'Joint activities for economic growth and employment'. New start of the Lisbon strategy.

The **Guidelines for Cohesion Policy 2007-2013**, as adopted on 6 October 2006, are taking on board the renewed Lisbon agenda and are targeting the following three priorities:

- improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving the environment,
- encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies, and
- creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.

The **European Social Agenda** defines the main stream of activities implemented in the context of social policy and also contributes to the realisation of the Lisbon strategy. It aims to ensure availability of work, resources, rights, goods and services for everybody, to prevent social exclusion risk, to assist the most endangered, and to mobilise all actors/organisations in the area of economic and social policy. The policy document also is also reflected in the General Guidelines of the Economic Policy as well as in the European Employment Strategy Guidelines involving microeconomic and macroeconomic policy as well as employment for creation of new job opportunities and economic growth.

The outline of the **European Spatial Development Perspective** (ESDP, 1999) – an intergovernmental document – supported a coordinated regional and spatial development policy within the EU. As basic objectives, which should lead towards a sustainable and balanced development of the territory of the EU, have been formulated:

- economic and social cohesion
- preservation and management of natural resources as well as cultural and
- more balanced competitiveness of European space.

European integration is an important part of the ESDP. Local and regional authorities shall co-operate in regional development across borders. At the same time, the programme takes into account the Territorial Agenda, an intergovernmental document under preparation of the EU Member States. This agenda aims at translating the 'Lisbon and Gothenburg strategies' into the territorial development of the European Union.

The further development **policy of the European Union's transportation** systems is meant to meet society's economic, social and environmental needs. The fact that effective transportation systems are essential to Europe's prosperity and have significant impacts on economic growth, social development and the environment, has already been formulated in the white paper 'European transport policy for 2010: time to decide'. EU transport policy shall help provide Europeans with efficient, effective transportation systems that:

- offer a high level of mobility to people and businesses throughout the Union.
- protect the environment, ensure energy security, promote minimum labour standards for the sector and protect the passenger and the citizen.
- innovate in support of the first two aims of mobility and protection by increasing the efficiency and sustainability of the growing transport sector.
- connect internationally, projecting the Union's policies to reinforce sustainable mobility, protection and innovation, by participating in international organisations.

The Trans European Network (TEN) is one of the core projects, dealing with EU-wide transport infrastructure development, linking national networks by modern and efficient infrastructure and thus enhancing accessibility within the EU.

The **National Strategic Reference Frameworks** (NSRF) give the general orientation on objectives and strategies, which are also relevant to transnational programmes. Some of the NSRF also give an indication on the orientation concerning transnational cooperation. With this respect, specific attention will be paid to preventing any possible double financing of the interventions (actions) from the Structural Funds.

- In **Austria**, the NSRF (strat.at) covers the Operational Programmes for regional competitiveness and employment (in 8 federal states), Convergence – Phasing Out (in 1 federal state) and European Territorial Cooperation. Therein it is fixed that territorial cooperation is important for Austria, which refers to the high share of border regions related to the whole territory and to the cooperation experience resulting from the last two Structural Funds periods. Objective of the transnational cooperation should be to facilitate and intensify the development and implementation of integrated projects in comparison to the ongoing period. Additionally this should lead to a new level of quality in the development of projects and the changing functional structures in the regions concerned.
- The global objective of the NSRF of the **Czech Republic** is the change of its socio-economic environment in accordance with the principles of sustainable development in order to be an attractive place for investments, employment and the life of its inhabitants. It is set down that the Czech Republic will participate in the next generation of the transnational and interregional cooperation programmes. The strategic goal 'well-balanced regional development' also refers to support of cross-border, interregional and transnational cooperation according to the goal 'European Territorial Cooperation'. In the area of transnational cooperation it is formulated that the Czech Republic will cooperate with other EU Member States in matters of strategic importance, focusing on strategic activities enabling the interconnection of territories (transportation accessibility, environmental protection, precaution and risk management and integrated water management systems, intangible linkages as e.g. networks, experience exchange, innovation networks and development of IT knowledge in society).
- The NSRF of **Germany** contains a separate chapter dealing with the objective of European territorial cooperation. There it is set down that transnational projects shall support the integration of structurally weak regions in transnational cooperation, which is stated to be an important factor for development. Interregional cooperation is focused on the exchange of views and experiences within Europe, especially concerning the fields of innovation and knowledge based economy.
- The NSRF of **Hungary** focuses on increased employment and long term economic growth. The formulated strategic objectives include active participation in joint programmes serving the competitiveness and knowledge society of the EU. The transnational activities of Hungary aim at supporting the realignment and modernisation of Hungarian communities living in the neighbouring countries in a European framework. The objective is the implementation of joint regional, infrastructure and institutional development as well as economic development to enhance a dynamic development of the region.
- In **Italy**, the NSRF followed an integrated and unifying approach over all Structural Funds objectives, in which territorial cooperation is fully considered as one of the strategic dimensions supporting the overall document's logic. Thus, the NSRF does not include a specific chapter neither on territorial cooperation nor on transnational cooperation as such. Instead, objective 3 was considered as a common strategic dimension; the elaboration of the Operational Programme was based on the findings of technical working groups, of which one was dealing with objective 3. This working group defined specific priorities for the territorial cooperation as a contribution to the NSRF drafting.
- The strategic goal formulated in the NSRF of **Poland** is to create conditions for the growth of competitiveness of the Polish economy based on knowledge and entrepreneurship assuring an increase in the employment and in the level of social, economic and territorial cohesion of Poland within the European Union and inside the country. The strategic objective shall be

achieved by realisation of 6 horizontal objectives. The NSRF does not include a separate chapter on transnational cooperation, but it refers to the development of territorial cooperation within the horizontal objective 'Growth of competitiveness of Polish regions and prevention of their social, economic and spatial marginalisation'. Here, it is stated that the cooperation with regions of the East European countries in particular has gained a new meaning. Mainly referring to cross-border cooperation, the programme focuses on the fields of transport, tourist and environmental infrastructure and the transfer of experiences.

- The overall strategic goal of the **Slovak** NSRF is to significantly increase competitiveness and performance (efficiency) of the Slovak regions, economy and employment with regard to sustainable development until the year 2013. The Slovak NSRF only covers two objectives, the Convergence objective and Regional competitiveness and employment objective. The NSRF does not relate to the third objective of the EU cohesion policy in a separate chapter, but it has formulated the relation to the territorial objective in the Strategy Chapter. Questions of European territorial or transnational cooperation are elaborated in separate OPs.
- The NSRF of **Slovenia** states that the achievement of the five objectives specified shall be supported by collaboration within transnational programmes. Special attention must thereby be paid to territorial cohesion, which aims at a more balanced development, at establishing sustainable communities in urban and rural areas and at ensuring better harmonisation with other sectoral policies having environmental impacts. The NSRF gives special attention to growth and new working places in urban areas as well as to the economic diversification of rural areas. Cross-border, transnational and interregional cooperation should therefore contribute to the following three priorities: (1) to make the Europe and its regions more attractive for investments and work, (2) to improve the knowledge and innovation for growth and (3) increase number of working places and better working conditions.

Due to the participation of Ukraine, the programme at hand stands in relation to the new instrument of the **European Neighbourhood and Partnership (ENPI)**.

Coordination with the Instrument for Pre-Accession (IPA) will be important in the course of cooperation with other programmes.

The ENPI (2007 – 2013) replaces the former programmes Tacis, MEDA and Interreg for neighbouring countries of the enlarged EU. The **objective** of ENPI is to aim at fostering cooperation among two or more partner countries with possible participation of the Member States. The ENPI will be implemented via 3 types of programmes, one of which comprises thematic programmes, addressing one or more challenges common to several partner countries and relevant to one or more Member States.

In accordance with Article 9 of the General regulation, the Commission and the Member States shall ensure that assistance is consistent with the activities, policies and priorities of the Community and complementary to other financial instruments of the Community.

Coordination of activities between the transnational programme for Central Europe and **national and regional programmes** covering parts of the eligible area is seen as essential to create synergies between efforts at different levels and to allow financing of follow-up actions by the transnational programme. Co-ordination with the present programme is therefore particularly needed with programmes and activities financed through the following:

- ERDF (European Regional Development Fund): national and regional Convergence or Competitiveness programmes
- ESF (European Social Fund): Employment
- European Neighbourhood and Partnership Instrument (ENPI)

Within the objective of **European Territorial Cooperation**, it will be additionally essential to consider **potential overlaps with other programmes** covering parts of the eligible area (cross-border and interregional cooperation, transnational cooperation areas as well as network programmes like

ESPO 2013, URBACT II, INTERACT II, INTERREG IVC), in order to enhance synergies and to exploit potential complementarities, while avoiding duplicating of activities. In this context, the overlapping transnational cooperation areas of South East Europe, Alpine Space, Baltic Sea, North West Europe and the Mediterranean Area will particularly have to be taken into consideration. Moreover, coordinated implementation of activities will be highly important in relation to measures financed by **EAFRD** (European Agricultural Funds for Rural Development, including **LEADER 2007-2013**) and by **EFF** (European Fisheries Funds). Possible similar activities to be considered and coordinated might emerge mainly in Priority axes 3 (Using our Environment Responsibly) and 4 (Enhancing Competitiveness and Attractiveness of Cities and Regions).

The following **mechanisms** will support the intention of the Central Europe programme to use synergies between the different EU-funded programmes and to avoiding overlapping:

- The Member States participating in the Central Europe programme will strive for coordination of activities with other EU-funded programmes applied to their territory as well as with relevant national and regional policies and programmes by using one of the usually applied measures for national coordination (e.g. some countries use national coordination committees, others have to consult the relevant public authorities and/or stakeholders of the respective bodies etc.).
- The Managing Authority and the Joint Technical Secretariat will actively cooperate with the Contact points, with relevant national programme authorities, with other cooperation areas and with the INTERACT Programme.
- When submitting project proposals, lead partners will ensure that the proposed project is not financed by other EU-programmes and they will give an outline on how the project is linked with other Community, national, and regional programmes and policies.
- The programme will provide information to project promoters supporting them in the identification of synergies and complementarities between programmes.

Other community programmes that may be of relevance to the Central Europe programme comprise:

- **LIFE+**: with the objective to contribute to the development and implementation of EU environment policy and legislation, thus contributing to sustainable development under the 6th Community Environment Action Programme (6th EAP): climate change; nature and biodiversity; environment & health; sustainable use of resources; strategic approaches to policy development; implementation and enforcement; ex-post evaluation of Community environmental policy measures.
- **FP7**: the 7th Research Framework Programme with its priorities on collaborative research, Ideas, Human Resources (People) and Capacities (SMEs).
- **CIP**: - the Competitiveness and Innovation Framework Programme with the aim to foster the competitiveness of enterprises, in particular SMEs; to promote all forms of innovation, including eco-innovation; to accelerate the development of a sustainable, competitive, innovative and inclusive Information Society; to promote energy efficiency and new and renewable energy sources in all sectors including transport.

In addition, specific transnational, national and regional programmes such as for instance the Danube River Protection Convention are of relevance. Synergies may arise with Priority axes 1 (facilitating innovation), 3 (Using our Environment Responsibly) and 4 (Enhancing Competitiveness and Attractiveness of Cities and Regions).

The importance of the **urban question** is further developed in communication from the Commission: 'Cohesion Policy and Cities: the urban contribution to growth and jobs in the regions' (COM(2006) 385 final, July 2006).

In addition, the Central Europe programme acknowledges the potentials of cooperation with the three new joint cohesion policy initiatives, for investment, growth and jobs in the Member States and regions. The three initiatives are **JASPERS** (Joint Assistance in Supporting Projects in European Regions), **JEREMIE** (Joint European Resources for Micro-to-Medium Enterprises) and **JESSICA**

(Joint European Support for Sustainable Investment in City Areas). Although Central Europe does not finance large-scale investments, it highly encourages to *prepare* such investments, which can be funded from other programmes (e.g. Cohesion Fund etc.). In this respect JASPERS can be of specific importance to the Central Europe programme.

If regions in the programme area are involved in the **Regions for Economic Change initiative** the Managing Authority ensures to:

- support innovative operations with transnational impact that are related to the results of the networks;
- foresee a point on the agenda of the Monitoring Committee to discuss relevant suggestions for the programme, and to invite representatives of the networks (as observers) to report on the progress of the networks' activities;
- describe in the Annual Report actions included within the Regions for Economic Change initiative.

Coherence with other EU policies

The activities of CENTRAL focus on issues being part of other Structural Fund programmes. This coherence with Structural Funds is a core element of this programme and guarantees that the activities are in line with EU-policies' content.

In order to be supported under this programme, projects should be in line with Article 16 of the General regulation, concerning **equal opportunities** for men and women as well as combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Projects should also be coherent with the objectives of protection and improvement of the **environment** foreseen in Article 17 of the General Regulation and Article 6 of the Treaty.

The Member States confirm that any **state aid** that might be provided under this programme will either be in conformity with the 'de minimis' rule or with aid schemes implemented under one of the block exemption regulations or other exemption regulations or will be notified to the Commission in accordance with notification rules. Detailed information will be provided in the Implementation manual.

4. Priorities of the Programme

The Priorities and Areas of Intervention of the Central Europe Programme take the new directions of the European Union's territorial cohesion policy into account. The programme emphasises its support of the Lisbon and Gothenburg objectives and reaches out to new stakeholders in the fields of innovation and economic development. In addition, the programme builds upon experiences and the management of available knowledge in order to add value to existing knowledge.

4.1 Priority 1: Facilitating Innovation across Central Europe

The rationale and the challenges to be addressed

Innovation is widely considered as one of the most important driving forces for economic wealth. It is not just related to high-tech industries but can be attributed to any industry or economic sector. It is more than simply the initial 'big idea' or the product or service that results from it. Innovation is more accurately described as a process through which knowledge can be translated into new products, services or processes, including those of the public sector.

Innovation is a systemic rather than a linear process, involving many different players and often happening over an extended period. Well-functioning **innovation systems** serve to ensure the free flow of information across the interfaces between large firms, researchers, entrepreneurs, small and medium-sized enterprises (SMEs), investors of all kinds, consultants, intermediaries, regional authorities and other actors. Such systems may have technical components but are, above all, networks of individuals. Proximity is an important feature of most innovation systems.

Against this background, it becomes evident that **critical factors in the innovation process** are

- framework conditions, which are (not only) set by public authorities at different levels (regional innovation policy, EU directives, international organisations etc.)
- intensive communication and collaboration between various actors in the regional innovation system (companies, universities, innovation centres, educational institutions, financing institutions, industry associations and government agencies) and
- knowledge, which is available as workforce, in research organisations, in technology mediating organisations.

The **conditions for innovation** in Central Europe vary remarkably. The R&TD infrastructure in well-developed and central regions is up to the international standards, while the situation in rural and non-urban regions is generally bad. This trend is particularly relevant in the face of increasing socio-economic disparities among the regions. The divergent development is enforced by the selective flow of foreign direct investment into the regions and is only scarcely contrasted by Member States' policies. Furthermore, the R&TD expenditures though on average with EU-25, are very low in the private sector. A catching-up process is therefore a clear challenge for the new Member States but has implications on the overall transnational cooperation area. Consequently, **creating favourable framework conditions for innovation** should firstly address the institutional setting and the innovation milieu as well as the bottlenecks for innovation (access to risk capital, broadband, transfer institutions etc.). Good governance and an effective institutional structure need to be regarded as further precondition for strengthening the regional innovation capacity.

With respect to the **interaction and collaboration** of different actors, the strengthening of the R&TD infrastructure and of expertise transfer is a major test for Central Europe's innovation capacity. Currently, in some countries the very low broadband penetration rate and the lack of sufficient transfer institutions is hindering the diffusion of knowledge and innovation. Moreover, the low R&TD rate in private companies reflects the need that innovation should spread out in geographical terms, but also that knowledge needs to be accessible and pooled in transfer-institutions and finally applied in concrete productions. The **capability for the diffusion of innovation** is still a critical moment for the

innovation process. In this context, public-private partnerships and regional clusters should be established. Regional innovation strategies and policies, especially in less-favoured and sparsely populated regions, need to be further promoted.

While the high mobility of the workforce in Central Europe can be regarded as an economic opportunity, this process is also very selective and leads in some regions to a brain drain of young and well-educated people. In the cooperation area both sides – ‘sending’ as well as ‘receiving’ regions – are present. In the ‘sending regions’ complex reforms of the economies are planned or are under way to create those jobs that are supposed to keep the potential migrants, primarily young and skilled workforce, in the region. **Knowledge development** needs to be improved with the clear intention to provide the conditions, which help people to obtain the necessary qualifications for the knowledge-based economy. This can strengthen the economy of the Cooperation Area as a whole.

Objective

To improve the climate for innovation in all regions and to enable them to make better use of their innovation potential by addressing their specific needs and areas of weakness and fostering the areas of strength.

The Transnational Approach

In order to meet the challenges mentioned above, a transnational approach has been chosen, which regards innovation not only as crosscutting theme, but develops the topic as an own Priority. The Priority addresses the identified critical factors of the innovation process. In order to improve the overall innovation performance in all regions of Central Europe, this Priority particularly addresses initiatives trying to improve areas of weakness, as these tend to be limiting factors. This Priority is, however, not limited to these areas but could also include activities aiming at improving the further advancement of areas of strength.

Actions funded under this Priority are not limited to research and technology development, but relate also to the non-technical adaptation of products or processes, such as business services, design and other market-related skills. Projects under this Priority should link their activities, outputs and results to concrete actions contributing to regional development instead of merely focusing on networking in rather narrowly defined scientific fields or industrial sectors. The specific strength of a European Territorial Cooperation programme is its ability to bridge between technical experts, researchers and actors in the administrations. This puts the programme in the unique position to build upon research results and existing or newly created knowledge on the one hand, and administrations and policy makers on the other.

Primary Target groups

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

Expected projects relate to **three Areas of Intervention**:

P1.1 Enhancing framework conditions for innovation

P1.2 Establishing capabilities for the diffusion and application of innovation

P1.3 Fostering knowledge development

AREAS OF INTERVENTION

P1.1 Enhancing Framework Conditions for Innovation

The innovation system is essential for economic competitiveness. An important precondition is the organisational, financial, legal and administrative framework. Transnational cooperation should contribute to improving the innovation governance understood as the organisational capacity to recognise, to foster and manage innovation and to cooperate for it, in both the private and the public sector. The aim is to enhance the generation and application of knowledge by mutual learning and facilitating know-how transfer and capacity building – with a special view towards territorial implications of the innovation policies by

- setting up exchange and coordination mechanisms for innovation approaches and policies across Central Europe between key players of the innovation system (regional development agencies, chambers of commerce, universities, research institutions, small and medium sized enterprises etc.), e.g. through foresight initiatives
- supporting the establishment and development of transnational clusters in key competence areas
- setting up links between public authorities and financing institutions to develop capacity in financial engineering (funding schemes, venture capital etc.) for innovation across the cooperation space
- implementing transnational cooperation between public and private (regional) players in innovation
- creating and strengthening institutions for technology transfer with a specific view to transnational transfer approaches and intellectual property right practices
- fostering policies to support easy access to and link between R&TD facilities

P1.2 Establishing Capabilities for the Diffusion and Application of Innovation

The access to innovation is determined by different factors: depending on the location and the size of enterprises, access is more or less difficult. Access is particularly difficult for small and medium-sized enterprises, which are located in areas with development problems and peripheral regions. Fewer barriers will foster a more even and broader access to R&TD results and the innovation system. This will enable a better use of existing knowledge and will lead to a higher exploitation of research results. A more application- and service-oriented research should also contribute to a citizen's easier access to information society and also foster social and spatial integration. Furthermore, this Area of Intervention will also regard the diffusion of technologies and research activities.

The aim is to remove bottlenecks for the diffusion of innovation and to intensify technology transfer and improve the cooperation among key players by

- stimulating technology transfer and knowledge exchange mechanisms, in particular in disadvantaged regions
- putting the cooperation of technology transfer institutions and the production sector into practice
- fostering access to scientific knowledge and the use of already existing knowledge
- establishing transnational networks between appropriate tertiary education and research institutions
- encouraging the use of ICT to create better transregional and transnational communication and cooperation between innovation systems
- setting up and intensifying the application-oriented cooperation between research system and companies
- creating preconditions for making access to high-level technologies easier on transnational level

P1.3 Fostering Knowledge Development

The Central Europe Countries follow the principles of a knowledge-based society. The involvement of the educational, training, and research institutions as well as the cooperation with the business sector in transnational networks is an important precondition for the production of knowledge and know-how. Based on Central Europe's high level of education, the combination of complementary knowledge from different actors will improve the innovation system and ensure the connection to the leading edge of technology and business practices. A better use of the potentials of an increasingly diverse and aging society provides new challenges to ensure knowledge development for economic competitiveness, strengthening the links between the business sector, training facilities, decision makers and further regional actors.

An improved framework for knowledge development will be pursued by

- creating new and improved existing transnational educational and training networks in higher education (e.g. linking academic and business qualifications)
- implementing joint strategies and action plans for strengthening human resources and knowledge development
- putting joint strategies for managing demographic change, migration and brain-drain into action
- establishing transnational cooperation between training facilities and labour market organisations
- promoting actions on the diffusion of technological and innovation results as well as on the importance of regional innovation systems

4.2 Priority 2: Improving Accessibility of and within Central Europe

The rationale and the challenges to be addressed

Accessibility can be regarded as a necessary precondition for economic development and growth. It facilitates the movement of people, goods and information, increases efficiency and improves the development prospects for the regions. Transport corridors offer important opportunities for the regions located within it: access to markets, increased potential for logistical functions. Consequently, the development of transport infrastructures is essential to achieving the full integration of national and regional markets, especially within the context of the enlarged European Union. Accessibility has a strong relation to territorial cohesion, insofar as it is essential for ensuring that 'people are not disadvantaged by wherever they live or work'. Accessibility therefore is a key factor for reducing existing disparities.

Central Europe provides a differentiated image in terms of accessibility: It disposes of highly accessible regions in its heart but has also large areas in rural and peripheral regions, where missing or neglected transport lines cause a weak level of accessibility. Consequently, the challenges are twofold: On the one hand, transnational corridors have to be coordinated with national and European transport policies (e.g. TEN) and the corridors have to be interlinked and upgraded. It is necessary to eliminate the bottlenecks of the transport network, to secure access to the seaports (Baltic, Adriatic and North Sea) and to handle the traffic flows arising from the enlargement of the European Union in a sustainable way. Although Central Europe does not finance large-scale investments, it highly encourages to *prepare* such investments, which can be funded from other programmes (e.g. Cohesion Fund etc.). On the other hand, transport solutions have to be developed both for growing metropolitan areas, as well as for rural and sparsely populated areas. However, accessibility can be improved by both the physical expansion of the transport networks as well as by optimising the efficiency of the network. The **provision of interconnectivity and interoperability** should ensure the links between the different modes of transport. The modernisation of the existing networks therefore requires coordination between various levels (urban, regional and transnational).

Besides this 'quantitative' challenge, the qualitative dimension has to be regarded as well: Although in Central Europe there is a relatively high modal split of railway in freight transport, there are significant gaps in terms of developed interoperable transport infrastructures. In this context, the establishment of **multimodal logistics** does represent an important challenge in most Member States. A transnational coordination and effective cooperation of such actions needs to become effective at various territorial levels (transnational, national, regional, local). The use of innovative ICT-solutions in the logistics-sector should be stimulated in order to achieve more efficient transport networks. This is particularly relevant when considering the increasing importance of **logistics** in the region. Unless multimodal logistic solutions and cooperation in the field of logistics are enforced, there is a clear threat of further increasing road-traffic in Central Europe.

Transport corridors offer a variety of economic opportunities for Central Europe such as access to markets and an increased potential for logistical functions. The increased accessibility provided by the new TEN-T corridors may produce positive impacts on the economies of cities and local urban systems in terms of attracting investments and locating opportunities for new services and innovative investments. However, transport itself does also have **significant environmental impacts**, which need to be mitigated in accordance with various stakeholders' interests (environmental groups; business sector etc.). Due to growing urban areas, the increase of traffic on transnational transport routes and due to rising car ownership, a future increase of traffic flows presents a major environmental risk for the area. Here it has to be stressed that some regions in Central Europe dispose about high experience in the development of **environmental friendly transport** systems and have a high modal share in **urban public transport**, which can be regarded as important reference models for other cities and regions.

The strengthening of the transport networks *alone* does not automatically generate higher accessibility as it may also lead to unintended effects. Complementary measures are needed in order to tackle

such complex effects. This can be **alternative modes of enhancing accessibility** where user costs play a crucial role. In addition, the use of **Information and Communication Technologies** can provide new opportunities for increasing accessibility in an intelligent way. As the roll-out of broadband as well as of internet use is currently still lagging behind in new Member States and in rural areas, Central Europe can meet challenge to encourage the catching-up-process of ICT-infrastructure and to promote the intelligent use of ICT for its purposes, such as the access to services in sparsely populated areas.

These challenges are summarised in the following objective, which brings accessibility into relation with cohesion and sustainable development.

Objective

Strengthening through innovative solutions the internal cohesion of countries in Central Europe by improving the accessibility of and within the Central Europe area, fully taking into account the principles of sustainable development.

Transnational approach

For reaching this objective and for meeting the above-mentioned challenges a transnational approach has been developed which takes account of the fact, that accessibility is an important factor in exploiting territorial potentials, but generates pressure on the environment at the same time. The approach addresses accessibility in terms of flows (intermodality) and links (transport networks) as well as nodes (multimodal logistics cooperation). It particularly emphasises sustainability in transport as a vertical issue and further develops a safe mobility. The approach considers the fact that the increase of the networks and logistics does not automatically generate higher accessibility. Therefore, the Priority is also open for alternative solutions of enhancing access.

Sustainability is an overarching principle over the whole programme. However, under this Priority sustainable and safe mobility will be tackled separately in order to specifically combat environmental burdens arising from the upgrade of (transnational) transport networks. Sustainability in transport will be secured at the local, regional and transnational level. This implies the development of energy-efficient transport solutions, both in public as well as in individual transport. Furthermore, the safety in transport will be addressed. All projects under this Priority will therefore take into consideration the principle of environmental sustainability to the greatest possible extent.

Primary Target groups

The primary target groups are all national, regional, local decision-makers and bodies in the field of transport, logistics, transport-safety, ICT such as national, regional and local authorities; public transport associations; transport operators; infrastructure operators; logistic centres; logistics platforms; institutes for applied research in transport and mobility, regional associations, regional innovation agencies; transport alliances; SMEs; interest groups, as well as all population groups, which are affected by the Priorities concerned:

Expected projects relate to **four Areas of Intervention**:

- P2.1 Improving Central Europe's interconnectivity
- P2.2 Developing multimodal logistics' cooperation
- P2.3 Promoting sustainable and safe mobility
- P2.4 Promoting Information and Communication Technologies and alternative solutions for enhancing access

AREAS OF INTERVENTION

P2.1 Improving Central Europe's Interconnectivity

Central Europe is connected to the main Transnational European transport corridors. Their expansion contributes to a better integration of the Cooperation Area and provides important potentials to the secondary networks. Activities in the framework of this programme should contribute to achieve a higher and more sustainable interconnectivity at an urban, regional and transnational level. The activities should improve transnational solutions for the interconnection of Central Europe, and at the same time consider the impacts of transport and establish an efficient and sustainable transport network.

The aim of this Area of Intervention is to improve interconnectivity by

- implementing transport solutions for the specific needs of metropolitan, urban, rural, remote and isolated areas
- developing cooperation for the access of landlocked countries to European sea ports
- realising intermodality and interoperability of transport systems (road, rail, waterways, air)
- establishing strategic cooperation between and within Transeuropean transport corridors
- assessing and optimising impacts and potentials of European High-Priority transport corridors and their connections to national and regional networks in the direction of sustainable and energy efficient transport modes

P2.2 Developing Multimodal Logistics' Cooperation

Stronger economic integration leads to an increasing traffic volume in the cooperation area. This currently affects road traffic in particular. In order to avoid congestion and negative environmental impacts, it will be necessary to foster a multimodal logistic cooperation to meet the requirements of economic development. This Area of Intervention aims at a higher attractiveness for multimodal solutions understood as the combination of more than one transport mode. It seeks to achieve higher synergies and better solutions in the field of logistics.

The efficiency and sustainability of transport in the cooperation area will be raised by

- establishing cooperation among logistic centres and networks
- developing Information and Communication Technologies (ICT) for cooperation in logistics
- putting cooperation between intermodal and logistics platforms into practice
- implementing multimodal logistic solutions

P2.3 Promoting Sustainable and Safe Mobility

Increasing integration leads to an intensified exchange of goods and persons. The international and regional division of labour and the transition to flexible work create new qualitative and quantitative mobility requirements. In addition, existing settlement structures, suburbanisation and tourism-induced traffic contribute to higher traffic volumes. Agglomerations are confronted with specific challenges (e.g. maintenance and financing of public transportation system) and problems (e.g. negative environmental impacts).

The activities aim at reducing the environmental burdens arising from traffic, while promoting sustainable mobility and increasing awareness for safety issues as well as contributing to the achievement of higher quality of living conditions by

- sharing experiences on the preparation and implementation of sustainable and safe transport solutions
- supporting the development of advanced technological solutions for traffic-management (e.g. based on the Galileo system)
- promoting the quality and attractiveness of public urban transport
- implementing innovative and sustainable solutions to tackle transport bottlenecks (congestion-management, road-pricing, internalising external costs etc.)
- fostering applications, strategies and preparation of policy decision for more safety in transport
- putting strategies to accompany major transport infrastructure systems with sustainability and safety assessments into practice
- applying solutions and strategies for the mitigation of negative impacts of transport projects
- implementing innovative transportation concepts for changing demographic situations
- promoting actions to enhance the quality of transport within cities

P2.4 Promoting Information and Communication Technologies and alternative solutions for enhancing access

Traffic volumes in Central Europe are increasing, but the expansion of the traffic network does not automatically increase mobility, as bigger capacities can also induce further increases in volumes. Information and Communication Technologies offer opportunities to substitute physical mobility by providing easier access to services and information. Besides technological-based solutions for enhancing efficiency in traffic, also non-technological, alternative solutions (organisational, institutional, and strategic) are capable of enhancing access.

This Area of Intervention generally seeks to improve accessibility of information and services, while reducing traffic volumes. Better solutions (technological and alternative) for enhanced mobility will be achieved. A higher efficiency of transport and a better accessibility will be raised by

- promoting ICT for access to and provision of public services
- using ICT as an instrument to reduce transnational traffic (e.g. video-conferencing, websites, supply-chain-management...)
- applying ICT to develop efficient traffic management systems and traffic information systems of transnational transport flows
- improving the access to infrastructure and services of general interest with alternative solutions to enhance personal mobility

4.3 Priority 3: Using our Environment Responsibly

The rationale and the challenges to be addressed

The Gothenburg Council adds an environmental dimension to the Lisbon Strategy and underlines the need for protection and enhancement of environmental resources. Protecting the environment now and for future generations is one of the pre-conditions for sustainable growth. This is particularly relevant for Central Europe where an economic catching-up process is taking place, creating both new opportunities as well as threats for the environment.

Central Europe disposes of unique natural assets such as the upper Danube, the Carpathian area, the Alps as well as parts of the Baltic and Adriatic Seas. Rivers form decisive linking elements between the Western and Eastern (Danube) and Northern and Southern parts of the area (Elbe/Labe, Oder/Odra). Such natural assets represent one of the intrinsic elements of Central Europe's identity and offer great opportunities for intensified transnational cooperation.

Natural resources are a central component of the living environment of the cooperation area and fulfil important ecological functions as well as serving as values for the whole region and beyond. Their management and enrichment must also be seen also as an economic factor. Investigations carried out under the precursor INTERREG programmes have shown how nature can be preserved and at the same time used for socio-economic development without damaging ecological functions.

During the last years, Central Europe has been highly exposed to flooding along the rivers and the high pressure of urban development also affects flood plains. Both **natural risks and man-made impacts** do constitute a considerable threat for the cooperation area.

Central Europe has a high potential for renewable energy sources such as biomass because of the availability of natural resources in the regions. This potential is not yet sufficiently exploited because of a lack of strategies for better mobilising local energy sources, need for better infrastructure, and other reasons. The low share of renewable energy in some countries, the intensive land use and the dispersed settlement structures further suggest, that the area has not yet sufficiently exploited its potentials **for renewable energy sources** and for **increasing its energy efficiency**. The ongoing restructuring of the energy sector in the cooperation area represents the opportunity to diversify the energy supply, and to fulfil the Kyoto requirements. Furthermore, this may generate economic, environmental and social benefits for the citizens.

Against the described environmental challenges an objective has been formulated, which bridges environmental concerns with human and economic activities and gives a direct response to the principle of sustainable growth.

Objective

Responsible use and protection of the environmental potentials of Central Europe by promoting innovative and sustainable approaches to natural resource management, risk reduction and the enhancement of the natural environment.

The Transnational Approach

For reaching this objective, a transnational approach has been developed, which adopts innovative and sustainable approaches in the management of cultural and natural resources, sets measures to reduce risks of impacts, supports the use of renewable energy and increases energy efficiency. Furthermore, environmentally friendly technologies and activities are supported.

Future activities of this Priority set a transnational focus on an environmental development approach, which also considers socio-economic aspects. The activities provide a platform for broad engagement and communication between all relevant stakeholders concerning environmental issues. Projects

should adopt an eco-system based approach where human activities affecting the environment will promote a responsible use of resources. An important prerequisite for a proper mitigation strategy is better communication between the different actors involved, as well as better-coordinated policy measures. In this respect, the shift from a reactive (post-event) to a preventive orientation in environmental policy will be essential.

Primary Target Groups

The primary target groups are all national, regional, local decision-makers and bodies in the field of environment, natural resources management, water management, environmental risk-management, energy-efficiency such as local and regional authorities, environmental interest groups, regional associations, regional innovation agencies, applied environmental research institutes, associations, energy suppliers, SMEs, interest groups as well as all population groups, which are affected by the Areas of Intervention concerned.

Expected projects relate to **four Areas of Intervention**.

- P3.1 Developing a high quality environment by managing and protecting natural resources and heritage
- P3.2 Reducing risks and impacts of natural and man-made hazards
- P3.3 Supporting the use of renewable energy sources and increasing energy efficiency
- P3.4 Supporting environmentally friendly technologies and activities

AREAS OF INTERVENTION

P3.1 Developing a High Quality Environment by Managing and Protecting Natural Resources and Heritage

Central Europe has unique natural and ecological potentials that need to be preserved for future generations. At the same time, these potentials can be used in a sustainable way. The Area of Intervention generally seeks to improve the quality of the environment (river basins, landscapes, protected areas, energy, air, soil, waste management) and will lead to a better protection of the environment. Furthermore, bio-diversity and the maintenance of national parks will be ensured, while a better use of degraded areas will be targeted. The aim is to develop a high quality environment by

- implementing joint actions for maintaining and managing natural areas, protected areas and landscapes (landscapes at risk of biodegradation, river basins, forests, cultural landscapes, coastal zones etc.)
- implementing joint actions to strengthen biological diversity on the level of species and habitats
- putting joint actions for improving the quality of the environment (air, water, soil) into practice
- implementing joint strategies for the sustainable use of natural resources and heritage
- rehabilitating degraded areas such as former mining areas, contaminated sites and brownfields
- developing environmental monitoring systems as a basis for preventing negative impacts and for taking mitigation measures

P3.2 Reducing Risks and Impacts of Natural and Man-made Hazards

The Cooperation Area is exposed to significant risks of natural and man-made disasters of transnational dimension. Transnational cooperation should lead to more effective risk prevention in various fields and sectors. At a transnational, national, regional and local level, a higher awareness of risks and impacts of natural and man-made hazards should be established. Better networks between all relevant sectors, a more effective communication, cooperation and coordination across national, disciplinary and institutional borders are sub-goals of this. The achievement of integrated standards, practices and experiences will help to further develop these issues at a transnational level in the future.

The primary aim of this Area of Intervention is to reduce risks and impacts of natural and man-made hazards by

- coordinating practices of integrated risk management between various fields and sectors (e.g. spatial planning, civil protection, industry, infrastructure, forestry, water supply, health, flood-risk-management ...)
- improving, integrating and harmonising risk assessments and risk management standards (guideline strategies, qualifications, practices terms, financing...)
- implementing joint risk management plans and strategies against hazards
- developing security concepts for transport and other infrastructure networks in case of hazards
- applying communication strategies/tools for increasing risk awareness
- capitalising on regional policies and management systems for risk prevention in various sectors
- developing and applying tools and approaches for mitigation and management of the impacts of climate change and other risks
- implementing methods to evaluate risks related to environmental quality

P3.3 Supporting the Use of Renewable Energy Sources and Increasing Energy Efficiency

Central Europe has big potentials to diversify energy supply, bringing benefits to economy, environment and the citizens. The transnational support of renewable energy and energy efficiency will contribute to lowering the current dependency on external energy resources and secure the long-term supply with energy. This helps to protect Central Europe's economy from future impacts of rising energy prices. A higher use and a better utilisation of renewable energy will lead to a higher level of energy efficiency and consequently reduce the dependency on fossil energy resources. Activities can contribute to reducing CO₂ emissions and to stopping the global climate change. In this light, the developed strategies will support the global climate protection strategies (Kyoto protocol 2012+)

This Area of Intervention generally seeks to improve the responses to the impacts of future constraints on energy provision by

- setting up joint strategies for energy saving and energy efficiency (e.g. to improve energy performance of buildings; district heating, use of waste for energy purposes, diffusion of combined heat and power generation plants)
- implementing balanced strategies for the use and exploitation of renewable and endogenous energy resources (wind, water, solar energy, biomass, hydro power, bio fuels...)
- transferring know-how from science, industry and policies concerning possible negative implications as results of production of renewable energy resources (e.g. impact of industrialized monocropping for biofuels)
- developing innovative actions for the use of alternative energy resources in transport

P3.4 Supporting Environmentally Friendly Technologies and Activities

Environmentally friendly technologies are both a need for achieving an attractive environment but also a market for a sustainable economic development of Central Europe. The cooperation area shows big potential in this respect and has extraordinary chances for an exchange of practices. Environmentally friendly technologies and activities will be promoted in order to ensure eco-efficient production processes. This should increase the lifecycle-thinking in the production process and lead to cleaner production and consumption. The improved interaction between the fields of production, environment and decision-making will support a durable change environmental friendly production and behaviour.

Supporting environmentally friendly technologies and activities by

- promoting sustainable production and consumption with special attention to regional value added chains
- fostering urban and regional technologies (waste and water-supply and management...) and the use of environmentally friendly technologies for local and regional suppliers of infrastructure
- promoting transnational incentives (awarding schemes, best-practice web-platforms, certificates...) for eco-innovations
- applying environmentally friendly technologies in production processes
- setting up integrated environmental management systems and developing environmentally sound practices
- putting policies, strategies and technologies for sustainable constructions of buildings into practice

4.4 Priority 4: Enhancing Competitiveness and Attractiveness of Cities and Regions

The rationale and the challenges to be addressed

Since the 2004 Rotterdam informal ministerial meeting, succeeded by the Bristol agreement on Sustainable Communities in 2005, urban policy has received more emphasis on the European agenda. The European Commission makes considerable efforts to strengthen the links between urban and regional policies as reflected in the Commission Communication on 'Cohesion Policy and cities: the urban contribution to growth and jobs in the regions'. At policy level, cities and regions are recognised as key actors for meeting the Lisbon and Gothenburg goals.

Central Europe has a high population mass potential, very strong capital regions and numerous medium sized towns, which are carriers of economic growth. The concentration of administrative, political and economic functions and the potential for innovation is high in these regions as well as their cultural heritage. On the other hand, there is a rather decreasing economic potential in some of the rural regions, esp. in the peripheral areas or areas with disadvantaged location conditions. In the new Member States, due to the very selective influx of foreign direct investments in urban areas, a mono-centric development at national levels threatens to reinforce disparities between their capital and other regions. A more polycentric development can contribute to avoiding such disparities. Promoting urban and regional cooperation of relevant actors can help to overcome the core-periphery pattern and lead to higher growth and competitiveness.

The spatial development concerning urban agglomerations is determined by several distinct factors. Urban areas are confronted with increasing suburbanisation processes with negative environmental impacts due to higher traffic and increasing land use. National and international migration flows are mostly concentrated in the cities. For several urban areas, this is the most important factor for the demographic growth and the change of their demographic structure (age, regional origin).

The uneven territorial development of Central Europe is reflected in increasing economic and social disparities between urban and rural areas, as well as within urban areas due to social and spatial segregation. The territorial effects of such trends can threaten the competitiveness of the cooperation area. Central Europe therefore proactively fosters a balanced development, addressing the territorial effects of the social and demographic change in particular.

Objective

Strengthen the polycentric settlement structure, improve the quality of life and promote sustainable development of cities and regions.

Transnational Approach

Transnational cooperation in this Priority is supposed to focus on topics that emerge from comparing the different contexts of cities and regions throughout Central Europe. This applies in particular to the development of solution-strategies for urban and regional issues and to assure to strategically develop the role of small and medium sized cities at a transnational level.

With reference to potential interventions in housing, it has to be stressed that the Programme will adopt the criteria as identified under Article 7(2) of the ERDF Regulation²⁹ for the identification of eligible expenditure on housing. Expenditure is therefore limited to interventions concerning multi-family housing, or buildings owned by public authorities or non-profit operators for use as housing designated for low-income households or people with special needs.

29 Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999, hereafter referred to as ERDF Regulation;

Transnational cooperation will also create synergies for disadvantaged areas and between different actors. This helps to achieve the critical mass for setting effective actions and to prepare concrete investments. Effective practices of urban-regional cooperation will improve the functional interrelation of cities with their hinterland.

Primary Target Groups

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

Expected projects relate to **three Areas of Intervention**.

- P4.1 Developing polycentric settlement structures and territorial cooperation
- P4.2 Addressing the territorial effects of demographic and social change on urban and regional development
- P4.3 Capitalising on cultural resources for more attractive cities and regions

AREAS OF INTERVENTION

P4.1 Developing Polycentric Settlement Structures and Territorial Cooperation

The settlement structure of Central Europe is characterised by a few highly populated urban agglomerations and numerous small and medium-sized towns, which play an important role as regional economic and cultural centres. The development of functional relations between cities and between cities and their hinterland are essential for exploiting the competitive advantage and for the improving of a complementary development.

This Area of Intervention aims at achieving a more balanced territorial development by improved urban and urban-regional cooperation. In this sense, the strategic *economic and social* development of cities and regions will be enhanced by

- implementing integrated urban and regional development strategies and improved conditions for investments
- establishing durable cooperation of metropolitan areas as well as small and medium-sized cities or agglomerations and their associations on mutually relevant topics of transnational importance
- taking actions for urban-rural relationships with optimised material flows and with sustainable urban development patterns (e.g. solutions for urban sprawl)
- cooperating on new approaches in the field of rehabilitation and conversion issues of urban and peri-urban functional areas
- putting transnational urban-regional cooperation networks for optimising the joint use of infrastructure, leisure services and recreational facilities into practice
- implementing strategic actions to optimise the urban centre structure and to improve functional linkages between urban centres
- promoting actions to enhance the quality of the environment and open space in cities.

P4.2 Addressing the Territorial Effects of Demographic and Social Change on Urban and Regional Development

Central Europe is facing demographic trends such as an ageing society and migration, which have economic, social and cultural implications on urban and regional development in the Cooperation Area. Therefore, urban and regional development needs to find solutions and increase the capacity to react effectively to the changing needs of society in Central Europe. Reactions are needed in the sense of ensuring the service provision for all population groups, in sparsely populated areas in particular, but also in urban agglomerations. Housing and services generally need to be adapted closer to demographic and social trends and it will be necessary to work against social and spatial segregation in urban areas. Consequently, these activities will help to raise the quality of life for citizens in Central Europe and contribute to achieving better social integration and reduced segregation.

This Area of Intervention seeks to reduce negative effects of the demographic and social change on urban and regional development by

- putting innovative solutions for service-provision and for the adaptation and provision of key services and infrastructures (health system, water, housing etc.) into practice
- promoting actions for adapting cities and regions to the needs of specific groups of population (e.g. elderly people, single households, handicapped people etc.)
- implementing transnational strategies to counter-balance social and spatial segregation and to integrate aspects of citizens' participation at an early stage of planning
- promoting actions for the provision of public services in the proximity of residential quarters
- developing and applying innovative solutions for addressing bottlenecks in urban development (e.g. housing, service infrastructure, congestions, investment barriers, limited areas for housing and industrial development)
- using new urban technologies to bring innovative and effective solutions to public services
- applying cross-sectoral actions to adapt the housing stock to current needs (e.g. regeneration of housing areas...) and to integrate housing into urban and regional development policies

P4.3 Capitalising on Cultural Resources for More Attractive Cities and Regions

Central Europe is rich in cultural resources, understood as sites, structured landscapes and objects of importance to a culture. However, this richness is threatened by lacking investments or excessive pressure of investments risking destroying them. Cultural resources in Central Europe represent an important factor for its attractiveness, and play a major role for its identity. The programme will therefore develop its cultural resources for the benefits of the citizens and generate an economic base for cities and regions. This will lead to higher income-generation and stronger regional identities, while at the same time ensuring preservation of the cultural heritage.

This Area of Intervention aims at fostering sustainable use of cultural resources and heritage. To capitalise on cultural resources will be supported by

- building capacities of innovative management strategies for the protection, preservation and sustainable exploitation of cultural resources
- promoting valorisation of traditional activities and knowledge
- implementing strategic actions to generate income and employment through integrated cultural and economic concepts
- putting strategies to enhance the cultural aspect of the regions into practice
- using and protecting traditional knowledge and expertise related to cultural heritage
- applying new forms of management of urban/cultural heritages with particular attention to natural and social capacity and possible side effects on environment and population in a long-term view

4.5 Priority 5: Technical Assistance

The Technical Assistance (TA) will be spent on activities necessary for the effective and smooth management and implementation of the Central Europe Programme. In line with Article 46 of the General Regulation³⁰, Technical Assistance will be used for the preparatory, management, monitoring, evaluation, information, and control activities and for activities to reinforce the administrative capacity for implementing the Funds.

The technical assistance budget will amount to 6% maximum of the total ERDF allocated to the programme.

Indicatively, activities focus on:

- managing the programme efficiently and effectively, including close cooperation and communication of the assigned programme bodies, if necessary with involvement of experts in order to ensure accomplishment of the defined objectives of the programme
- providing information, technical support and advisory services to potential Lead Partners and project partners in project preparation and in the process of project implementation including promotion of partnership and genuine cooperation between partners
- performing high quality assessment of applications, monitoring and control of projects implemented under the Operational Programme and the programme as a whole, as an integral part of the sound management of the programme
- commissioning/carrying out thematic evaluations, studies, reports and surveys that can contribute to a higher relevance and effectiveness of the Operational Programme or/and are of public interest
- measuring information and publicity aimed at increasing the awareness for the potential Lead Partners and project partners, target groups and wider public on the Operational Programme and eligible activities that can be co-financed from ERDF as well as the results of the programme implementation
- setting up, maintaining and upgrading of the computerised systems used for monitoring, management, control and exchange of information between the programme authorities
- building capacity of the relevant actors so they can fully participate in the programme
- capitalising on outputs, results and dissemination of information such as good practices

Technical Assistance can be claimed for all programme related activities mentioned above, carried out by the designated authorities according to Article 59.1 of the General Regulation, the Joint Technical Secretariat, Contact Points and national institutions responsible for organising the control according to Article 16 of the ERDF Regulation. Further technical implementation details are laid out in Chapters 6.1.2, 6.1.6 and 6.1.7.

³⁰ Council Regulation (EC) No 1083/2006 of 11 July 2006 (OJ L 210 p. 25)

4.6 Quantified Targets and Indicators

The ERDF regulation (particularly Article 12 (4)) emphasises the need for describing the objectives of each Priority axis using a limited number of indicators for **output and results**. All Priority axes should set quantified targets by means of a limited set of indicators **to measure the achievement** of the programme objectives.

Due to the limited financial resources and the scope and limitations of possible activities within an Objective 3 Transnational Cooperation Programme, it is obvious that the results of the programme will mainly be of immaterial nature; in some cases, material investments may be appropriate and justifiable. The Cooperation Programme will never be a substitute for Convergence and Competitiveness programmes which are more investment oriented and produce more visible and quantifiable outputs and results. Hence, in the case of the transnational Cooperation Programme results will be more difficult to measure compared to Convergence and Competitiveness Programmes.

Despite these limitations, a set of output and result indicators has been developed to measure the achievements of the Cooperation Programme. Output and result indicators have been developed along with the specific objectives of the Priority axes taking the operational objectives of the Areas of Intervention and the common minimum core indicators required by the Commission into account.³¹

The Operational Programme **only contains a sub-set of output and result indicators**, which are Ex-ante quantified. A **full set** of indicators is developed in separate documents ('Call-specific Application Manuals'). The full set of indicators serves for the **internal programme management** and forms an indispensable basis for the **reporting and communication needs** to make the programme achievements **visible** to the programme partners and to a broader public. The full set of indicators is not part of the Operational Programme.

The Ex-ante quantification of the **output targets** is based on **two parameters**: the allocation of ERDF funds per Priority axis and an estimated average project size (EUR 1.5 million ERDF funds).

Table 5: Subset of Ex-ante quantified OUTPUT-indicators for the Operational Programme

	Target 2007-2015	Data source
Indicators for the Priority axes		
Priority axis 1: Total no. of projects implemented to facilitate innovation across Central Europe	33	Monitoring
Priority axis 2: Total no. of projects implemented to improve the accessibility of and within Central Europe	43	Monitoring
Priority axis 3: Total no. of projects implemented to use Central Europe's environment responsibly	43	Monitoring
Priority axis 4: Total no. of projects implemented to enhance competitiveness and attractiveness of cities and regions	36	Monitoring
Total no of projects P 1-4	155	Sum
Indicators reflecting the degree of cooperation ³²		Monitoring
– No. of projects respecting two of the following criteria: joint development, joint implementation, joint staffing, joint financing	155 (100%)	Monitoring
– No. of projects respecting three of the following criteria: joint development, joint implementation, joint staffing, joint financing	124 (80%)	Monitoring
– No. of projects respecting four of the following criteria: joint development, joint implementation, joint staffing, joint financing	31 (60%)	Monitoring

³¹ The New Programming Period, 2007-2013: Methodological Working Papers, Working Document No. 2, 1 June 2006

³² Detailed information related to the indicators reflecting the degree of cooperation will be laid out in the Call-specific Application Manuals and in the Implementation Manual

During the Programme implementation and after the completion of three calls, it has been identified that the average project size is of around EUR 2 million ERDF and thus higher than the one estimated ex-ante. On this basis, and taking into account the changed ERDF allocation per Priority axis (Table 8), the quantification of the output targets has been revised.

Table 5a: Revised subset of quantified OUTPUT-indicators for the Operational Programme

	Target 2007-2015	Data source
Indicators for the Priority axes		
Priority axis 1: Total no. of projects implemented to facilitate innovation across Central Europe	28	Monitoring
Priority axis 2: Total no. of projects implemented to improve the accessibility of and within Central Europe	21	Monitoring
Priority axis 3: Total no. of projects implemented to use Central Europe's environment responsibly	37	Monitoring
Priority axis 4: Total no. of projects implemented to enhance competitiveness and attractiveness of cities and regions	29	Monitoring
Total no of projects P 1-4	115	Sum
Indicators reflecting the degree of cooperation		Monitoring
– No. of projects respecting two of the following criteria: joint development, joint implementation, joint staffing, joint financing	115 (100%)	Monitoring
– No. of projects respecting three of the following criteria: joint development, joint implementation, joint staffing, joint financing	92 (80%)	Monitoring
– No. of projects respecting four of the following criteria: joint development, joint implementation, joint staffing, joint financing	69 (60%)	Monitoring

The **complete list of Output-indicators** (which is not part of the Operational Programme) could include (as examples):

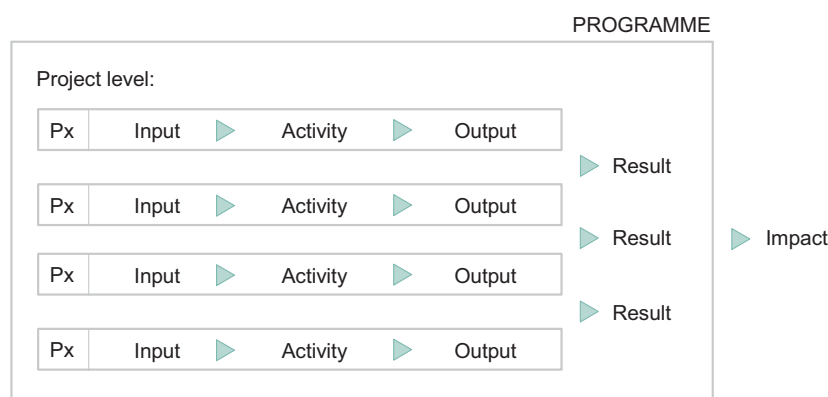
- Output-indicators referring to all Priority axes and Areas of Interventions (including the Technical Assistance);
- Horizontal output-indicators reflecting quality characteristics, strategic implementation principles, output of project activities, public awareness.

Definition and Generation of Results

Results are generated through the outputs of projects within the scope of the programme. In contrast, impact indicators refer to the long-term consequences of the programme and are beyond control of the programme management. Therefore, impact indicators are not included in the programme.

Result indicators are linked to **operational objectives** corresponding to single Areas of Intervention. Therefore, in total **14 result indicators** are defined for the Priority axes 1 to 4, which will be Ex-ante quantified.

Figure 4: Definition of results according to the Intervention Logic



To illustrate the **generation** of results: projects usually consist of **work packages**. These work packages are related to **inputs** such as different types of costs (e.g. staff costs). Costs are related to **activities** (e.g. networking, exchange of information activities, studies, training). Activities generate **outputs** (e.g. permanent information sources/channels in operation, common positions formulated, and individuals trained or participated in exchange schema). And – out of the scope of a project – outputs generate **results**. Results reflect the operational objectives of Areas of Intervention. A single work package or a bundle of work packages can generate a result and therefore contribute to achieving an operational objective. Hence, the **total number of contributions exceeds the total number of projects**. Contributions should be: **definable**, in the monitoring **recordable** (with short qualitative descriptions) and **evaluable** (quality standard).

Quantification of Result Indicators

A single project can generate several definable, recordable and evaluable contributions to one or several operational objectives. It is assumed that every project generates **in average 3 contributions**. Therefore, according to the Ex-ante quantification **155 projects** produce in total **465 contributions** to **14 operational objectives** corresponding to single Areas of Intervention. The Ex-ante quantification of the **result targets** depends on the **weighting** of the individual Areas of Intervention.

Projects will declare their relevance of any given result indicator by Yes/No selection and subsequently will give a short qualitative description where applicable. All project contributions to the operational objectives of a single Priority axis are accumulated. The total sum per Priority axis reflects the achievement of the set target. This number represents the result indicator at Priority axis level.

If it turns out in the course of the implementation that especially highly weighted Areas of Intervention do not show an appropriate performance (in terms of number of contributions), measure should be taken to improve the performance.

Table 6: Subset of Ex-ante quantified RESULT-indicators for Priority axes and Areas of Intervention

Result indicators linked to Priority axes and Areas of Intervention	Target 2007-2015	Data source
P1: Total no of contributions to facilitated innovation across Central Europe	99	Sum
No. of contributions to better innovation governance	25	Monitoring
No. of contributions to even and broader access to R&TD results and innovation system	49	Monitoring
No. of contributions to improved framework for knowledge development	25	Monitoring
P2: Total no of contributions to improved accessibility of and within Central Europe	129	Sum
No. of contributions to improved and more sustainable inter-connectivity at urban, regional and transnational level	45	Monitoring

Result indicators linked to Priority axes and Areas of Intervention	Target 2007-2015	Data source
No. of contributions to better solutions for multimodal logistics	26	Monitoring
No. of contributions to the promotion of sustainable mobility	26	Monitoring
No. of contributions: to improved access to ICT information and services	32	Monitoring
P3: Total no of contributions to use Central Europe's Environment more responsibly	129	Sum
No. of contributions to improved quality and better protection of the environment	32	Monitoring
No. of contributions to more effective risk prevention and impact reduction	45	Monitoring
No. of contributions to better utilisation of renewable energy and higher level of energy efficiency	26	Monitoring
No. of contributions to ensuring eco-efficient production processes	26	Monitoring
P4: Total no of contributions to enhanced competitiveness and attractiveness of cities and regions	108	Sum
No. of contributions to more strategic and sustainable economic and social development of cities and regions	43	Monitoring
No. of contributions to reduced negative effects of social and demographic change and improved social integration and quality of life	43	Monitoring
No. of contributions to fostered sustainable use of cultural resources and heritage	22	Monitoring
Total no. of contributions P1-4	465	Sum

The revision of the ex-ante output indicator targets, according to the average project size and the new ERDF allocation per Priority axis, leads to a necessary revision of the Programme result targets. Accordingly, it is expected to obtain **345 contributions from 115 projects** assuming that every project on average generates 3 contributions. The revised quantified result indicators also reflect the changed ERDF allocation per Priority axis (Table 8) and weighting of the individual Areas of Intervention.

Table 6.a: Revised subset of quantified RESULT-indicators for Priority axes and Areas of Intervention

Result indicators linked to Priority axes and Areas of Intervention	Target 2007-2015	Data source
P1: Total no of contributions to facilitated innovation across Central Europe	84	Sum
No. of contributions to better innovation governance	36	Monitoring
No. of contributions to even and broader access to R&TD results and innovation system	27	Monitoring
No. of contributions to improved framework for knowledge development	21	Monitoring
P2: Total no of contributions to improved accessibility of and within Central Europe	63	Sum
No. of contributions to improved and more sustainable inter-connectivity at urban, regional and transnational level	18	Monitoring
No. of contributions to better solutions for multimodal logistics	12	Monitoring
No. of contributions to the promotion of sustainable mobility	18	Monitoring
No. of contributions: to improved access to ICT information and services	15	Monitoring
P3: Total no of contributions to use Central Europe's Environment more responsibly	111	Sum
No. of contributions to improved quality and better protection of the environment	27	Monitoring
No. of contributions to more effective risk prevention and impact reduction	24	Monitoring
No. of contributions to better utilisation of renewable energy and higher level of energy efficiency	42	Monitoring
No. of contributions to ensuring eco-efficient production processes	18	Monitoring

Result indicators linked to Priority axes and Areas of Intervention	Target 2007-2015	Data source
P4: Total no of contributions to enhanced competitiveness and attractiveness of cities and regions	87	Sum
No. of contributions to more strategic and sustainable economic and social development of cities and regions	30	Monitoring
No. of contributions to reduced negative effects of social and demographic change and improved social integration and quality of life	24	Monitoring
No. of contributions to fostered sustainable use of cultural resources and heritage	33	Monitoring
Total no. of contributions P1-4	345	Sum

Baselines for output and result indicators in order to provide information on the physical progress of the Operational Programme

According to the implementation regulation Annex – Annual and Final reporting of the Implementing Provisions of Council Regulation (EC) 1083/2006) for each quantified indicator mentioned in the Operational Programme, the information on baseline, the target and the achievement of the targets shall be provided. Targets will not be specified for each year but cumulative for the period 2007-2015.

As a baseline for the year 2007, the value '0' will be applied. For the subsequent years, the results of the respective previous year are applied as baseline in each case.

Context-indicators

Context indicators should monitor the evolving socio-economic context of the programme. Context indicators form a part of the **analysis** to describe the socio-economic development status based on official statistics (e.g. public expenditure on education in % of GDP, 2004).

For the OP no context indicators (going beyond the analysis) are defined. For the programme, context indicators are unsuitable, since the public expenditures, which are applied in the framework of the OP, demonstrate **only a very small part** of the entire public expenditures in the Cooperation Area. A relationship between the programme funds and context indicators (macro-und meso-economic values) can therefore not be made.

5. Financial Provisions

References to new Structural Funds Regulations included in this and the next chapters are related to the following regulations:

- Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, hereafter referred to as **General Regulation**;
- Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999, hereafter referred to as **ERDF Regulation**;
- Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) of the European Parliament and of the Council on the European Regional Development Fund, hereafter referred to as **Implementing Regulation**;
- Commission Regulation (EC) No 2035/2005 of 12 December 2005 amending Regulation (EC) No 1681/94 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the structural policies and the organisation of an information system in this field.

5.1 Programme Budget and Rate of Assistance

Programme Budget

In line with Article 12.6 of the ERDF Regulation, there is a single financing plan for this programme. This financial plan is presented in the form of two tables (see below).

The ERDF contribution to the programme amounts to EUR 246,011,074 ERDF. The overall programme budget amounts to EUR 298,295,837.

Rate of Assistance

In accordance with Article 53(3) of the General Regulation, the contribution from the ERDF to eligible expenditures incurred by Lead Partners and project partners located in the Czech Republic, Hungary, Poland, Slovakia and Slovenia, shall be up to 85% in Priorities 1-4. The ERDF contribution to eligible expenditures incurred by Lead Partners and project partners located in the cooperation area in Austria, Germany and Italy shall be up to 75% in Priorities 1-4. The average co-financing rate for Priorities 1-4 determined in the financing plan is 83%.

In accordance with Article 46 of the General Regulation, the limit for Technical Assistance is set at 6% of the total ERDF amount allocated to the Central Europe Programme.

The ERDF co-financing rate for Technical Assistance (Priority 5) is 75% and the national co-financing rate from the Member States is 25%. The Member States will contribute to the Technical Assistance budget in proportion to their individual share of total ERDF funding.

The total budget for technical assistance is EUR 19,680,886.

5.2 Allocation of Funds

In line with Article 75 of the General Regulation, ERDF commitments by the Commission to the Central Europe Programme are effected annually. According to Article 93 of the General Regulation, the Commission shall automatically de-commit any part of a budget commitment in an Operational Programme that has not been used for payment of the pre-financing or interim payments, or for which an application for payment has not been sent in conformity with Article 86 by 31 December of the third year following the year of budget commitment under the programme.

In line with Article 37(c) of the General Regulation, a single financing plan, comprising two tables:

- a table breaking down for each year in accordance to Articles 52, 53 and 53 of the General Regulation, the amount of the total financial appropriation envisaged for the contribution from the ERDF. The total ERDF contribution annually provided for shall be compatible with the applicable financial perspective;
- a table specifying the whole programming period for the Central Europe Programme and for each Priority axis, the amount of the total financial appropriation of the Community contribution and the national counterparts, and the rate of the ERDF contribution. Where, in accordance with Article 53 of the General Regulation, the national counterpart is made up of public and private expenditure, the table shall give the indicative breakdown between public and private component. Where, in accordance with that Article, the national counterpart is made up of public expenditure, the table shall indicate the amount of the national public contribution.

In accordance with Article 18 of the General Regulation all figures in the tables below are in current prices.

Financing plan of the OP giving the annual commitment of the ERDF (Operational Programme reference – CCI number 2007CB163PO061)

Table 7: Year by source for the programme (in EUR)

1 Year	2 ERDF
2007	34,211,355
2008	32,982,238
2009	33,560,339
2010	34,677,260
2011	35,825,424
2012	36,851,074
2013	37,903,384
Total 2007-2013	246,011,074

Financial plan of the OP giving for the whole programming period, the amount of the total financial allocation of each fund, the national counterpart and the rate of reimbursement by Priority axis (Operational Programme reference – CCI number 2007CB163PO061)

Table 8: Priority axes by source of funding (in EUR)

EUR	A	B	Indicative breakdown of the national counterpart		E=A+B	F=A/E	For Information	
	Community Funding	National counterpart	C	D	Total funding	Co-financing rate	EIB-contribution	Other funding
		B=C+D	National public funding	National private funding				
Priority axis 1:								
Facilitating innovation across Central Europe	52.352.215	10.722.743	9.328.786	1.393.957	63.074.958	0,83	0	0
Priority axis 2:								
Improving accessibility of and with Central Europe	46.942.879	9.614.807	8.557.178	1.057.629	56.557.686	0,83	0	0
Priority axis 3:								
Using our environment responsibly	76.332.879	15.634.445	13.914.656	1.719.789	91.967.324	0,83	0	0
Priority axis 4:								
Enhancing competitiveness and attractiveness of cities and regions	55.622.437	11.392.547	10.367.218	1.025.329	67.014.984	0,83	0	0
Priority axis 5:								
Technical assistance	14.760.664	4.920.221	4.920.221	0	19.680.885	0,75	0	0
Total	246.011.074	52.284.763	47.088.059	5.196.704	298.295.837		0	0

In accordance with Annex II of the Implementing Provisions of Council Regulation (EC) 1083/2006, an indicative breakdown by category of the programmed use of ERDF is provided below. This breakdown is for informational purposes only.

Indicative breakdown of the Community contribution by categories (an extended version of Dimension 1, including the description of the codes is included in Annex 7.5)

Table 9: Community contribution by categories

Dimension 1 Priority theme			Dimension 2 Form of finance		Dimension 3 Territory	
Code	Amount (in EUR) all countries	In %	Code	amount (in EUR)	Code	amount (in EUR)
1	2.576.615	1,1%	01 Non-repayable aid	246,011,074	09 Transnational cooperation area	246,011,074
3	7.290.564	3,0%				
5	17.195.496	7,0%				
6	2.310.289	0,9%				
7	1.540.238	0,6%				
9	11.663.979	4,7%				
11	924.484	0,4%				
12	936.436	0,4%				
13	2.059.854	0,8%				

Dimension 1 Priority theme			Dimension 2 Form of finance		Dimension 3 Territory	
Code	Amount (in EUR) all countries	In %	Code	amount (in EUR)	Code	amount (in EUR)
14	925.767	0,4%				
15	4.493.996	1,8%				
17	7.404.152	3,0%				
19	328.325	0,1%				
21	305.236	0,1%				
25	11.765.837	4,8%				
26	1.440.749	0,6%				
27	11.813.248	4,8%				
28	307.333	0,1%				
29	1.637.757	0,7%				
30	306.261	0,1%				
32	3.611.751	1,5%				
39	308.853	0,1%				
40	1.840.113	0,7%				
41	7.770.192	3,2%				
42	2.360.192	1,0%				
43	15.482.869	6,3%				
44	5.820.499	2,4%				
45	3.246.628	1,3%				
46	876.628	0,4%				
47	3.199.161	1,3%				
48	3.196.628	1,3%				
49	2.740.660	1,1%				
50	412.392	0,2%				
51	6.357.967	2,6%				
52	408.753	0,2%				
53	9.407.886	3,8%				
54	8.351.510	3,4%				
55	305.289	0,1%				
56	3.206.628	1,3%				
57	1.985.563	0,8%				
58	8.625.334	3,5%				
59	2.852.088	1,2%				
60	5.252.185	2,1%				
61	27.557.635	11,2%				
67	2.405.000	1,0%				
69	1.753.025	0,7%				
70	2.752.401	1,1%				
72	5.060.416	2,1%				
74	1.349.649	0,5%				
80	305.670	0,1%				

Dimension 1 Priority theme			Dimension 2 Form of finance		Dimension 3 Territory	
Code	Amount (in EUR) all countries	In %	Code	amount (in EUR)	Code	amount (in EUR)
81	5.220.229	2,1%				
85	8.856.399	3,6%				
86	5.904.265	2,4%				
Total						
	231,250,410		[ERDF excluding TA (= Code 85+86)]			

Geographical Eligibility of Partners

As a basic principle, the ERDF of this Operational Programme mainly supports cooperation activities between Lead Partners and project partners located in one of the eligible areas of the Member States (territory or parts of the territory of the eight Central Europe EU-Member States Austria, the Czech Republic, Germany, Hungary, Italy, Poland, Slovakia and Slovenia). National public authorities or public equivalent bodies located in a Central Europe Member State but outside the eligible area (i.e. Germany and Italy), are also to be regarded as fully eligible Lead Partners and project partners if they are competent in their scope of action for certain parts of the eligible area (e.g., ministries).

In addition to the above and in duly justified cases, the ERDF may finance cooperation activities outside the eligible area. The following principles apply:

- In accordance with Article 21.2 of the ERDF Regulation, in exceptional and duly justified cases, the ERDF may finance expenditure incurred by partners – located outside the eligible area defined above, but inside the European Community. In these exceptional cases it has to be clearly shown that such expenditure is for the benefit of the regions in the cooperation area. The co-financing rate for these partners is up to 75%. However, funds allocated to a single project under the **20% flexibility rule** may not exceed 20% of the total ERDF contribution to this project. Partners, as mentioned in this paragraph, are only project partners. This paragraph does not apply to Lead Partners who have to be located in the Member States of the cooperation area. Procedures for implementing the 20% flexibility are elaborated in the Call-specific Application Manuals and in the Implementation Manual.
- In accordance with Article 21.3 of the ERDF Regulation, the ERDF may finance expenditure incurred in implementing projects or parts of projects on the territory of countries outside the European Community up to a limit of 10% of the amount of its contribution to the Operational Programme, where they are for the benefit of the regions of the Community. This possibility can be used by the programme. However, funds allocated to a single project under the **10% flexibility rule** may not exceed 10% of the total ERDF contribution to this project. Funds allocated under this 10% flexibility option shall be used under responsibility of an EU- Lead Partner or project partner located in the cooperation area in order to ensure proper financial control. Procedures for implementing the 10% flexibility option are elaborated in the Call-specific Application Manuals and in the Implementation Manual.
- In addition, partners from ENPI or IPA countries can participate in projects on a case-by-case basis using ENPI or IPA funding without receiving ERDF co-financing.

5.3 Indicative Project Sizes

Typical projects within the framework of the Central Europe Programme will have a total budget ranging from 1 through 5 million EUR. In exceptional cases, smaller or larger projects can also be funded.

6. Implementing Provisions

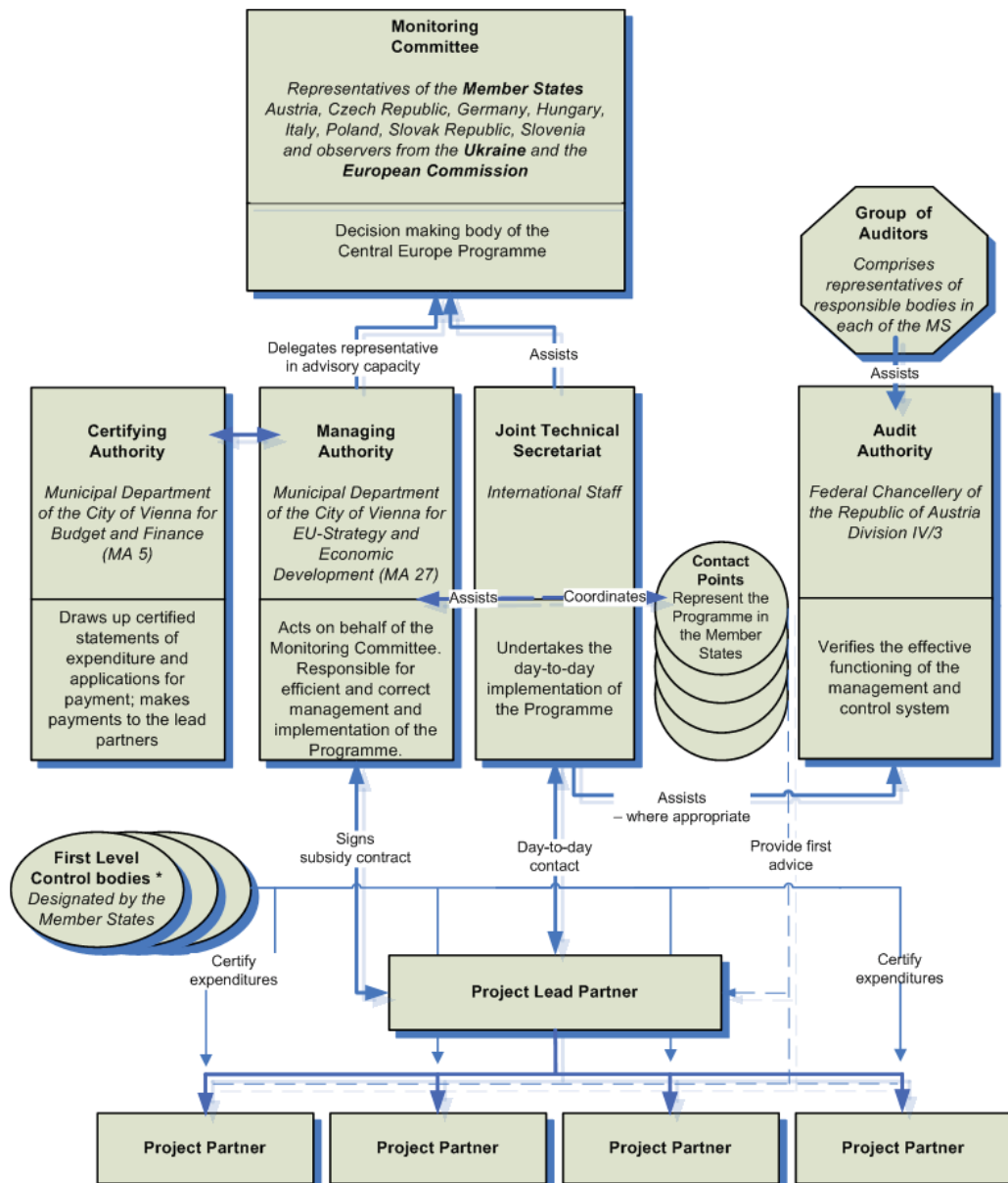
The following chapter describes the implementation structure of the new Central Europe Programme. Provisions that are more detailed shall be included in the Implementation Manual, which shall be adopted by the Monitoring Committee and shall be binding to both the bodies implementing the programme and to the Lead Partners and project partners of the programme.

The programme language and communication is English.

6.1 Programme Management

The Member States Austria, the Czech Republic, Germany, Hungary, Italy, Poland, Slovakia, Slovenia and the observer Ukraine participating in the Central Europe Programme in partnership established a common structure to manage, co-ordinate and supervise the implementation of the programme.

Figure 5: Programme Management



*) First level control bodies will be designated according to Article 16 of the ERDF regulation; see also Chapter 6.5.2

6.1.1 Monitoring Committee

In accordance with Article 63 of the General Regulation, the Member States and the Ukraine (with observer status) participating in the programme will set up a joint Monitoring Committee in agreement with the Managing Authority within three months starting on the date of the notification of the Commission's decision approving the Operational Programme.

The Monitoring Committee will draw up its own Rules of Procedure within the institutional, legal and financial framework of the Member States concerned and adopt them in agreement with the Managing Authority in order to exercise its missions in accordance with the General Regulation and the ERDF Regulation. The Rules of Procedures will contain a detailed description of composition, processes, decision-making, tasks and responsibilities of the Monitoring Committee and lay out rules of participation of the observer Ukraine.

The members of the Monitoring Committee will represent the participating Member States on policy and administrative level and thus ensure a transparent approach. The Monitoring Committee aims that programme activities avoid negative impacts on the environment throughout the programme implementation process.

Composition of the Monitoring Committee

In line with Article 64 of the General Regulation, the Monitoring Committee will be chaired by a representative of a Member State. The chair of the Committee will rotate every year and will be supported by the Managing Authority to ensure continuity.

The **composition** of the Monitoring Committee will be as follows:

- Up to three representatives from each of the Member States and Ukraine are members of the Monitoring Committee whereby the partnership principle laid down in Article 11 of the General Regulation will be respected when nominating the members of the Monitoring Committee. Due to the aims of the programme, each Member State should be represented by a representative of the national level and by at least one representative of the regions.
- At its own initiative or on request by the Monitoring Committee, a representative of the Commission shall participate in the work of the Monitoring Committee in an advisory capacity.
- Representatives of the Managing Authority and, as appropriate, Certifying Authority and Audit Authority shall participate in an advisory capacity.
- The Joint Technical Secretariat shall assist in the meetings.
- The involvement of transnational economic and social partners and transnationally organised non-governmental organisations in an advisory capacity can be organised according to the requirements of the programme and as specified in the Rules of Procedure.

Decisions by the Monitoring Committee shall be taken by consensus whereby each Member State shall have one vote. Voting rights will be laid out in detail in the Rules of Procedure.

The Monitoring Committee shall meet at least once a year. Decisions may also be taken in writing.

Tasks of the Monitoring Committee

It will be the task of the Monitoring Committee to steer the programme and to ensure the quality and effectiveness of its implementation. In line with Article 65 of the General Regulation, the Monitoring Committee:

- considers and approves the criteria for selecting the projects within six months of approval of the Operational Programme and approves any revision of those criteria in accordance with programming needs;

aims that the programme activities – calls for projects proposals, project selection, monitoring and evaluation of the programme avoid negative impacts on the environment throughout the implementation process.

- periodically reviews progress made towards achieving the specific targets of the Operational Programme on the basis of documents submitted by the Managing Authority;
- decides whether evaluation during the programming period shall be carried out in reference to Article 47 (2) of the General Regulation;
- examines the results of implementation, particularly the achievement of the targets set for each Priority axis and the evaluations referred to in Article 48(3) of the General Regulation;
- considers and approves the annual and final report(s) before they are sent to the European Commission;
- is informed of the annual control report and of any relevant comments the Commission may make after examining that report;
- may propose to the Managing Authority any revision or examination of the Operational Programme likely to make possible the attainment of the Funds' objectives or to improve its management, including its financial management;
- considers and approves any proposal to amend the content of the European Commission decision on the contribution of the Funds;
- according to Article 66 of the General Regulation, – together with the Managing Authority – carries out monitoring by reference to financial indicators and the indicators referred to in Article 37(1) (c) of the General Regulation.
- adopts the Call-specific Application Manuals and the Implementation Manual.
- approves the communication plan as defined in Article 2.2 of the Implementation Regulation
- approves all activities related to Technical Assistance, including the need for external experts (e.g. for quality assessment, development of procedures or thematic studies).
- decides on the launch of calls for proposals and the approach chosen for the project application process (e.g. one-step or two-steps approach)
- ensures the quality of the implementation of the Operational Programme (Article 66 (1) of the General Regulation)
- approves applications according to criteria approved by the Monitoring Committee and according to the recommendations prepared by the Joint Technical Secretariat;
- approves major changes in the approved projects;
- approves measures affecting the projects in order to minimise/reduce de-commitment risk.

6.1.2 Responsibilities of Member States

National Authorities of the participating countries will retain responsibility for the Central Europe Programme. All Member States agree to apply the partnership principle and to cooperate to find optimal solutions for the benefit of the whole cooperation area.

The list of responsible authorities in the participating countries is provided in the Annex 7.1.

According to Article 70 of the General Regulation, Member States are responsible for the management and control of the programme, in particular through:

- Ensuring that management and control systems are set up in accordance with Articles 58 and 62 of the General Regulation and in accordance with Articles 13 to 17 of the ERDF Regulation and that they function effectively;

- Preventing, detecting, correcting and communicating irregularities to the Commission, recovering amounts unduly paid and notifying the European Commission.

Member States are responsible for setting up a management and control system as outlined in Article 71 of the General Regulation. Considering Articles 21 to 24 of the Implementing Regulation, each Member State participating in the programme shall draw up a description of the control system set up in accordance with Article 16(1) of the ERDF Regulation. These descriptions shall be submitted to the Audit Authority and the Managing Authority within three months after the Commission's decision approving the Central Europe Programme at the latest. They shall be incorporated in the description of the management and control systems referred to in Article 71(1) of the General Regulation.

- Without prejudice to the Member States' responsibility for detecting and correcting irregularities and for recovering amounts unduly paid according to Article 70(1)(b) of the General Regulation, the Certifying Authority shall ensure that any amount paid as a result of an irregularity is recovered from the Lead Partner. The project partners shall repay the Lead Partner any amounts unduly paid in accordance with the agreement existing between them according to Article 17(2) of the ERDF Regulation.

If the Lead Partner does not succeed in securing repayment from a project partner, the Member State on whose territory the project partner concerned is located shall reimburse the Certifying Authority for the amount unduly paid to that project partner according to Article 17(3) of the ERDF Regulation.

In accordance with Article 28(4) of the Implementing Regulation, irregularities shall be reported by the Member State in which the expenditure is paid by the Lead Partner or project partner implementing the project. The Member State shall, at the same time, inform the Managing Authority, the Certifying Authority and the Audit Authority. Specific procedures in this respect will be laid down in the agreement between the Managing Authority and the Member States mentioned in the paragraph below and will also make part of the description of the management and control system to be submitted in accordance with the requirements of Article 71 of the General Regulation. The decision on whether the Audit Authority will be responsible for performing the compliance assessment or whether this task will be outsourced to the private sector (on the basis of a procedure guaranteeing the principle of independence) will only be taken once the management and control structure will be set up.

According to Article 59 of the General Regulation, Member States shall lay down the mutual relations between the Managing Authority, Certifying Authority and Audit Authority as well as the Commission establishing their shared responsibility concerning the execution of the programme. For this purpose, each Member State participating in the programme will make an agreement with the Managing Authority.

The Member States will ensure that the implementing authorities will be provided with all necessary and legally allowed information to discharge their responsibilities.

Costs for the control of projects in application of Article 16 of the ERDF Regulation can be financed by Technical Assistance, with the exclusion of the control costs borne by Lead Partner and project partner institutions in countries applying a decentralised First Level Control system (see also Chapter 6.5.2). If such costs are financed by Technical Assistance, they have to be included in the approved work plan and report of Contact Points as laid out in Chapter 6.1.7.

6.1.3 Managing Authority

The Member States in agreement with the observer Ukraine, participating in the Central Europe Programme, designate the

*City of Vienna
Department for EU-Strategy
and Economic Development (MA 27)*

Schlesinger Platz 2-4
1080 Vienna,
Austria

as the Managing Authority for the programme.

In line with Article 60 of the General Regulation and Articles 14(1) and 15 of the ERDF Regulation, the Managing Authority, assisted by the Joint Technical Secretariat, is responsible for management and implementation of the Central Europe Programme. In particular the Managing Authority:

- ensures that projects are selected for funding in accordance with the criteria applicable to the Operational Programme and that they comply, during their entire implementation period, with applicable Community and national rules for all of their implementation period;
- verifies that the expenditure of each Lead Partner and project partner participating in a project has been validated by the body carrying out the control as set out in Article 16 of the ERDF Regulation;
- ensures that there is a system for recording and storing in computerised form accounting records of each project under the Operational Programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation are collected;
- ensures that partners and other bodies involved in the implementation of projects maintain either a separate accounting system or an adequate accounting code for all transactions relating to the project without prejudice to national accounting rules;
- ensures that the evaluations of the Operational Programme referred to in Article 48(3) of the General Regulation are in accordance with Article 47 of the same regulation;
- sets up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 90 of the General Regulation;
- ensures that the Certifying Authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
- guides the work of the Monitoring Committee and provides it with the documents required to permit the quality of the implementation of the Operational Programme to be monitored in the light of its specific goals;
- draws up and, after approval by the Monitoring Committee, submits the annual and final report(s) on implementation to the Commission;
- ensures compliance with the information and publicity requirements laid down in Article 69 of the General Regulation;
- makes contractual arrangements for programme and project implementation;
- acts as an interface between the European Commission and the participating Member States and regions
- ensures compliance of the programme with Community Regulation and policies as well as with national legislation and regulations
- according to Article 66 of the General Regulation, and together with the Monitoring Committee, carries out monitoring by reference to financial indicators and the indicators referred to in Article 37(1) (c) of the General Regulation.

The Managing Authority, after consultation with the Member States responsible for the programme, will set up the Joint Technical Secretariat according to Article 14(1) of the ERDF Regulation that supports the Managing Authority in fulfilling its tasks and the daily management of the programme.

Employment contracts for the Joint Technical Secretariat will be concluded with a separate institutional body (EU-Förderagentur GmbH, Museumstraße 3, 1070 Vienna) acting on behalf of the Managing

Authority. The institutional body, who will also provide auxiliary services required for an efficient administration and management of the staff and office of the Joint Technical Secretariat (accounting, payments etc.) is a 100% subsidiary of the City of Vienna and under full supervision and control of the Managing Authority. Thus the successful system which has been applied already for the management of the INTERREG IIIC East Joint Technical Secretariat will be continued.

Although the Managing Authority bears overall responsibility for the programme, specific tasks related to the operative management of the Joint Technical Secretariat and Technical Assistance (e.g. employment, contracting and payments) can be delegated to a subsidiary body of the City of Vienna.

6.1.4 Certifying Authority

The Member States in agreement with the observer Ukraine, participating in the Central Europe Programme, designated the

*City of Vienna
Department for Budget and Finance (MA 5)
Ebendorfer Strasse 2
1010 Vienna
Austria*

as the Certifying Authority for the programme.

In accordance with Article 61 of the General Regulation and Articles 14(1) and 17(2) of the ERDF Regulation, the Certifying Authority certifies statements of expenditure and applications for payment before they are sent to the Commission. Specifically, the Certifying Authority:

- certifies that statements of expenditures are accurate, based on reliable accounting system and verifiable supporting documents;
- certifies that expenditures comply with community and national rules and have been incurred in respect of eligible projects;
- draws-up and submits certified statements of expenditure and applications for payment as laid down in Article 78 of the General Regulation to the Commission;
- ensures, for the purposes of certification, that it has received adequate information from the Managing Authority on the procedures and verifications carried out in relation to expenditure included in statements of expenditure;
- takes account for certification purposes of the results of all audits carried out by or under the responsibility of the Audit Authority;
- monitors commitments and payments of ERDF-funds and maintains accounting records in computerised form of expenditure declared to the Commission;
- keeps an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for a project.

Furthermore, the Certifying Authority shall be responsible for:

- receiving the payments made by the Commission (pre-financing, interim payments and the payment of the final balance as defined in Article 76(2) of the General Regulation) and making payments to the Lead Partners (Article 14(1) of the ERDF Regulation);
- sending a provisional forecast of its likely payment applications for the current financial year and the subsequent financial year (Article 76(3) of the General Regulation) to the Commission at the latest by 30 April every year;
- sending requests for interim payments, as far as possible, on three separate occasions per year. For a payment to be made by the Commission in the current year, the latest date on which

the payment application shall be submitted is 31 October (Article 87(1) of the General Regulation);

- ensuring that the Lead Partners receive the total amount of the public contribution as quickly as possible and in full. No amount shall be deducted or withheld, nor any further specific charge or other charge with equivalent effect shall be levied that would reduce these amounts for the Lead Partners (Article 80 of the General Regulation);
- without prejudice to the Member States' responsibility for detecting and correcting irregularities and for recovering amounts unduly paid, ensuring that any amount paid as a result of an irregularity is recovered from the Lead partners (Article 17(2) of the ERDF Regulation).

The above listed operative tasks or part of them can be contracted out, while the Certifying Authority assumes full responsibility towards the European Commission.

6.1.5 Audit Authority

The Member States, in agreement with the observer Ukraine, participating in the Central Europe Programme, designated the

*Federal Chancellery of the Republic of Austria
Division IV/3
Ballhausplatz 2
A-1014 Vienna
Austria*

as the Audit Authority for the programme.

In accordance with Articles 59, 62 and 73 of the General Regulation and Articles 14 and 16 of the ERDF Regulation, the Audit Authority:

- ensures that audits are carried out to verify the effective functioning of the management and control system of the Operational Programme;
- ensures that audits are carried out on projects on the basis of an appropriate sample to verify expenditures declared;
- presents an audit strategy to the Commission within nine months of approval of the Operational Programme;
- submits an annual control report to the Commission by 31 December each year, covering all elements outlined in Article 62 of the General Regulation, an opinion on the functioning of the control system, and, where applicable, a declaration of partial closure under Article 88 covering all elements outlined in Article 62 of the General Regulation;
- submits to the Commission at the latest by 31 March 2017 a closure declaration;
- ensures that audit work is performed according to internationally accepted audit standard.

In line with Article 14(2) of the ERDF regulation, the Audit Authority will be assisted by a **Group of Auditors** comprising representatives of responsible bodies of each MS participating in the Operational Programme carrying out the above listed duties detailed in Article 62 of the General Regulation. The Group of Auditors will be set up within three months of the decision approving the programme the latest. It will draw up its own Rules of Procedure and will be chaired by the Audit Authority of the programme.

Where audits and controls are carried out by a body other than the Audit Authority, the Audit Authority shall ensure that such bodies have the necessary functional independence. The decision on the body carrying out the system audits and the checks on expenditure will be taken by the Audit Authority and the Group of Auditors during the process of designing the audit strategy of the programme

6.1.6 Joint Technical Secretariat

Pursuant to Article 14 of the ERDF regulation, a Joint Technical Secretariat (JTS) based in Vienna will be set up by the Managing Authority. More details on the legal structure are laid out in chapter 6.1.3.

The Joint Technical Secretariat will assist the Managing Authority, the Monitoring Committee and, where appropriate, the Audit Authority in carrying out their respective duties.

The Joint Technical Secretariat undertakes the day-to-day implementation of the programme. The Joint Technical Secretariat provides technical support to the management bodies and guidance to projects. It namely:

- supports the Managing Authority and the Audit Authority in day-to-day management, in fulfilling their tasks for implementation of the programme and assists the Monitoring Committee, including the preparation and minutes of meetings and the implementation and follow-up of Monitoring Committee decisions;
- prepares and provides all necessary information to the Managing Authority, the Audit Authority and Certifying Authority to allow the fulfilment of their responsibilities;
- organises and coordinates calls for proposals, prepares an Application Pack, standardised forms and contracts for the purpose of assisting/guiding potential project applicants;
- assists in the preparation of strategic papers for targeted calls to be submitted to the Monitoring Committee for discussion and approval;
- receives submitted applications, ensures that projects are assessed in accordance with the criteria applicable to the programme along defined eligibility and selection criteria;
- assists/guides the Lead Partners during project development and implementation;
- receives progress reports submitted by the Lead Partners, monitors progress made by the projects and provides guidance to Lead Partners and project coordinators during project implementation; administers and updates the monitoring database;
- coordinates and implements the Technical Assistance activities approved by the Monitoring Committee;
- assists the Managing Authority to ensure compliance with the information and publicity requirements laid down in Article 69 of the General Regulation and develops the communication and capitalisation plan together with the Managing Authority to be approved by the Monitoring Committee;
- implements the communication and capitalisation plan in cooperation with the Contact Points
- coordinates the network of Contact Points and cooperates with Contact Points with regards to joint efforts, including the scheduling/content of transnational activities according to the communication and capitalisation plan and the implementation of the annual work plan of Contact Points;
- enhances the transnational dimension of the programme;
- facilitates and pro-actively guides the generation of transnational projects and the identification of synergies between applicants and projects, including, for example, the organisation of partner search forums and info events supported by Contact Points;
- liaises with stakeholders of the programme and relevant institutions, networks and other programmes on regional, national, transnational and European level relevant to the objectives of the programme.
- Coordinates the network of financial controllers comprising controllers designated according to Article 16 of the ERDF regulation ('First level control bodies').

The annual work plans and reports of the Joint Technical Secretariat have to be approved by the Monitoring Committee. The Joint Technical Secretariat shall be funded from the Technical Assistance budget.

Tasks and responsibilities of the Joint Technical Secretariat will be laid down in Rules of Procedures and approved by the Monitoring Committee in agreement with the Managing Authority.

6.1.7 Network of Central Europe Contact Points

The Member States participating in the Central Europe Programme will set up Contact Points representing the Central Europe Programme in close proximity to project applicants and national and regional stakeholders. Contact Points play a special role in programme implementation as they represent the transnational programme in the Member States and provide applicants with first information/advice on the aim of the programme. They also actively contribute to the dissemination of results achieved by the programme in their own country.

Contact Points are an integrated part of a larger technical implementation team that consists of the Joint Technical Secretariat and all Contact Points. In line with Article 14 of the ERDF regulation, the JTS is responsible for the day-to-day implementation of the programme in support of the Managing Authority and other programme bodies (see Chapter 6.1.6). For this reason, core tasks of technical implementation remain with the JTS and the JTS coordinates the network of Contact Points and joint actions.

Within the network of Contact Points, each Contact Point fulfils a range of tasks related to *programme implementation*.

Contact Points specifically:

- provide easily accessible advice to project applicants and partners;
- act as ambassadors for transnational cooperation and involve authorities responsible for national, regional and local development as well as other stakeholders;
- provide the programme with relevant national and regional documents, regulations and strategic papers;
- identify target groups and provide the programme with contact details;
- support applicants in the partner search in their national countries and help identify synergies between applicants and projects;
- assist in the selection processes of projects
- participate as observers in the Monitoring Committee.

Related to the organisation of events, programme promotion and capitalisation, Contact Points:

- organise national information activities and support the Joint Technical Secretariat in the organisation and implementation of transnational events, transnational training seminars and transnational meetings taking place in the Member States;
- contribute to the implementation of the communication and capitalisation plan, ensure ongoing capitalisation on results on national and regional levels and support the programme in the dissemination of outputs and results in the Member States.
- provide data and information, contribute to newsletters, identify communication target groups and information needs in the Member States;
- together with the Joint Technical Secretariat, establish and maintain links to related thematic information networks;

- establish and maintain contacts to regional and national stakeholders together with the Joint Technical Secretariat;
- identify information gaps, as well as synergies of project ideas and needs for projects.

Coordinated by the Joint Technical Secretariat, Contact Points are required to submit annual work plans and reports to ensure concerted activities in the overall programme context. Costs arising from the approved work plan will be financed from the Technical Assistance budget.

Technical implementation details for the Contact Point Network will be laid down in a separate document and approved by the Monitoring Committee in agreement with the Managing Authority.

6.2 Quality of Projects

Projects to be funded by the Central Europe Programme should clearly contribute to achieving the overall programme goal and programme strategies and objectives outlined in Chapter 3 as well as Priority objectives outlined in Chapter 4. Strategic implementation principles outlined in Chapter 3.4 are horizontal criteria that apply to all projects.

The generation and selection of projects can require the application of novel top-down elements in the project generation and/or selection process.

General Quality Characteristics

In the new Central Europe Programme, joint implementation activities with concrete and visible outputs and results will be preferred over mere networking and exchange of experience. The aim is to achieve an integrated set of projects, in which surveys, studies and assessments should constitute parts of wider activities and concrete implementation or investment schemes.

All projects receiving funds have to meet the following general quality criteria:

- **Transnational thematic focus:** the project focuses on an issue that is relevant to the defined goals and objectives in the programme context and cannot be sufficiently addressed by individual regions or countries alone. Project partners clearly benefit from transnational cooperation in terms of added efficiency in the finding of solutions and strengthening of the innovation potential.
- **Coherent approach:** the project is well defined in terms of description of objectives and planned effects and is overall coherent and transparent.
- **Transnational partnership:** the partnership involves at least three financing partners from at least three countries, at least two of which are Member States. Partnerships involve relevant bodies actually competent for the development, implementation and dissemination of outputs and results. All partners are involved in the project in a proportionate way and able to credibly outline benefits derived from the partnership and transnational cooperation. The programme particularly invites multi-disciplinary and cross-sectoral partnerships.
- **Effective management:** the project has clear, efficient and transparent management and coordination structures and procedures.
- **Effective knowledge creation and transfer:** the programme's emphasis on innovation implies that projects have to adopt a knowledge-based approach and pay close attention to generation, application and transfer of relevant knowledge. Projects therefore should ensure 1) availability of diverse and relevant expertise and state-of-the-art knowledge, 2) efficient flow of information within the partnership and 3) effective transfer of results, outputs and best practices also beyond the partnership. Projects are required to clearly outline related activities and to allocate adequate resources to these activities.

In the application, projects are required to define their *project environments* clearly, including key actors in the thematic field of action as well as relevant past and current initiatives (e.g., past and ongoing Interreg projects, Objective 1 and 2 projects, other European projects or

networks and professional associations). A project should make clear reference to the *project environment* in order to avoid duplication of efforts and to enhance project outputs and results. During implementation, projects are required to define their environments further and to establish contacts to the wider thematic community (including the policy and research levels) through intensified networking.

- **Concrete outputs and results:** the project provides for the joint development of concrete outputs and results in a transnational context. Outputs and results are relevant, visible and durable, are implementation-oriented and prepare the ground for further initiatives and/or investments. Projects are required to provide precise and measurable descriptions of project outputs in the project application. Study projects without concrete outputs and results will not be supported.

In the programme context, relevant outputs and results are achieved by the following:

- Projects enabling relevant institutions and professionals to jointly develop concrete solutions with a clear application of outputs within the partnership and beyond. Examples can include jointly developed financial engineering schemes, elaborated and tested approaches in the field of resource or risk management or concrete measures leading to more efficient implementation of EU frameworks and directives. To capitalise on outputs and results of past and ongoing efforts, the programme also invites projects that cluster existing initiatives and/or synthesise existing knowledge, provided these 'meta-initiatives' lead to concrete outputs with explicit and transparent applications and results. Mere continuations of past projects will not be financed.
- Projects explicitly contributing to the preparation of investment(s) to be financed at a later point through complementary sources (e.g. Objective 1 or 2, EIB, national sources). Outputs of these projects directly support or feed into investments such as, for instance, the development and feasibility study of infrastructure measures later to be funded through the Cohesion Fund. Related projects credibly show relevance to planned/upcoming investments and create strong links to relevant funding sources during project development and implementation. In this context, the programme also specifically, but not exclusively, invites actors of Objective 1 or 2 programmes to participate in cooperation projects.
- Projects focusing primarily and having a measurable positive impact on a clearly defined larger transnational geographic area such as larger physio-geographic regions, man-made corridors, polycentric urban areas or any other neighbouring transnational areas with the exception of cross-border cooperations (e.g., the River Elbe basin, Carpathian region, Adriatic and Danubian areas, transport corridors, 'Centroepe', the German-Polish-Czech triangle, etc.).

As a general principle, applying across all Priorities, the Central Europe programme is committed to environmental sustainability. Wherever possible, preference will be given to the design, planning and implementation of environmentally friendly solutions, including promotion of public transport, optimisation of project concepts in favour of resource efficiency/renewable energies, carbon-neutrality and minimisation of negative impacts on biodiversity and ecosystems.

Detailed criteria for the assessment of project applications will be elaborated.

Investments

Compared to the INTERREG IIC and INTERREG IIIB programmes in the CADSES area, the projects should strive for high levels of tangible and strategically relevant outcomes and strengthen the pre-investment character including pilot investments.

Investments can constitute integrated aspects of projects activities, provided these investments have a transnational character. Specifically, investments of transnational projects should:

- form part of or be the result of transnational project cooperation or/and
- have a transnational effect or/and

- create a physical link or a functional connection between regions (independently of the neighbouring position of these regions) or/and
- have a demonstrating/model or pilot character being jointly strived for and evaluated by the partners; the results of this 'pilot investment' should be transferable, a transnational transfer of results should form part of the project.

Detailed eligibility and selection criteria for projects funded by the Central Europe Programme will be outlined in separate documents (Call-specific Application Manuals).

6.3 Strategic Projects

In response to the need to strengthen programme visibility and to focus efforts and resources, the Central Europe Programme encourages and actively guides the development of transnational projects that are of particular strategic value to the programme.

For the generation and selection of these Strategic Projects, the programme adds a strategic top-down component to the traditional bottom-up involvement of actors. This can, for example, include targeted calls for proposals with specific Terms of References (e.g. for a pre-defined Area of Intervention and/or target groups). The Monitoring Committee can use external support on an as-needed basis for the identification of issues of strategic importance, the identification of relevant target groups and/or the drafting of strategic papers. The Monitoring Committee will define content, partnership, tendering procedures and specific rules for targeted calls. The generation of Strategic Projects is, however, not necessarily linked to the application of top-down elements in the generation and selection process since relevant Strategic Projects can also be the result of bottom-up initiatives.

6.4 Project Cycle

The Central Europe Programme aims for project generation and selection procedures that are both pro-active and transparent. This section contains basic information regarding the procedures and arrangements for the generation and selection of projects.

The starting date for the eligibility of expenditure is 1 January 2007. Expenditure will not be eligible for ERDF contribution in case it has actually been paid by the project partner prior to this date.

Detailed criteria that allow for a clear assessment of project applications will be elaborated.

Further information about the application and selection process will be available to potential applicants in a separate document (Call-specific Application Manuals). All applicants will be provided with an application and information pack available from the programme website.

Project Application

A pro-active approach implies that the Joint Technical Secretariat, supported by the Contact Points, guides applicants towards the preparation of high-quality projects. Applicants and stakeholders interested in the programme will be adequately informed about programme objectives, Priorities and strategic focus. Building upon existing experience, information and communication activities like info days and lead applicants seminars as well as partner search events constitute integrated features of the project generation strategy.

Application Procedure

The Joint Technical Secretariat launches official calls for proposals via relevant information channels such as the programme website, specialised press (e.g. EU Official Journal) and the Contact Points. A standard application form will be included in the information and application pack. It will be widely circulated and available from the programme website. The information and application pack will

include the necessary guidance to assist project partnerships in the preparation of their application, including a model partnership agreement.

Applications will be submitted to the Central Europe Programme JTS by the project Lead Partner. In order to stimulate the development of high-quality projects actively and to streamline project generation, the Central Europe Programme envisions the application of the following application procedures:

- 1-step application procedure; and
- 2-step application procedure

The introduction of a 2-step application procedure will facilitate the application process for applicants and will allow for guidance of applicants during project development.

The programme will employ application procedures on demand in response to programme needs. The programme can also adapt procedures as more experience becomes available. Both 1-step and 2-step application procedures can be combined with targeted calls if demanded by the Monitoring Committee.

Project Evaluation and Selection

The Central Europe Programme strives for clear and transparent project evaluation and selection procedures. Project evaluation and selection procedures and decision-making will be clearly defined and communicated.

Definition of Partners in Projects

In the Central Europe Programme partners in projects shall be the following:

- a) *National, regional and local public authorities*, such as departments and related public agencies in the fields of regional development, spatial planning, technology and innovation, urban and rural development, transport, environmental or risk management and regional councils;
- b) *Public Equivalent Bodies*, such as regional development associations and innovation and development agencies (see definition in Article 1(9) of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on public procurement)³³. This means any body
 - i) established under public or private law for the specific purpose of meeting needs of general interest, not having an industrial or commercial character;
 - ii) having legal personality; and
 - iii) being financed for the most part by the State, or regional or local authorities, or other bodies governed by public law, or subject to management supervision by those bodies, or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities or by other bodies governed by public law.
- c) *Private institutions* including private companies
- d) *International Organizations* acting under the national law of any Central Europe Member State or, with restrictions, under international law³⁴.

Further details concerning participation in the projects will be defined by the Monitoring Committee in agreement with the Member States and the Managing Authority and will be laid down in the Call-specific Application Manuals.

³³ OJ L 134, 30.04.2004, p. 114

³⁴ International Organizations acting under international law can be partners in projects only upon explicit acceptance of all requirements deriving from the Treaty and the Council and Commission Regulations applicable in the framework of the Central Europe Programme.

Legal entities applying for ERDF funding from the category b) are obliged to declare that they fulfil the criteria as defined in Article 1(9) of Directive 2004/18/EC by signing a model declaration. The model declaration will be prepared by the Joint Technical Secretariat and be part of the application package. The responsible authorities of the Member States participating in the programme shall verify the accuracy of the statements before a decision of the Monitoring Committee on approval of an application is taken.

Entities may also be subcontracted by Lead Partners or project partners to carry out parts of their activities in a project; in this case, the applicable public procurement rules have to be observed. In case of subcontracting, the responsibility for implementation of the respective project will remain with the contracting entity, i.e. the respective Lead Partner or project partner.

Any public support under this programme must comply with the procedural and material State Aid rules applicable at the point of time when the public support is granted.

Eligibility Criteria

A set of eligibility criteria will be defined to ensure minimum quality of projects. Eligibility criteria are used for formal checks of submitted project applications. The set of eligibility criteria will especially include the following:

- Submission of the application in due time;
- Completeness of the submitted application documents;
- Transnational project partnership (at least three financing partners from three countries at least two of them located in EU Central Europe regions);
- No funding by other programmes.

The Joint Technical Secretariat undertakes the eligibility check supported by the Contact Points.

Selection Criteria

Selection criteria are meant to relate to the quality of a project application and will be applied to those projects that have passed the eligibility check. Selection criteria are used to assess the consistency of applications as well as project design and management description.

The JTS, assisted by external independent experts, undertakes the quality assessment. Modalities for the procedures and detailed eligibility and selection criteria for projects funded by the Central Europe Programme will be outlined in a separate document (Call-specific Application Manual).

6.5 Monitoring and Evaluation System

6.5.1 Monitoring

The monitoring of this programme will provide information on the implementation of the programme. It will cover financial issues as well as information on the achievement of goals at project level. Monitoring will ensure the quality and effectiveness of implementation by assessing the progress of the projects by making use of the regular reports from the Lead Partners of the projects.

The monitoring system will provide the data on projects to be communicated on request to the Commission as required in Annex III of the Implementing Provisions of Council Regulation (EC) 1083/2006. In addition, the programme provides a set of core indicators for monitoring and evaluation (see Chapter 4.6). The Managing Authority (MA) may take the initiative to propose additional core indicators to be approved by the Monitoring Committee.

A full set of indicators is developed in separate documents (Call-specific Application Manuals). The full set of indicators serves for the internal programme management and forms an indispensable basis for the reporting and communication needs in order to make the programme achievements visible to the programme partners and to a broader public. Targets of the full set indicators may be Ex-ante quantified for internal use if appropriate. The full set of indicators is not part of the Operational Programme.

In accordance with Article 20 of the ERDF Regulation, project partners shall appoint a **Lead Partner** for each project. The Lead Partner shall assume overall responsibility for the application and implementation of the entire project, including the handling of ERDF funds.

The Lead Partner will present activity and financial progress reports to the JTS and MA every 6 months. In these documents, the Lead Partner will report on both progress achieved by the project partnership and related eligible expenditures.

The JTS will check the compliance of the report with the project application. The JTS will collect and compile the data stemming from these reports in order to allow for conclusions on the programme level. The Managing Authority will use this documentation to draft – together with additional information on the financial implementation – the annual and final reports and submit them to the Monitoring Committee. The Monitoring Committee will assess the monitoring information based on a yearly report on the status of the monitoring system. The information made available to the Commission will be presented in a database format in line with the Annex III of the Implementing Provisions of Council Regulation (EC) 1083/2006.

6.5.2 Financial Control System

Reliable accounting, monitoring and financial reporting systems will be established, ensuring that accounting records of each project are recorded and stored and that data necessary for financial management, monitoring, verifications, audits and evaluation are suitably managed.

In line with Article 16 of ERDF Regulation, each Member State shall set up a control system ('First level control bodies' see also Chapter 6.1) making it possible to verify the delivery of the products and services co-financed, the soundness of the expenditure declared for projects or parts of projects implemented on its territory and the compliance of such expenditure and of related projects or parts of those projects with Community rules and its national rules.

For this purpose, each Member State shall designate the controllers responsible for verifying the legality and regularity of the expenditure declared by each Lead Partner and partner participating in the project. Member States may decide to designate a single controller for the whole programme area. Where the delivery of products and services co-financed can be verified only in respect to the entire project, verification shall be performed by the controller of the Member State where the Lead Partner is located.

The identification of the controllers in each Member State will be made on the basis of the first level control system (centralised or decentralised) chosen. The coordinating bodies for first level control in the Member States of the programme area are listed in Annex 7.2. Furthermore, the Managing Authority will collect information from all Member States on the set-up and functioning of the first level control systems by means of standardised questionnaires. The information of the questionnaires will be included in the description of the management and control system on programme level.

Each Member State shall ensure that the Managing Authority is regularly informed on the control system set up by each Member State.

All details on responsibilities and procedures related to financial control will be laid out in the audit trail according to Articles 15 and 16 as well as Articles 21 to 24 of the Implementing Regulation.

To ensure smooth functioning of the financial control system in the Member States, the controllers designated, according to Article 16 of the ERDF regulation, will be organised in a network of financial controllers which will be coordinated by the Joint Technical Secretariat and who should meet regularly.

Annual and Final Implementation Reports

In accordance with Article 67 of the General Regulation, the Managing Authority will submit an annual report to the Commission for the first time in 2008 and by 30 June each year. The annual reports will be drafted by the Joint Technical Secretariat. They will be approved by the Monitoring Committee before they are sent to the Commission.

A final implementation report will be submitted to the Commission by 31 March 2017 following the same rules as the annual reports.

Evaluation

The programme has been subject to an Ex-ante evaluation of independent evaluators with the aim to improve programme quality and to optimise the allocation of the budgetary resources. The recommendations of this evaluation have been taken into account during the drafting of this programme as described in Chapter 3.5.1.

The Monitoring Committee will decide how to implement an ongoing evaluation.

In compliance with Article 49 of the General Regulation, the Ex-post evaluation lies in the responsibility of the Commission together with the Member States.

Indicators for Monitoring and Evaluation

To monitor and evaluate the results and effects of the programme activities, a number of indicators can be applied. According to the Methodological Working Paper 2 of the Commission (Indicators for Monitoring and Evaluation: A Practical Guide), a distinction should be made between output, result and impact indicators: output indicators relate to activity. They are measured in physical or monetary units. Result indicators relate to the direct and immediate effect brought about by a programme. Such indicators can be of a physical (reduction in journey times, number of successful trainees, reduction of number of roads accidents, etc.) or financial (leverage of private sector resources, decrease in transportation cost) nature. Impact indicators refer to the consequences of the programme beyond the immediate effects on its direct programme participants (Lead Partners and project partners). Two concepts of impact can be defined. Specific impacts are those effects occurring after a certain lapse of time, but which are, nonetheless, directly linked to the action taken. Global impacts are longer-term effects affecting a wider population.

A set of core indicators is outlined in Chapter 4.6. Further output and result indicators are developed separately for the Call-specific Application Manuals (also see Chapter 6.5.1).

Computerised Exchange of Data

As stipulated in the General Regulation, Articles 66 and 76, data exchange with the Commission will be carried out electronically whenever possible to do so (reference is made to Article 31 of Implementing Provision of Regulation (EC) No 1083/2006).

For the purpose of the computerised exchange of data, the Commission will establish the computer system for the exchange of data.

On the side of the programme, the programme database shall provide data and information needed to fulfil the management, monitoring and evaluation requirements.

The database should be prepared for the input and the processing of – at least – the following data at project level as well as at project partner level:

- a) project number, title and Priority;
- b) result of application assessment;
- c) approval date, contracting date, starting date and duration of the project;
- d) eligible expenditure and ERDF co-financing for the project;
- e) address information of the Lead Partner and all other project partners including name and address of the institution and the contact person, telephone, fax, e-mail and objective area;
- f) bank account information of the Lead Partner.

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

- a) boxes to monitor the deadlines for the delivering of reports;
- b) for each report, an individual input sheet for the assessment of the reported activities and the reported expenditure in the individual budget lines;
- c) automatic calculation of the cumulated used budget and indication of exceeded budget lines;
- d) information on transferred payments.

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

- a) commitments and payments on project level;
- b) reporting status;
- c) project budget overview;
- d) activity and financial report overview;
- e) financial status of project and project partner;
- f) geographical status (region, country) per each partner.

The database provides the form and content of accounting information as requested in Article 14 and Annex III of the Implementing Provision of Regulation (EC) No 1083/2006. Also, use will be made of the code given for the 'Categorisation of Funds assistance' as described in Annex II of the above mentioned Regulation.

Whenever it is possible to do so, data exchange will also refer to the information required in Articles 28, 29 and 30 of the Implementing Regulation.

In order to transfer computer files to the Commission, the administration system of the database will have the ability to create interface files in accordance with Article 14 of the Implementing Regulation

The computer system used shall meet accepted security and reliability standards. Accepted procedures that ensure reliability of the accounting, monitoring and financial reporting information in computerised form will be implemented. Based on the good experience with the database of INTERREG IIIC, the Central Europe programme will most likely use this database as a basis for further development.

6.5.3 Financial Flows

The Contribution of the Various Partners to the Financing of the Programme

On programme level, the Technical Assistance is jointly financed by the Member States participating in the programme. Technical Assistance is financed by a maximum of 6% of the ERDF budget and co-financed by the Member States participating in the programme with a co-financing rate of 25%. More details on Technical Assistance are laid out in Chapter 4.5.

Each Member State shall transfer its national co-financing share for Technical Assistance to the account of the Certifying Authority.

National co-financing of the TA budget is provided as advance payment on a yearly basis in proportion to the individual share of total ERDF funding of the Member State. Any expenditure from an approved activity implemented by Member States, qualified to be financed by Technical Assistance, needs to be certified by the Member State concerned prior to reimbursement from the Technical Assistance account.

Main Stages of Community Funding from the Certifying Authority to the Lead Partners

In accordance with Article 20 of the ERDF Regulation, for each project, project partners shall appoint a Lead Partner. The Lead Partner shall assume overall responsibility for the application and implementation of the entire project, including the handling of ERDF funds.

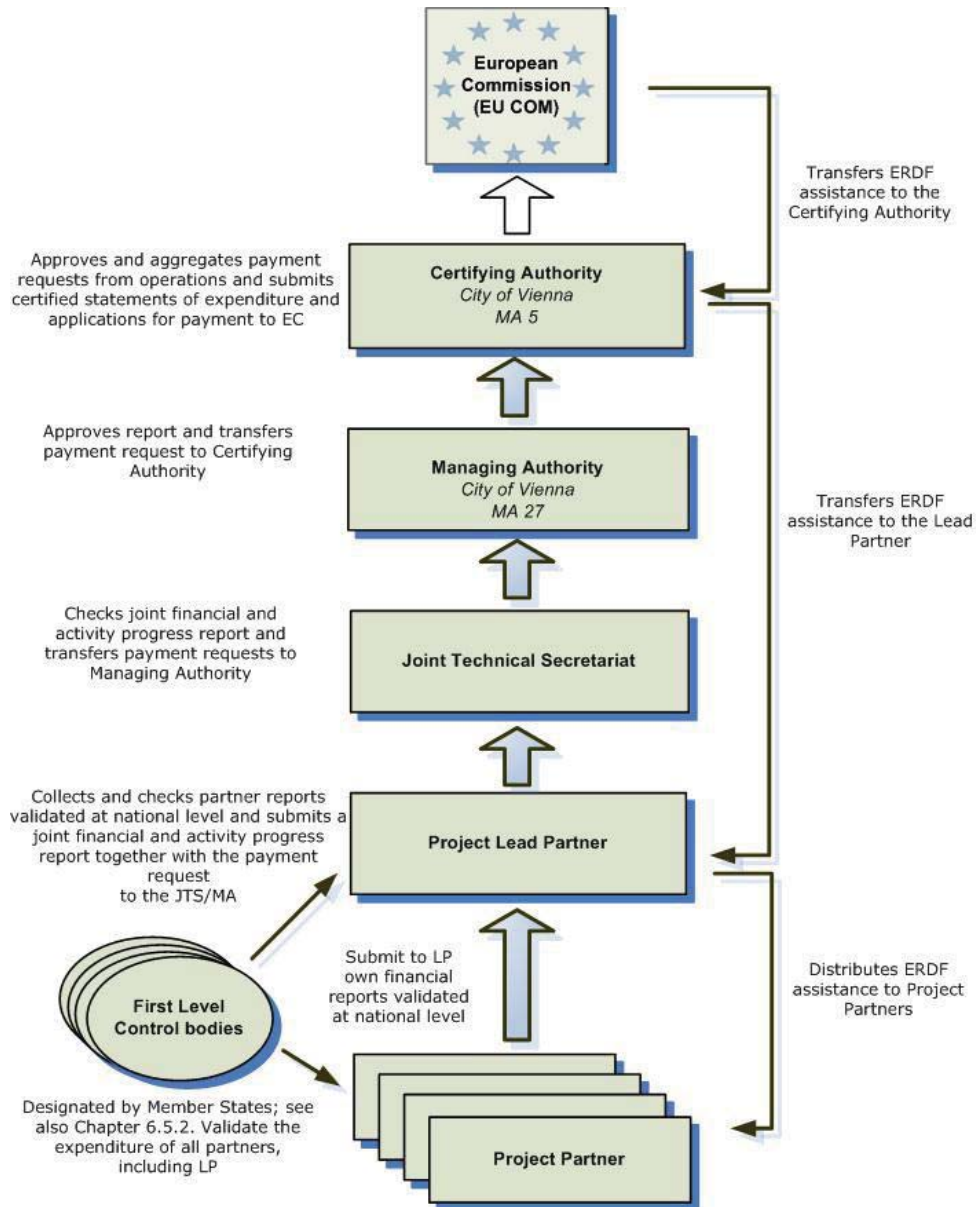
All projects have to be pre-financed by the project partners. Expenditures of all partners have to be validated by authorised controllers in accordance with Article 16 of the ERDF Regulation and requirements stipulated by the programme.

The Lead Partner collects the controlled declarations of expenditure of all project partners and presents activity and financial progress reports to the Joint Technical Secretariat and Managing Authority every 6 months. In these documents, the Lead Partner reports on progress achieved by the project partnership and on related eligible and certified expenditures.

Based on checks of the reports undertaken by the Joint Technical Secretariat and in accordance with Article 61 of the General Regulation, the Managing Authority asks the Certifying Authority to initialise payments to the Lead Partner who is responsible for transferring the ERDF contribution to the partners participating in the project.

In accordance with Article 81 of the General Regulation, amounts set out in the programme, submitted by Member States and certified statements of expenditure are denominated in Euro. All payments to Lead Partners will be made in Euros.

Figure 6: Main Stages of Community Funding from the Certifying Authority to the Lead Partners



6.6 Publicity and Information

As stipulated in Article 69 of the General Regulation, the Member States and the Managing Authority shall provide and publicise information on the projects and the programme. The information shall be addressed to European Union citizens and programme Lead Partners, partners and other parties benefiting from the programme with the aim of highlighting the role of the Community and ensuring that assistance from ERDF is transparent.

Information and communication activities will be implemented in line with Chapter II, Section 1 of the Implementing Provision of Regulation (EC) No 1083/2006.

As an integrated part of the overall strategy, the Central Europe Programme has a specific focus on capitalisation and knowledge management. On a project level, this includes the strengthening of management of knowledge within each project (see Chapter 6.2). On a programme level, this can include the following activities for instance:

Compilation of information: including, for example, the compilation of outputs and best practice in the Central Europe Programme area;

Management and processing of information: including, for example, the organisation of thematic workshops and synthesis studies for the programme area;

Dissemination of information: including, for example, the provision of information on the web, publications, workshops, conferences and the establishment of programme level contacts to relevant players and initiatives of the programme area and beyond.

Publicity and communication will be subject to a comprehensive information and publicity strategy aiming at the widest possible degree of participation and information of public and private actors, as well as the dissemination of the results. The strategy will make use of all available channels of communication to disseminate the information.

In line with Chapter II, Section 1, Article 2 of the Implementing Provision of Regulation (EC) No 1083/2006, a communication and capitalisation plan, as well as any major amendments to it, will be drawn up by the Managing Authority and approved by the Monitoring Committee. The communication and capitalisation plan will include at least the following:

- the aims and target groups;
- the strategy and content of the information and publicity measures to be taken by the Member State or the Managing Authority, aimed at potential Lead Partners and project partners, and the public, with regard to the added value of Community assistance at national, regional and local level;
- the indicative budget for implementation of the plan;
- The administrative departments or bodies responsible for implementation information and publicity measures;
- an indication of how the information and publicity measures are to be evaluated in terms of visibility and awareness of Operational Programmes and of the role played by the community.

The overall responsibility for information and publicity actions rests with the Managing Authority together with the Joint Technical Secretariat. However, at national and regional levels, Contact Points play a crucial role in complementing Managing Authority/Joint Technical Secretariat activities. In addition, Lead Partners and partners of approved projects play a key role in communicating project achievements to the public.

In line with Section 1, Article 3 of the Implementing Regulation, the Managing Authority will develop the communication and capitalisation plan to implement this strategy and will submit the detailed plan within four months of the date of adoption of the programme to the Commission.

The annual and final reports on implementation of the Central Europe Programme will include examples of information and publicity measures carried out in implementing the communication and capitalisation plan, the publication of the list of Lead Partners and project partners, the titles of the projects and the amount of public funding allocated to the projects and the content of major amendments to the communication and capitalisation plan.

The annual implementation report for the year 2010 and the final implementation report shall contain a chapter evaluating the results of the information and publicity measures in terms of visibility and awareness of the Operational Programme and of the role played by the Community.

7. Annexes

7.1 Responsible National Authorities of the Central Europe Programme

(according to Chapter 6.1.2)

The Member States participating in the Central Europe Programme have nominated the following bodies:

MEMBER STATE	Responsible national authorities
AUSTRIA	Federal Chancellery Division IV/4 Ballhausplatz 2 1014 Wien Austria
CZECH REPUBLIC	Ministry for Regional Development Staroměstské nám. 6 110 15 Praha 1 Czech Republic
GERMANY	Federal Ministry of Economics and Technology Unit EB2 11019 Berlin Germany Federal Ministry of Transport, Building and Urban Affairs Unit SW14 Invalidenstr. 44 10115 Berlin Germany
HUNGARY	Ministry for National Development Vám u. 5-7 1011 Budapest Hungary National Development Agency Wesselényi u 20-22 1077 Budapest Hungary
ITALY	Ministry of Economic Development Department of Development Policies Structural Funds Unit Via Sicilia, 162 00187 Roma Italy
POLAND	Ministry of Regional Development Territorial Cooperation Department Wspólna 2/4 00-926 Warszawa Poland
SLOVAK REPUBLIC	Ministry of Environment of the Slovak Republic Nam. L. Stúra 1 812 35 Bratislava Slovak Republic
SLOVENIA	Ministry of Infrastructure and Spatial Planning Langusova 4 1000 Ljubljana Slovenia

7.2 Responsible Coordination Bodies for First Level Control of the Central Europe Programme

MEMBER STATE	Responsible national authorities
AUSTRIA	Federal Chancellery Division IV/4 Ballhausplatz 2 1014 Wien Austria
CZECH REPUBLIC	Centre for Regional Development of the Czech Republic Department for implementation and check of projects Vinohradská 46 120 00 Praha 2 Czech Republic
GERMANY	Ministerium für Finanzen und Wirtschaft Baden-Württemberg Referat 56 EU-Finanzkontrolle Schlossplatz 4 (Neues Schloss) 4 70173 Stuttgart Germany
HUNGARY	VÁTI Hungarian Nonprofit Company for Regional Development and Town Planning Gellérthegy u. 30-32 1016 Budapest Hungary
ITALY	Ad hoc Committee, among State and Regions hosted and chaired by the Ministry of Economic Development Ministry of Economic Development Department for development and economic cohesion Via Sicilia 162/d 00187 Roma Italy
POLAND	Ministry of Regional Development Territorial Cooperation Department Wspólna 2/4 00-926 Warszawa Poland
SLOVAK REPUBLIC	Ministry of Environment of the Slovak Republic Division of Environmental Programmes and Projects Nam. L. Stura 1 812 35 Bratislava Slovak Republic
SLOVENIA	Ministry of Infrastructure and Spatial Planning Finance Service, Payment Control Department Langusova 4 1000 Ljubljana Slovenia

7.3 List of Participating Regions

NUTS Code	Name	Population 2005	GDP per inhabitant (PPS) 2003	Eligible by ERDF	Eligible by ENPI	Eligible by other transnational programmes
AT11	Burgenland	278,215	18,420.2	PO		AS, SEE
AT12	Niederösterreich	1,569,596	21,044.7	CE		AS, SEE
AT13	Wien	1,626,440	37,158.1	CE		AS, SEE
AT21	Kärnten	559,891	22,191.9	CE		AS, SEE
AT22	Steiermark	1,197,527	22,352.3	CE		AS, SEE
AT31	Oberösterreich	1,396,228	24,530.1	CE		AS, SEE
AT32	Salzburg	526,017	28,973.4	CE		AS, SEE
AT33	Tirol	691,783	27,002.1	CE		AS, SEE
AT34	Vorarlberg	360,827	27,690.8	CE		AS, SEE
CZ01	Praha	1,170,571	30,052.5	CE		
CZ02	Střední Čechy	1,144,071	13,959.5	C		
CZ03	Jihozápad	1,175,330	13,485.0	C		
CZ04	Severozápad	1,126,721	12,170.2	C		
CZ05	Severovýchod	1,480,144	12,817.1	C		
CZ06	Jihovýchod	1,640,354	13,466.0	C		
CZ07	Střední Morava	1,225,832	11,828.5	C		
CZ08	Moravskoslezsko	1,257,554	11,603.5	C		
DE11	Stuttgart	4,003,172	28,975.0	CE		NWE
DE12	Karlsruhe	2,727,733	27,296.5	CE		NWE
DE13	Freiburg	2,185,027	23,487.3	CE		NWE
DE14	Tübingen	1,801,487	24,604.7	CE		NWE
DE21	Oberbayern	4,211,118	34,334.1	CE		
DE22	Niederbayern	1,196,178	23,033.2	CE		
DE23	Oberpfalz	1,090,289	24,292.7	CE		
DE24	Oberfranken	1,106,541	22,867.0	CE		NWE
DE25	Mittelfranken	1,708,972	27,432.9	CE		NWE
DE26	Unterfranken	1,344,629	23,846.6	CE		NWE
DE27	Schwaben	1,786,166	24,626.8	CE		NWE
DE30	Berlin	3,387,828	20,862.3	CE		BS
DE41	Brandenburg – Nordost	1,163,924	15,689.9	C		BS
DE42	Brandenburg – Südwest	1,403,780	17,140.4	PO		BS
DE80	Mecklenburg-Vorpommern	1,719,653	15,979.1	C		BS
DED1	Chemnitz	1,553,406	16,264.6	C		
DED2	Dresden	1,667,676	18,038.3	C		
DED3	Leipzig	1,075,202	17,719.8	PO		
DEE1	Dessau	509,565	15,413.4	C		
DEE2	Halle	825,133	16,864.5	PO		
DEE3	Magdeburg	1,159,739	16,405.4	C		
DEG0	Thüringen	2,355,280	16,359.0	C		
HU10	Közép-Magyarország	2,840,972	20,627.5	PI		SEE
HU21	Közép-Dunántúl	1,110,897	12,026.7	C		SEE
HU22	Nyugat-Dunántúl	1,000,348	14,012.3	C		SEE

List of participating regions (part 2)

NUTS Code	Name	Population 2005	GDP per inhabitant (PPS) 2003	Eligible by ERDF	Eligible by ENPI	Eligible by other transnational programmes
HU23	Dél-Dunántúl	977,465	9,242.9	C		SEE
HU31	Észak-Magyarország	1,271,111	8,287.3	C		SEE
HU32	Észak-Alföld	1,541,818	8,475.8	C		SEE
HU33	Dél-Alföld	1,354,938	8,768.0	C		SEE
ITC1	Piemonte	4,330,172	26,522.0	CE		AS, M
ITC2	Valle d'Aosta/Vallée d'Aoste	122,868	29,587.8	CE		AS
ITC3	Liguria	1,592,309	25,923.8	CE		AS, M
ITC4	Lombardia	9,393,092	29,864.5	CE		AS, SEE, M
ITD1	Provincia Autonoma Bolzano/Bozen	477,067	34,791.5	CE		AS, SEE
ITD2	Provincia Autonoma Trento	497,546	28,202.1	CE		AS, SEE
ITD3	Veneto	4,699,950	26,413.2	CE		AS, SEE, M
ITD4	Friuli-Venezia Giulia	1,204,718	27,195.4	CE		AS, SEE, M
ITD5	Emilia-Romagna	4,151,369	29,058.9	CE		SEE, M
PL11	Łódzkie	2,587,702	9,427.2	C		BS
PL12	Mazowieckie	5,145,997	15,833.1	C		BS
PL21	Małopolskie	3,260,201	8,781.3	C		BS
PL22	Śląskie	4,700,771	11,131.3	C		BS
PL31	Lubelskie	2,185,156	7,211.4	C		BS
PL32	Podkarpackie	2,097,975	7,217.1	C		BS
PL33	Świętokrzyskie	1,288,693	7,978.2	C		BS
PL34	Podlaskie	1,202,425	7,751.6	C		BS
PL41	Wielkopolskie	3,365,283	10,711.3	C		BS
PL42	Zachodniopomorskie	1,694,865	9,691.5	C		BS
PL43	Lubuskie	1,009,168	8,833.3	C		BS
PL51	Dolnośląskie	2,893,055	10,470.7	C		BS
PL52	Opolskie	1,051,531	8,112.4	C		BS
PL61	Kujawsko-Pomorskie	2,068,258	9,159.2	C		BS
PL62	Warmińsko-Mazurskie	1,428,714	8,047.9	C		BS
PL63	Pomorskie	2,194,041	10,058.2	C		BS
SI00	Slovenija	1,997,590	16,527.1	C		AS, M, SEE
SK01	Bratislavský	601,132	25,189.6	CE		SEE
SK02	Západné Slovensko	1,863,940	10,610.6	C		SEE
SK03	Stredné Slovensko	1,352,497	9,399.7	C		SEE
SK04	Východné Slovensko	1,567,253	8,429.8	C		SEE
	Zakarpatska oblast				ENPI	SEE
	L'vivs'ka oblast				ENPI	
	Ivano-Frankivska oblast				ENPI	SEE
	Chernivetska oblast				ENPI	SEE
	Volyns'ka oblast				ENPI	

Convergence: C ... Convergence, PO ... Phasing Out

Regional Competitiveness and Employment: CE ... Regional Competitiveness and Employment, PI ... Phasing In

ENPI: European Neighbourhood and Partnership Instrument

Transnational Cooperation Areas: BS ... Baltic Sea, NWE ... North West Europe, AS ... Alpine Space, M ... Mediterranean, SEE ... South East Europe

7.4 Information on the Strategic Environmental Assessment

This section delivers an overview of the main stages of the SEA process, also in correspondence to the overall process and programming steps.

Table 10: Procedural steps and timeline

PROGRAMMING PROCESS		2006 week	SEA PROCESS
Sep 04-05	DT-Meeting Torino	36	Diagnosis on environmental issues
		37	
Sep 21	OP Draft (revised)	38	
		39	Sep 30 Scoping Report
Oct 05-06	TF-Meeting Ljubljana	40-42	Consultation with Environmental Authorities -> Comments on Scoping
		43	Oct 26 1st Draft (version 1-1) Environmental Report
Nov 08	OP Draft 2-0	45	
Nov 22-23	TF-Meeting Bratislava	47	
Dec 21	OP Draft 3-0	49	Dec 21 2nd Draft (version 2-1) Environmental Report
		2007	
Jan 11	Meeting with EC	1	Jan 02 Start of national SEA-consultations
Jan 22-23	TF-Meeting Berlin	9/11	Mar 16 End of all national SEA-consultations
		11	Mar 16 Draft of 'Summarising Statement'
Mar 19-21	TF-Meeting Wien	12	
		17	Apr 25 Final version of 'Summarising Statement'

Content of the Environmental Report acc. Article 5 and Annex I of the SEA-Directive

Directive provision	Chapter in Environm. Report	Comments
Lit. a) outline of the contents, main objectives of the plan or programme and relationship with other relevant plans and programmes	Chapter 2	The final draft of the programme and the herein outlined Priorities/Areas of Intervention are the product of continuous interaction between the SEA team and the Task Force.
Lit. b) relevant aspects of the current state of the environment and the likely evolution thereof without implementation	Chapter 5	Including an assessment of environmental impact of the 'zero-option'
Lit. c) the environmental characteristics of areas likely to be significantly affected	Chapter 5	Most environmental data were analysed on a transnational base due to the character of the Operational Programme.

Directive provision	Chapter in Environm. Report	Comments
Lit. d.) any existing environmental problems which are relevant to the plan or programme including, in particular, those relating to any areas of a particular environmental importance, such as areas designated pursuant to Directives 79/409/EEC and 92/43/EEC;	Chapter 5	Chap. 5-5 includes an overview of number and area of sites pursuant to Directives 79/409/EEC and 92/43/EEC (Natura 2000 network)
Lit. e) the environmental protection objectives, established at international, Community or Member State level, which are relevant to the plan or programme and the way those objectives and any environmental considerations have been taken into account during its preparation;	Chapter 4	As the Central Europe Programme operates on a transnational level, the description of environmental objectives focused on international and Community frameworks.
Lit. f) (f) the likely significant effects on the environment, including on issues such as biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, material assets, cultural heritage including architectural and archaeological heritage, landscape and the interrelationship between the above factors;	Chapter 6	The assessment of likely significant effects on the environment was elaborated upon the relevant information, based on the different stages of programme development. It resulted in an interactive process, leading to an optimised version of Operational Programme.
Lit. g) the measures envisaged to prevent, reduce and as fully as possible offset any significant adverse effects on the environment of implementing the plan or programme;	Chapter 6	The suggested reformulations and amendments were provided to the programming team and discussed within an iterative process. They have been partly integrated into the final draft of the programme. Project selection criteria will be further developed and concluded within a separate document ('implementation manual') by the future Monitoring Committee.
Lit. h) an outline of the reasons for selecting the alternatives dealt with, and a description of how the assessment was undertaken including any difficulties (such as technical deficiencies or lack of know-how) encountered in compiling	Chapter 3	There is not any alternative for a fundamental change of the overall structure of the programme, as possible strategies and Priorities have to refer to Article 6 of the ERDF Regulation. The assessment of different draft versions of the Operational Programme (including different approaches to reach the aims of the Priorities) complies with the request of SEA-directive to "[...] deliver an outline of the reasons for selecting alternatives".
Lit. i) a description of the measures envisaged concerning monitoring in accordance with Article 10	Chapter 7	Environmental indicators will be an integrated part of the extended set of monitoring indicators, which will be concluded within a separate document ('implementation manual') by the future Monitoring Committee
Lit. j) a non-technical summary of the information provided under the above headings	Chapter 0	

Results of Public Consultation during Strategic Environmental Assessment (SEA)

Issues raised during the public consultation period in all participating Member States of Central Europe Programme (Jan./Feb. 2007)

SEA-issues raised	How it has been addressed in the final Operational Programme/further remarks
AUSTRIA: Ministry for Agriculture, Forestry, Environment and Water Management, Department V	
<p>The environmental report lacks following information:</p> <p>Description of the relationship with other relevant plans and programmes;</p> <p>Clear description of the measures to prevent, reduce and offset significant adverse effects on the environment of implementing the programming document;</p> <p>Environmental objectives on Member State level and the way those objectives are taken into account during the preparation of the programme;</p> <p>Outline of the reason for selecting the alternatives dealt with;</p> <p>Description of the measures envisaged concerning monitoring in accordance with Article 10.</p>	<p>Description of the relationship with other relevant plans and programmes is described in Chap. 3.6 of Operational Programme</p> <p>Measures to prevent, reduce and offset possible adverse effects are described in Chap. 6.3 of Environmental Report. Significant negative impacts on the environment can be excluded, as project selection criteria will be elaborated in line with the overall objectives of the programme.</p> <p>As the Central Europe Programme operates on a transnational level, there is no need to describe all environmental objectives on Member State level.</p> <p>The reasons for selecting the alternatives dealt with are outlined in Chap. 3.4 of Environmental Report.</p> <p>Measures envisaged concerning monitoring in accordance with Article 10 are described in Chap. 7 of Environmental Report. Further details on monitoring system will be elaborated by the Monitoring Committee.</p>
<p>A description is missing how the assessment follows the 'guiding questions' and how cumulative effects and interrelationship between the environmental issues and themes of environmental interests were analysed.</p>	<p>The structuring of impacts according to the Priorities/Areas of Intervention is purposeful and sets the base for a systematic evaluation of the OP. In doing so the results can be optimally integrated in the further elaboration and improvement of the programme with regard to its environmental effects.</p> <p>Cumulative effects (e.g. the assessment of potential reciprocally reinforced impacts as requested by the Directive) can be regarded as a summarising description of the most relevant impact on every environmental issue.</p>
<p>The present environmental report does not document the stages of discussion nor provides an outline of the reasons for selecting the present alternative.</p>	<p>The stages of discussion are provided in the 'Summarising Statement' (March 2007).</p> <p>The reasons for selecting the present alternative are described in Chap. 3.4 of Environmental Report.</p> <p>The programming process contains a multi-step route to the final OP. The early drafts were subject to the assessment of relevant environmental impacts. In that sense an optimised programme alternative was created. This final draft was subject to a concluding assessment in the final version of the ER.</p>
<p>According to the mentioned regulations concerning the topic water, the Groundwater Directive 2006/118/EC is missing.</p> <p>The Air Quality Framework Directive and its four Daughter Directives should be mentioned as well.</p>	<p>The mentioned directives were added under Chap. 4 (Environmental protection objectives).</p>
<p>Relevant legislation, which can be expected to come into force during the programming period 2007-2015 should also be considered.</p>	<p>Reasonably, only legislation, which has already finally been concluded can be considered under 'environmental objectives'.</p>

SEA-issues raised	How it has been addressed in the final Operational Programme/further remarks
<p>Relevant Data covering (according to the programme) affected region(s) of the Ukraine is missing entirely.</p> <p>A display of future trends over the indicated relevant period of time (2007-2015) is missing such as data supporting the stated likely evolution of the environmental characteristics with regard to sources decline, fertiliser application, water consumption, hydro morphological alterations, compliance with the Urban Wastewater Directive, discharges to coastal areas, etc.</p>	<p>Information shall be included that may reasonably be required taking into account current knowledge and methods of assessment, the contents and level of detail in the plan or programme (acc. to Art. 5.2 SEA directive).</p>
<p>The described suggestions for reformulation and for possible activities to be implemented into the Operational Programme shall be integrated into the programming document.</p>	<p>Most of the suggestions for reformulation and for possible activities have been integrated into the OP during iterative programme development procedure.</p>
<p>Suggestions on the measures envisaged to mitigate adverse effects on the water environment by implementing the programme are missing, especially within the Area of Intervention P.2.1 to improve Central Europe's interconnectivity.</p>	<p>Adverse effects on the water environment will be avoided as all projects to be supported by the programme have to comply with the WF directive, according to national legal frameworks.</p>
<p>As biomass burning can have significant PM emissions, emission limit values are necessary to avoid adverse effects on air quality. This should be considered in Priority 3.3.</p>	<p>As all projects will have to fulfil the selection criteria of 'balanced strategies for the use and exploitation of renewable energy resources', it will be guaranteed to prevent possible negative impacts on air quality. The programme will not support any physical infrastructure investment, where air emission limits on technical level would have to be applied.</p>
<p>Possible negative impacts <u>must</u> be reduced or mitigated. The implementation of the programme <u>has to</u> focus on the following issues. The words 'should, could, will, ...' are to change into 'has to' and 'must be' etc.</p>	<p>The SEA-directive defines the procedure to avoid <u>significant</u> negative impacts on environmental issues. As project selection criteria will be elaborated in line with the overall objectives of the programme during programme implementation, <u>significant</u> negative impacts on the environment can be excluded, as stated in the environmental report.</p>
<p>A more stringent obligation towards a monitoring system of the environmental impacts should be demonstrated within this Chapter 7 'Monitoring'.</p>	<p>When preparing project selection criteria it will be essential to include requirement avoiding significant effects on relevant environmental issues. Chapter 7 'Monitoring' was adapted for the final Environmental Report, including new requirements according to Article 6 and 7 of Habitat Directive.</p>
ITALY: Ministero dell' Ambiente e della Tutela del Territorio e del Mare	
<p>The programme aims to promoting an integrated set of projects and transnational knowledge-hub, in which surveys, studies and assessments should constitute part of wider activities and concrete implementation or investment schemes.</p> <p>With these premises, the possible effects on the environment can be of low level, however it's highly recommended to integrate the environmental concerns and considerations into the future project levels of the OP (including the Implementation Manual).</p>	<p>no further remarks</p>
<p>The quality of projects to be financed by the programme should have been described.</p>	<p>The quality of projects to be financed has been described in Chapter 6.2 of Operational Programme; details on the objectives and Areas of Intervention of Priorities are described in Chapter 4.</p>

SEA-issues raised	How it has been addressed in the final Operational Programme/further remarks
It is suggested more strong interrelation between the selected Priorities, particularly for n° 2, 3 and 4, ensuring an harmonious and synergic linking between the technical, economic and environmental aspects.	no further remarks
In the Environmental report, par. 3.3, it is not illustrated the methodology of evaluation. We think it is not acceptable that the environmental assessment is a simplistic answer at a generic question: "Is there any significant positive or negative effect on environmental issues in the programming area due to possible actions related to programme Priorities and Areas of Intervention pointed out in the OP?"	"Where an environmental assessment is required under Article 3(1), an environmental report shall be prepared in which the likely significant effects on the environment of implementing the plan or programme, and reasonable alternatives taking into account the objectives and the geographical scope of the plan or programme, are identified, described and evaluated." (Article 5.1 SEA-Directive). This information is delivered by the Environmental report, also referred to in Annex I of SEA-Directive.
It is thought that the generic indications on the planned effects correspond to indications of pertinence of the environmental issues with the Priority and Intervention Areas.	This information is delivered by the 'overview of assessment results' (figure 6-1), describing the relevant impacts on environmental issues.
In the description of the possible evolution of the environmental characteristics, we think it should be useful a widening of the reference scenario used and of the provisional scenarios, for a correct appraisal and monitoring of the aspects of pertinence of the OP.	Only information shall be included that may reasonably be required taking into account current knowledge and methods of assessment, the contents and level of detail in the plan or programme (acc. to Art. 5.2 SEA directive).
Moreover it is thought very important that the international normative references and the relatives instruments, reported to the thematic of the Biodiversity, as described in the Annex, are integrated.	All information concerning Fauna, Flora, Biodiversity in the programming area, including figures and trends on Natura 2000 protected areas, are delivered in Chap. 5.5 of Environmental Report.
Still regarding the International references framework, we suggest to give more importance to the Alpine Convention in the Environmental Report (Spatial Planning; Conservation of Nature and the Countryside; Mountain Farming; Mountain Forests; Soil conservation; Tourism; Energy; Transport)	The Alpine Convention (Frame Convention and Thematic Protocols) will be added as one of the international legal frameworks for the programming area.
<p>The OP Monitoring System has to fulfil the SEA Directive requirements on environmental monitoring system.</p> <p>The environmental monitoring system must be insured regarding the whole programme and not be limited to a single intervention.</p> <p>It is necessary to specify that any project likely to have a significant effect on Natura 2000 sites has to be subject to appropriate assessment of its implications for the site in view of the site's conservation objectives (Art. 6 and 7 Habitat Directive).</p>	The Chapter 7 'Monitoring' was adapted, including new requirements according to Article 6 and 7 of Habitat Directive.
The description of international environmental objectives concerning Biodiversity does not contain a reference to the Communication from the Commission COM (2006) 216 "Halting Biodiversity Loss – and beyond. Sustaining ecosystem services for human well-being" and to the annexed Action Plan, which were adopted by the Council of the European Union (Environment) on 18 th December 2006.	<p>The description of international environmental objectives has been finalised in November 2006, to be part of the first draft of Environmental Report. It contains the reference to the UN-Convention on Biological Diversity.</p> <p>Another paragraph on EU-strategy on 'Halting Biodiversity Loss' will be included in the final Environmental Report.</p>

SEA-issues raised	How it has been addressed in the final Operational Programme/further remarks
The requirements of the Directive 2001/42/EC are not fulfilled in the Environmental Report, due to the generic reference of the OP. The OP should describe the Areas of Intervention and the 'Strategic Projects' in a more detailed way, to ensure that the Environmental Report could evaluate them.	The Task Force of Central Europe Programme developed a draft Operational Programme for transnational cooperation in line with Art. 6 of the ERDF Regulation. In the Environmental Report only information shall be included that may reasonably be required taking into account current knowledge and methods of assessment, <u>the contents and level of detail in the plan or programme</u> (acc. to Art. 5.2 SEA directive).
As for 'Priority 4' we would like to underline that the Area of Intervention P4.1 'Developing polycentric settlements structures and territorial cooperation' might have negatives effects rather than 'minor effects or not applicable' as it is assessed. In fact, the description of Priority 4 in the OP (pg. 64) lists among the possible activities: 'rehabilitation and conversion of rural – periurban areas from agriculture to alternative economic activities'. This activity might have negative impacts in terms of habitat fragmentation/destruction/reduction and/or species perturbation.	The final assessment will include this argument.
It is highly recommended to integrate environmental concerns into the documents for the generation of the OP implementation (guidance, selection criteria, Implementation Manual etc.) and to assess the cumulative effects of the Areas of Intervention.	no further remarks
It is highly recommended to integrate the Environmental Report recommendations in the programme.	no further remarks – see summarising statement, Chapter 3
It is proposed a more cautious approach in the Environmental Report Conclusion: environmental sustainability concerns integrated into the subsequent projects level could avoid adverse or unexpected impacts on the environment.	As project selection criteria will be elaborated in line with the overall objectives of the programme during programme implementation, significant negative impacts on the environment can be excluded, as stated in the environmental report.
POLAND: Ministry of Environment	
The results of the analyses of impact on the environment are presented on a very general level.	"Where an environmental assessment is required under Article 3(1), an environmental report shall be prepared in which the likely significant effects on the environment of implementing the plan or programme, and reasonable alternatives taking into account the objectives and the geographical scope of the plan or programme, are identified, described and evaluated." (Article 5.1 SEA-Directive). This information is delivered by the Environmental report, also referred to in Annex I of SEA-Directive.
The non-technical summary seems to be too general and does not reflect properly the content of the methodology, results of assessment and recommendations.	All information will be delivered in the 'Summarising Statement' (March 2007).
Indicators for programme monitoring have not been thoroughly been analysed, these indicators need to be further developed.	When preparing project selection criteria it will be essential to include requirement avoiding significant effects on relevant environmental issues. The programme monitoring should be further developed. The Chapter 7 'Monitoring' was adapted for the final Environmental Report, including new requirements according to Art. 6 and 7 of Habitat Directive.

Strategic Environmental Assessment of the OP resulted in conclusion, that the OP version/alternative assessed is acceptable from the viewpoint of overall (negative and positive) impacts on environment,

as far as acceptance and implementation of recommendations to reformulate, amend and revise Draft OP and thorough monitoring will lead to minimalisation of the majority of both expected and already existing negative impacts of programme implementation, ensuring dominance of positive impacts.

SEA-issues raised	How it has been addressed in the final Operational Programme/further remarks
SLOVAK REPUBLIC: Ministry of Environment	
It is recommended to approve strategic document 'Central Europe Operational Programme', respecting conditions provided in paragraph VI./3 of this statement and securing that in case an individual project financed by the programme will be a subject to the Environmental Impact Assessment procedure in line with the Act and the EIA directive, it will be obligatory to make an Environmental Impact Assessment procedure according to the above mentioned legislature and prior to the approval of the operation according to specific provisions of the law.	no further remarks
Considering results of the Strategic Environmental Assessment procedure of the Central Europe OP, the Announcement, positions and comments delivered, the Scoping Report and timeframe, the Environmental Report and the OP elaborated, results of public consultation, conclusions of the Assessment Report and consultation procedure it may be claimed, that it is not necessary to substantially reformulate, amend or revise the draft strategic document.	no further remarks
Strategic Environmental Assessment of the OP resulted in conclusion that the OP version/alternative assessed is acceptable from the viewpoint of overall (negative and positive) impacts on environment, as far as acceptance and implementation of recommendations to reformulate, amend and revise Draft OP and thorough monitoring will lead to minimalisation of the majority of both expected and already existing negative impacts of programme implementation, ensuring dominance of positive impacts.	no further remarks
All significant environmental impacts of the OP were specified, described and evaluated in the Environmental Report. Environmental Report clearly proved potential of positive environmental impacts of the OP and at the same time positive impacts to human resources, together with the possibility to eliminate and minimise potential negative environmental impacts of the OP implementation.	no further remarks
<i>In order to ensure optimal environmental implementation of the strategic document it is necessary to complement following measures into the Draft OP</i>	
1. Incorporate conclusions and recommendations of the Environmental Report into the draft strategic document.	no further remarks – see summarising statement, Chapter 3
2. While generating and selecting individual operations to take into account primarily those criteria that would prevent or adapt individual projects in a way to ensure their compatibility with aims of environmental and landscape protection and human health.	As project selection criteria will be elaborated in line with the overall objectives of the programme (including 'Sustainability' – see Chap. 3.3 of OP), significant negative impacts on the environment will be excluded.
3. To ensure thorough implementation of Environmental Impact Assessment procedure on the level of individual projects, plans and programmes in line with the Act, SEA and EIA directives prior to the approval of such operations according to specific provisions of the law, resp. prior to approval of the strategic document (OP) in order to ensure optimal solutions and their localisation, choice of environmental technologies, timeframe and contentual consequence of individual implementation phases, balance of environmental, social and economic aspects of the operations, plans and programmes implemented.	All projects, which will be supported by the Transnational Programme Central Europe 2007-2013, will have to take into account all legal requirements according to community frameworks/guidelines as well as national law, particularly SEA and EIA directives.

SEA-issues raised	How it has been addressed in the final Operational Programme/further remarks
4. When selecting projects it is necessary to follow the aspect of sustainability of the supported operation after the closure of the project itself and also to respect balance of short-term and long-term impacts.	As project selection criteria will be elaborated in line with the overall objectives of the programme during programme implementation, aspects of short-term and long-term impacts on sustainability will be enclosed according to Chap. 3.3 of Operational Programme ('General Principles – Sustainability').
5. When selecting projects it is necessary to consider the balance of local, regional, national and transnational impacts of the operations.	No further remarks
6. To ensure transparent approach also with regard to access to information throughout the process of launch of the call for project applications, selection, monitoring and evaluation of the projects, Priority axes and programme, respecting competition rules.	The members of the Monitoring Committee will represent the participating Member States on policy and administrative level and thus ensure a transparent approach. The Monitoring Committee will seek to avoid negative impacts of programme activities on the environment by applying appropriate measures throughout programme implementation.
7. To monitor and evaluate impacts of the OP to the environment and to human health and to specify proposed monitoring.	Monitoring procedures are described in Chap. 6.5.1 of Operational Programme. To monitor and evaluate the results and effects of the programme activities, a number of indicators will be applied, also including impacts on sustainability, environment and human health. The Monitoring Committee will develop details on output and result indicators separately for the Implementation Manual.
8. To integrate environmental and health-related criteria for project selection and evaluation.	As project selection criteria will be elaborated in line with the overall objectives of the programme during programme implementation, environmental and health-related criteria will be enclosed according to Chap. 3.3 of Operational Programme ('General Principles – Sustainability').
9. To consider more significant support to projects oriented towards reduction of emissions and minimalisation of climate change, global warming in the framework of transnational cooperation, respectively.	Priority 3, Area of Intervention 'Supporting the use of renewable energy sources and increasing energy efficiency' addresses activities to reduce emissions and to support transnational action plans to minimise impacts on global climate.
10. To reformulate Draft OP according to the outcomes of the national consultation.	Most of the outcomes of environmental report and national consultations have been implemented into final version of Operational Programme.
11. To ensure sufficient applicants' awareness on environmental issues and on possible relation of project proposals to the environment.	Quality aspects on project generation and implementation (as outlined in Chap. 6.2 of Operational Programme) as well as overall strategies and principles of the programme, which include environmental and sustainability issues, will be communicated to all project applicants and to a broader public by the future Joint Technical Secretariat.

SEA-issues raised	How it has been addressed in the final Operational Programme/further remarks
CZECH REPUBLIC: Ministry of Environment	
<p>In light of the level of generality of the OP, it will only be possible to determine eventual concrete conflicts with conservation of nature once concrete projects have been proposed. The influence of the interests of protection of nature by concrete intentions is not unambiguously clear from the material. This is primarily because the exact location of individual measures is not known, nor is their character adequately described. However, the policy can result in programmes that are not explicitly named, but despite that, their realisation can lead to impact to specially protected areas, locations where specially protected plants are found, or Natura 2000 locations. This is why we consider the setting of criteria (see below) for project selection to be necessary, the usage of which should ensure the realisation of projects within the scope of individual support (acquisition) areas that will not result in significant negative influences on nature.</p>	<p>In the Environmental Report it is clearly stated, that significant negative impacts on the environment will be excluded, as project selection criteria will be elaborated in line with the overall objectives of the programme (including the general principle of 'sustainability') and the objectives of the Priorities by the future Monitoring Committee.</p>
<p>Each specific project that is proposed on the basis of the policy in question must respect the protection of Natura 2000 locations and its systemic integrity, and must not lead to damage or worsened conditions of the subject of protection in these locations.</p>	<p>Chap. 3.3 of OP (General Principles) determines that the principles of the Community Policy regarding the protection and improvement of the natural heritage and biodiversity as well as relevant amendments have to be respected. This concerns mainly the fulfilment of obligations given by the Flora-Fauna-Habitat directive (92/43/EEC) and the Birds directive (79/409/EEC), resulting in the Natura 2000 ecological system.</p>
<p>In the preparation of individual projects, it is necessary to respect specially protected locations, their protective conditions and plans for their care. In evaluating specific projects, it is also necessary to respect locations where specially protected plant and animal species are found. It is also necessary to involve appropriate natural protection officials in the subsequent selection of specific projects.</p> <p>To prevent possible conflicts during approval of projects related to the submitted programme with natural protection interests, it is necessary to define criteria for the evaluation and selection of projects, whose usage should ensure the realisation of projects, within the scope of individual programme measures. Supported projects cannot be allowed to have significant negative influences on the natural environment.</p>	<p>According to Chap. 5 of environmental report (monitoring/project selection criteria) any project likely to have a significant effect on Natura 2000 sites has to be subject to appropriate assessment of its implications according to Article 6 and 7 of Habitat Directive.</p> <p>All projects which will support the enhancement of transeuropean transport capacities should be accompanied with impact assessments, reflecting long-term effects on urban development, land take, biodiversity, air pollution and climate change (as a result of environmental report).</p>
<p>We are of the opinion that criteria for the selection of projects within the scope of the programme should be detailed and unambiguous. The criterion of influence on nature must be unconditionally included among the more highly weighted criteria. Below we list criteria that must be included in the evaluation and selection process within the scope of the programme in question. In project selection, it is necessary to monitor whether the following does not occur in relation to the project's implementation: a) violation of protective conditions of specially protected locations b) violation of territorial protection and integrity of the Natura 2000 network (European network of important locations and bird habitats), c) damage to or destruction of biotopes containing specially protected plant and animal species, d) infringement on USES and VKP elements, negative influence on natural locations, biotopes, fauna and flora, e) increased fragmentation of the countryside, lowered navigability of the countryside.</p>	<p>Chap. 3.3 of OP (listing General Principles of programme implementation) determines that the principles of the Community Policy regarding the protection and improvement of the natural heritage and biodiversity as well as relevant amendments have to be respected. This concerns mainly the fulfilment of obligations given by the Flora-Fauna-Habitat directive (92/43/EEC) and the Birds directive (79/409/EEC), resulting in the NATURA 2000 ecological system.</p> <p>According to Chap. 5 of environmental report (monitoring/project selection criteria) any project likely to have a significant effect on Natura 2000 sites has to be subject to appropriate assessment of its implications according to Article 6 and 7 of Habitat Directive.</p>

SEA-issues raised	How it has been addressed in the final Operational Programme/further remarks
<p>European studies on the subject of natural catastrophes have not been sufficiently utilised. The document pays insufficient attention to collective, coordinated activities of countries in the Central European region, which are, for example, subsumed in the activities of international commissions for the protection of the main rivers of this region, the Elbe, Danube, Rhine and Odra.</p>	<p>One objective of Priority 3 'Using our Environment Responsibly' is to support sustainable approaches to natural resource management and risk reduction (see OP, Chap. 4.3), including one specific Area of Intervention 'Reducing risks and impacts of natural and man-made hazards'.</p>
<p>As far as the strategic examination of environmental effects in this evaluation is concerned, relevant references to international agreements on cooperation, protection and usage of water are missing, as well as agreements on the main waterways of the Central European region.</p>	<p>Relevant Community guidelines and frameworks are listed in the Environmental Report, among others The Water Frame Work Directive (2000/60/EC), which requires a rational, balanced use of water resources, the protection of ground water as a source for drinking water and the systematic improvement of the chemical and ecological state of European water bodies by 2015 and the Groundwater Directive 2006/118/EC, which sets an overall framework for safeguarding quality standards on groundwater resources.</p>
CZECH REPUBLIC: Ministry of Agriculture, Department of Public Administration, Farm Regulation and Forestry Protection	
<p>The submitted OP proposal produced by the Austrian Ecology Institute (Österreichisches Ökologie Institut) reflects the level of specialisation and focus of the compiler. To compile a 'Report on the Environment' of Central Europe in a relatively small region, and at the same time judge the influence on the environment is an attempt to square the circle. The considerable level of generality made necessary by the material's scope and intent results in some cases in inaccuracies, neglect of geographical specifics of individual countries, especially in terms of the geography of economics, residential geography and demographics. This then results in some doubtful conclusions.</p>	<p>No further comments</p>
CZECH REPUBLIC: Czech Mining Authority	
<p>Chapter 2.6.2 has also been compiled in a very formal fashion, without sufficient ability to testify to anything. What's more, the information given in Graph 2 on page 27 regarding the structure of primary energy generation in the column for the CR are evidently erroneous – according to state energy policy (Ministry of Industry and Trade), coal has a 30 – 35% share in energy generation in the CR, and not 75%, as stated in the graph. In today's environment of rapidly changing primary energy source structure, information from 2003 is obsolete. It is necessary to request correct information from the MIT and correct the graph.</p>	<p>Graph 2 on page 27 illustrates the 'Structure of electricity production by fuel, 2003' (source: DG TREN); the title of the graph, which was not correct in OP, version 2-1, will be replaced in the final OP.</p>
<p>Chapter 2.6.3 has once again been compiled entirely formally. What's more, contrary to its heading, there are practically no risks of natural catastrophes mentioned, but de facto only absolutely isolated catastrophes caused by man. Missing completely is the evaluation of the risk level of the Central European territory from the standpoint of natural risks (wind storms, floods, drought, landslides, earthquakes, overpopulation of biological species, for example invasive plants, etc.)</p>	<p>Some of the most severe natural disasters, which occurred recently in Central Europe like flooding of main rivers are mentioned as examples to underline the need for transnational risk assessment and management to be supported by the programme (see Chapter 4.3 of OP).</p>

SEA-issues raised	How it has been addressed in the final Operational Programme/further remarks
CZECH REPUBLIC: Agency for Nature Conservation and Landscape Protection of the Czech Republic, Administration of the Cesky Kras Region of Natural Protection	
<p>Not completely clear statements on page 58 in the Chapter 'P3.1 Intervention Regions Within the Scope of Priority 3': 'Besides this, biodiversity and maintenance of national parks will be ensured and at the same time the goal is to focus on better utilisation of degraded regions', and then 'Collective actions, whose intent is conservation and good farming practices in natural regions, protected regions and in the countryside (countryside endangered by biological degradation, watersheds, forests, cultural landscapes, etc.)'. The Administration is of the opinion that the development of biodiversity applies in general to all of Central Europe (for example in the Czech Republic through the USES system and other provisions of the second part of Act No. 114/1992 Coll.). The afore mentioned act then places special emphasis on specially protected territories (this concept cannot be narrowed down only to national parks, as is stated in the OP) and to the Natura 2000 network (significant European localities and bird habitats)</p>	<p>The Operational Programme will support projects on transnational level, which will enhance and protect biodiversity in areas without legal protection and cultural landscapes in general. Among others, biodiversity will be ensured through support of maintaining and managing activities.</p>
CZECH REPUBLIC: Agency for Nature Conservation and Landscape Protection of the Czech Republic, Administration of the Ceske Stredohori Region of Natural Protection	
<p>In light of the nature, structure and scope of the OP strategic policy and the absence of details regarding the rules of its implementation, selection criteria and monitoring and performance indicators, the Administration of the České Stredohori Region of Natural Protection requests the independent evaluation of each specific project that will result from the aforementioned policy within the scope of its operational goals; the project must be in accordance with Act No. 114/1992 Coll. on Nature and Landscape Conservation, and projects will then be individually evaluated according to Section 45 of the Act.</p>	<p>Chap. 3.3 of OP (listing General Principles of programme implementation) determines that the principles of the Community Policy regarding the protection and improvement of the natural heritage and biodiversity as well as relevant amendments have to be respected. Among others, this concerns the fulfilment of obligations given by the Flora-Fauna-Habitat directive (92/43/EEC) and the Birds directive (79/409/EEC), resulting in the NATURA 2000 ecological system.</p>
CZECH REPUBLIC: The Czech Environmental Inspectorate, Havlickuv Brod Regional Inspectorate	
<p>The OP submitted includes a large portion of Central Europe, and is very vague in regards to stated forms and methods of influence. In light of its transnational character, national legislation was not taken into account. Due to the fact that the submitted material allows for negative influences on flora, fauna and the landscape by some sub-Priorities, or states that the influence on these elements cannot be evaluated, we ask that evaluation in accordance with the law continue.</p>	<p>No further comments</p>
CZECH REPUBLIC: The Regional Authority of the Olomouc Region, Department of The Environment and Agriculture	
<p>Because of the policy's excessive generality, it impossible to identify or evaluate its influences on important European locations (IEL) and bird habitats (BH). Each measure proposed on the basis of this policy must respect the protection of EVL and PO when being implemented.</p>	<p>Chap. 3.3 of OP (listing General Principles of programme implementation) determines that the principles of the Community Policy regarding the protection and improvement of the natural heritage and biodiversity as well as relevant amendments have to be respected. Among others, this concerns the fulfilment of obligations given by the Flora-Fauna-Habitat directive (92/43/EEC) and the Birds directive (79/409/EEC), resulting in the NATURA 2000 ecological system.</p>

SEA-issues raised	How it has been addressed in the final Operational Programme/further remarks
CZECH REPUBLIC: The Regional Authority of the Liberec Region, Department of Culture, Historical Preservation and Tourism	
The protection of historical monuments cannot be tied exclusively to tourism or dependent on other branches of the economy. In accordance with Section 1 par. 1) of Act No. 20/1987 Coll. on State Historical Preservation, it is necessary to create comprehensive conditions for the preservation of cultural monuments, and thus contribute to society's further development.	No further comments
CZECH REPUBLIC: The Regional Authority of the Liberec Region, Deputy District Commissioner responsible for Rural Development, the Environment and Information Technology.	
Both documents contain general goals and priorities, and like a number of prior OP documents, do not more significantly accent the issue of health care, which unambiguously relates to a number of other areas dealt with here, such as issues of development of transportation, infrastructure and business, the management of hazardous situations, a competitive economy, level of education, innovation, etc. Due to the fact that both policies assume development in a number of areas (transport, business, etc.) which can influence the health of the population, we recommend that these materials also be subjected to the HIA process (the evaluation of assumed or expected impacts).	Possible significant impacts of programme implementation which can influence the health of local/regional population, have been assessed during SEA-procedure, as human health is one of the 'environmental issues' listed in Annex I of SEA directive.
The City of Prague, the Mayor of Prague	
An SEA evaluation with this level of generality (especially in individual evaluations of possible consequences to the environment and public health, and on individual segments of the environment and the population) does not offer anything not already known, and the conclusions and recommendations do not contain any impulses as to where to focus measures and support from EU funds in the interests of environmental protection and public health. We do not consider the enumeration of EU strategies, policies and guidelines that need to be respected in further steps to be a benefit that is proportional to the effort and resources that are and will still be expended on both documents.	The environmental report has to include all issues and information according to Annex I of SEA Directive.
UNEP – Vienna, Interim Secretariat of the Carpathian Convention	
We would like to particularly appreciate the comprehensive and detailed references made to the Carpathian Convention per se in the Strategic Environmental Assessment/ Environmental Report of the Central Europe Programme 2007-2013. Consequently, we would like to express our sincere hope and expectation that the concise findings of the Environmental Report will also lead to more specific references to the Carpathian Convention (Framework Convention for the Protection and Sustainable Development of the Carpathians) in the Operational Programme itself, anticipating that the Carpathian Convention can contribute to the success of the programme, by providing a transnational and integrative platform of cooperation. A reference to the Carpathian Convention in the Central Europe Programme will also help to ensure that the provisions of the Carpathian Convention regarding environmental protection and sustainable development would be fully taken into account in the course of programme implementation.	no further remarks

During the SEA consultation process environmental authorities at the national and regional level raised most of the issues. From civil society, private individuals or non-governmental organisations, apart from a contribution from the Technical University of Dresden and the UNEP (Carpathian convention), no further remarks were received.

7.5 Indicative Breakdown of the Community Contribution by Categories

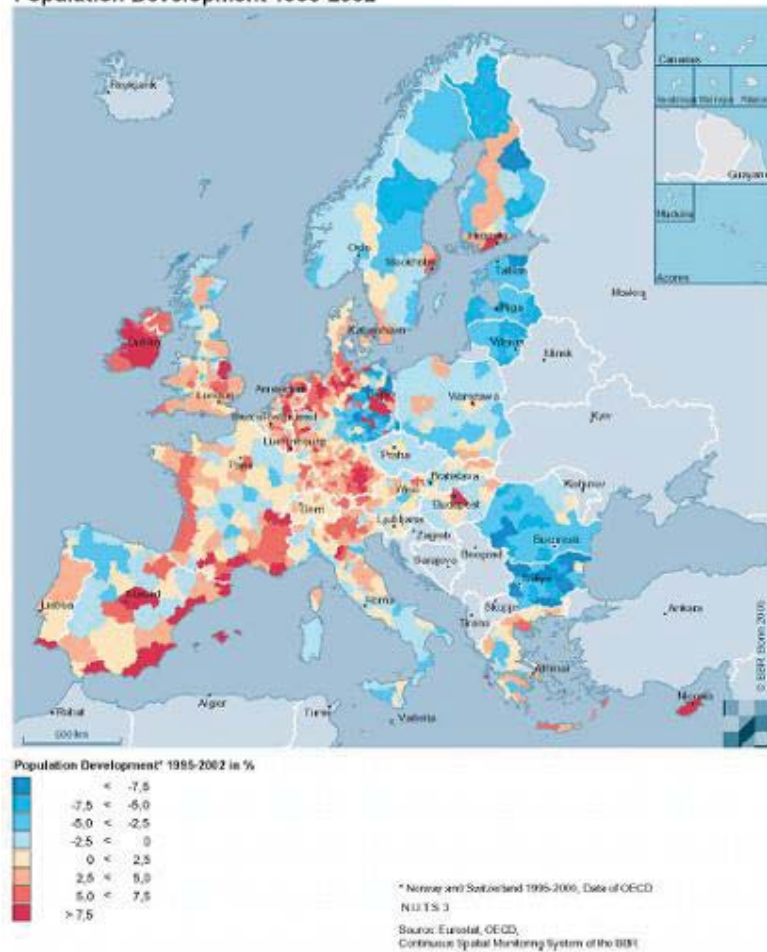
(extended version of table 9 Indicative breakdown of the Community contribution by categories – Dimension 1)

Code	Priority theme dimension (according to Commission regulation no. 1828/2006 of 8 December 2006)	ERDF amount	in %	Accumulated distribution according to Themes	
1	R&TD activities in research centres	2.576.615	1,05%	17,3%	Research and technological development (R&TD), innovation and entrepreneurship
2	R&TD infrastructure (including physical plant, instrumentation and high-speed computer networks linking research centres) and centres of competence in a specific technology				
3	Technology transfer and improvement of cooperation networks between small businesses (SMEs), between these and other businesses and universities, post-secondary education establishments of all kinds, regional authorities, research centres and scientific and technological poles (scientific and technological parks, technopoles, etc.)	7.290.564	2,96%		
4	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)				
5	Advanced support services for firms and groups of firms	17.195.496	7,0%		
6	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (introduction of effective environment managing system, adoption and use of pollution prevention technologies, integration of clean technologies into firm production)	2.310.289	0,9%		
7	Investment in firms directly linked to research and innovation (innovative technologies, establishment of new firms by universities, existing R&TD centres and firms, etc.)	1.540.238	0,6%		
8	Other investment in firms				
9	Other measures to stimulate research and innovation and entrepreneurship in SMEs	11.663.979	4,7%		
10	Telephone infrastructures (including broadband networks)			3,8%	Information society
11	Information and communication technologies (access, security, interoperability, risk prevention, research, innovation, e-content, etc.)	924.484	0,4%		
12	Information and communication technologies (TEN-ICT)	936.436	0,4%		
13	Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion, etc.)	2.059.854	0,8%		
14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)	925.767	0,4%		
15	Other measures for improving access to and efficient use of ICT by SMEs	4.493.996	1,8%		
16	Railways			15,8%	Transport
17	Railways (TEN-T)	7.404.152	3,0%		
18	Mobile rail assets				
19	Mobile rail assets (TEN-T)	328.325	0,1%		
20	Motorways				
21	Motorways (TEN-T)	305.236	0,1%		
22	National roads				
23	Regional/local roads				
24	Cycle tracks				
25	Urban transport	11.765.837	4,8%		
26	Multimodal transport	1.440.749	0,6%		
27	Multimodal transport (TEN-T)	11.813.248	4,8%		
28	Intelligent transport systems	307.333	0,1%		
29	Airports	1.637.757	0,7%		
30	Ports	306.261	0,1%		
31	Inland waterways (regional and local)				
32	Inland waterways (TEN-T)	3.611.751	1,5%		
33	Electricity			11,3%	Energy
34	Electricity (TEN-E)				
35	Natural gas				
36	Natural gas (TEN-E)				
37	Petroleum products				
38	Petroleum products (TEN-E)				
39	Renewable energy: wind	308.853	0,1%		
40	Renewable energy: solar	1.840.113	0,7%		
41	Renewable energy: biomass	7.770.192	3,2%		
42	Renewable energy: hydroelectric, geothermal and other	2.360.192	1,0%		
43	Energy efficiency, co-generation, energy management	15.482.869	6,3%		
44	Management of household and industrial waste	5.820.499	2,4%	17,9%	Environmental protection and risk prevention
45	Management and distribution of water (drinking water)	3.246.628	1,3%		
46	Water treatment (wastewater)	876.628	0,4%		
47	Air quality	3.199.161	1,3%		
48	Integrated prevention and pollution control	3.196.628	1,3%		
49	Mitigation and adaptation to climate change	2.740.660	1,1%		
50	Rehabilitation of industrial sites and contaminated land	412.392	0,2%		
51	Promotion of biodiversity and nature protection	6.357.967	2,6%		
52	Promotion of clean urban transport	408.753	0,2%		
53	Risk prevention (including the drafting and implementation of plans and measures to prevent and manage natural and technological risks)	9.407.886	3,8%		
54	Other measures to preserve the environment and prevent risks	8.351.510	3,4%		

55	Promotion of natural assets	305.289	0,1%			
56	Protection and development of natural heritage	3.206.628	1,3%			
57	Other assistance to improve tourist services	1.985.563	0,8%	2,3%	Tourism	
58	Protection and preservation of the cultural heritage	8.625.334	3,5%			
59	Development of cultural infrastructure	2.852.088	1,2%			
60	Other assistance to improve cultural services	5.252.185	2,1%	6,8%	Culture	
61	Integrated projects for urban and rural regeneration	27.557.635	11,2%	11,2%	Urban and rural regeneration	
62	Development of life-long learning systems and strategies in firms; training and services for employees to step up their adaptability to change; promoting entrepreneurship and innovation					
63	Design and dissemination of innovative and more productive ways of organising work					
64	Development of specific services for employment, training and support in connection with restructuring of sectors and firms, and development of systems for anticipating economic changes and future requirements in terms of jobs and skills			0,0%	Increasing the adaptability of workers and firms, enterprises and entrepreneurs	
65	Modernisation and strengthening labour market institutions					
66	Implementing active and preventive measures on the labour market					
67	Measures encouraging active ageing and prolonging working lives	2.405.000	1,0%			
68	Support for self-employment and business start-up					
69	Measures to improve access to employment and increase sustainable participation and progress of women in employment to reduce gender-based segregation in the labour market, and to reconcile work and private life, such as facilitating access to childcare and care for dependent persons	1.753.025	0,7%			
70	Specific action to increase migrants' participation in employment and thereby strengthen their social integration	2.752.401	1,1%	2,8%	Improving access to employment and sustainability	
71	Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity at the workplace			0,0%	Improving the social inclusion of less-favoured persons	
72	Design, introduction and implementation of reforms in education and training systems in order to develop employability, improving the labour market relevance of initial and vocational education and training, updating skills of training personnel with a view to innovation and a knowledge based economy	5.060.416	2,1%			
73	Measures to increase participation in education and training throughout the life-cycle, including through action to achieve a reduction in early school leaving, gender-based segregation of subjects and increased access to and quality of initial vocational and tertiary education and training					
74	Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses	1.349.649	0,5%	2,6%	Improving human capital	
75	Education infrastructure					
76	Health infrastructure					
77	Childcare infrastructure					
78	Housing infrastructure					
79	Other social infrastructure			0,0%	Investment in social infrastructure	
80	Promoting partnerships, pacts and initiatives through the networking of relevant stakeholders	305.670	0,1%	0,1%	Mobilisation for reforms in the fields of employment and inclusion	
81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.	5.220.229	2,1%	2,1%	Strengthening institutional capacity at national, regional and local level	
82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation					
83	Specific action addressed to compensate additional costs due to size market factors					
84	Support to compensate additional costs due to climate conditions and relief difficulties			0,0%	Reduction of additional costs hindering the outermost regions	
85	Preparation, implementation, monitoring and inspection (corresponds to TA)	8.856.399	3,6%			
86	Evaluation and studies; information and communication (corresponds to TA)	5.904.265	2,4%	6,0%	Technical assistance	
Total		246.011.074	100,0%	100,0%		
Total ERDF excluding TA (Code 85+86)		231.250.410				

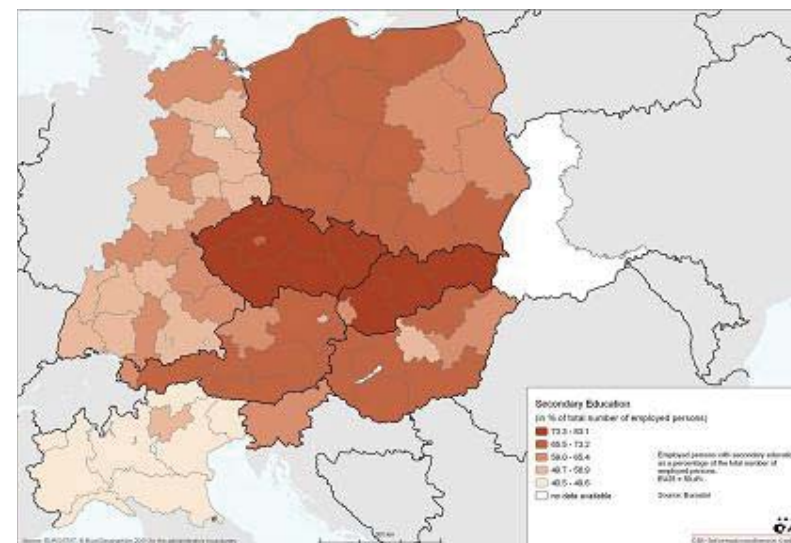
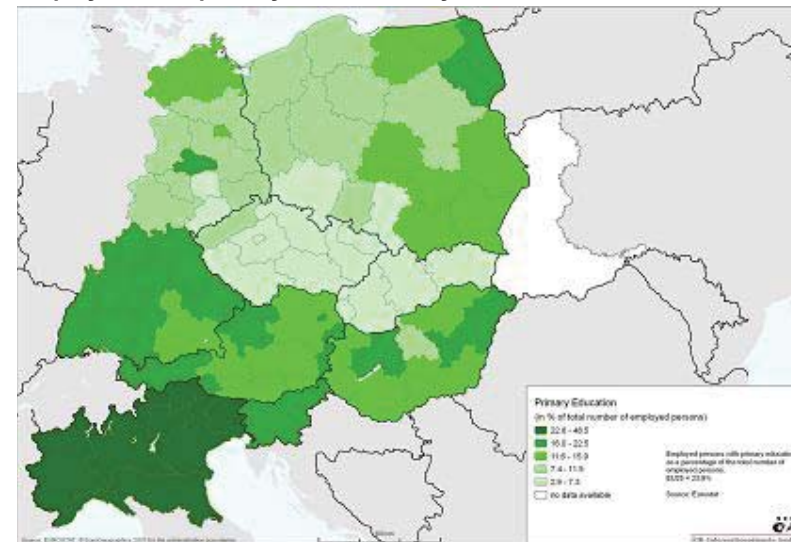
7.6 Maps

Population Development 1995-2002



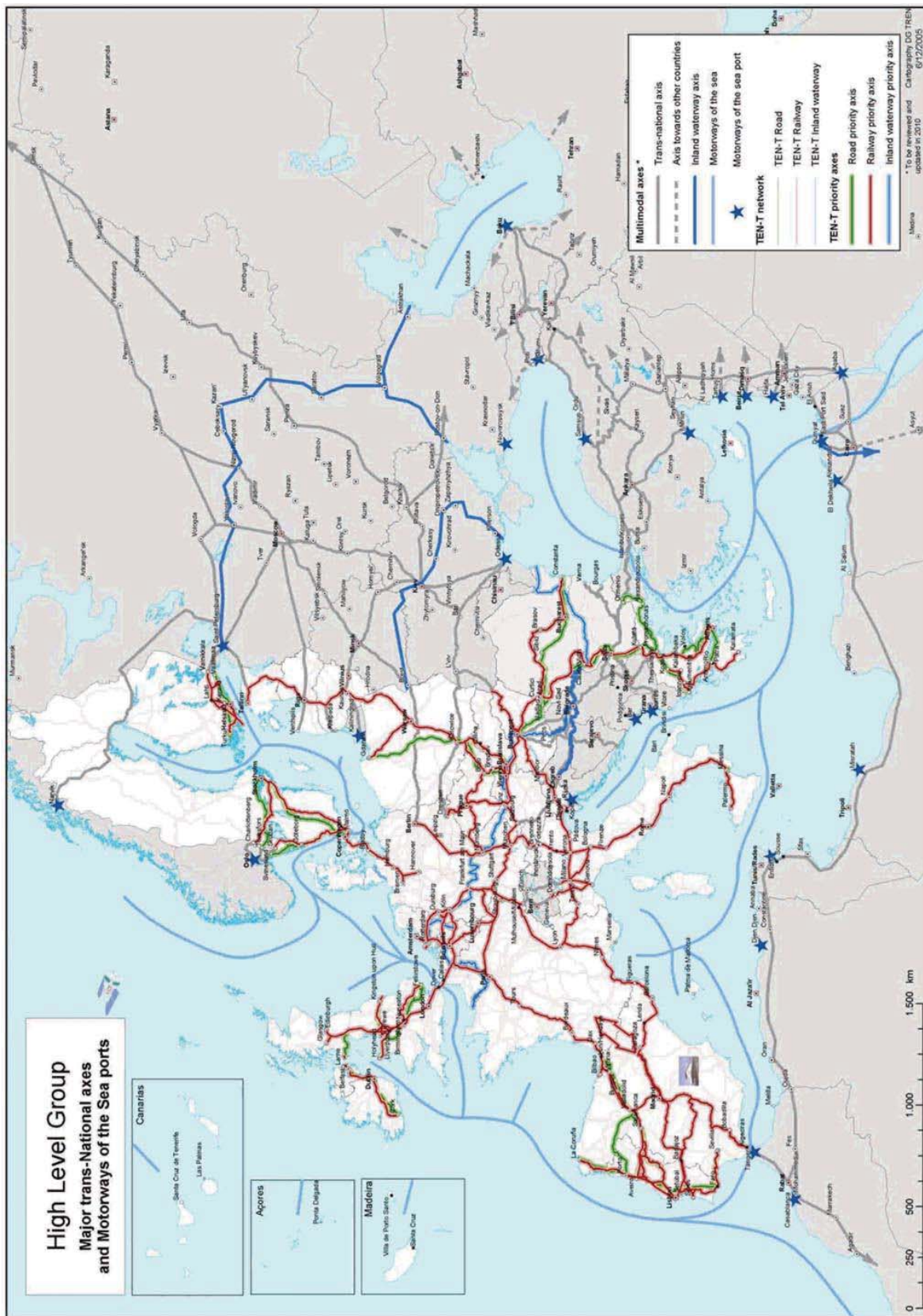
Source: Europe in figures, 2005

Employees with primary and secondary education, 2003

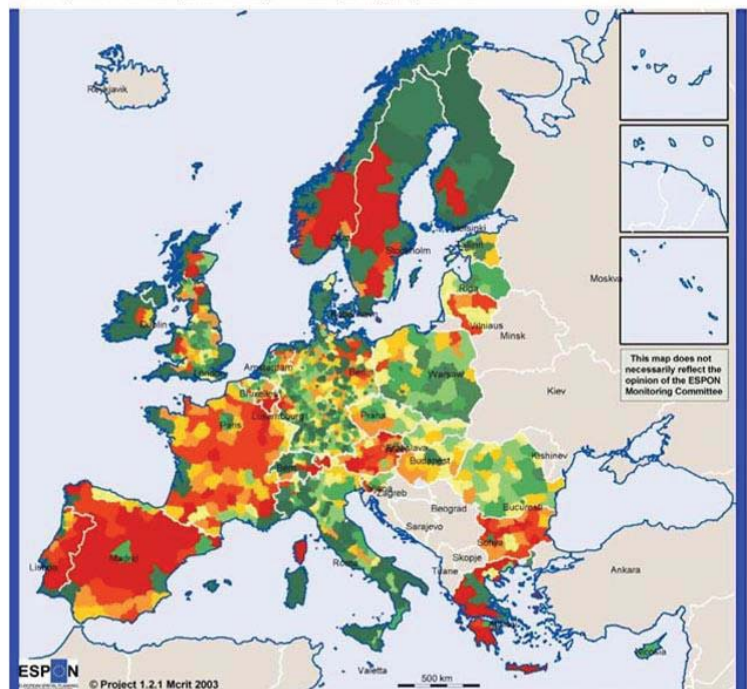


Source: Eurostat





Density of motorways and expressways by population



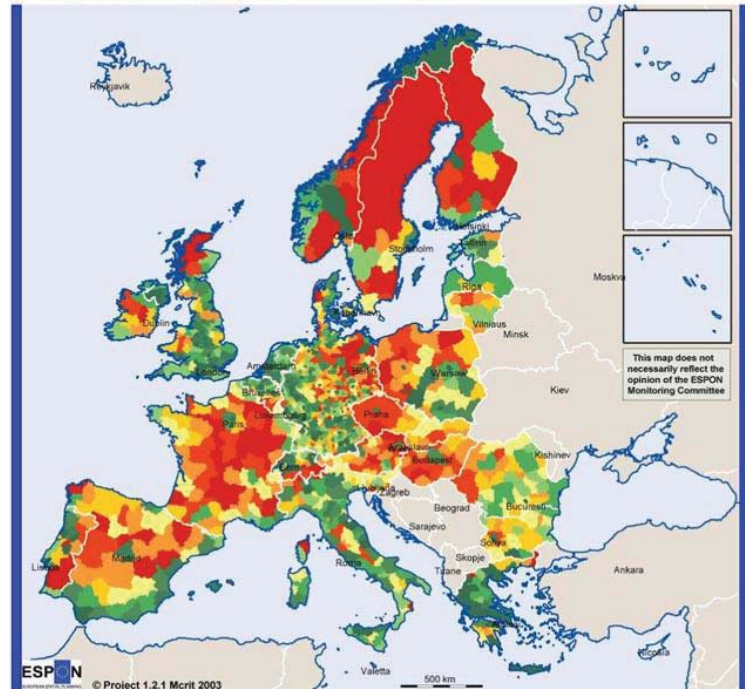
km of network 2001/population 1999
(ESPON Space=100)



Origin of data: ASSEMBLING graph
GISCO
Source: ESPON Data Base

Source: Eurostat, GISCO, DG Energy&Transport

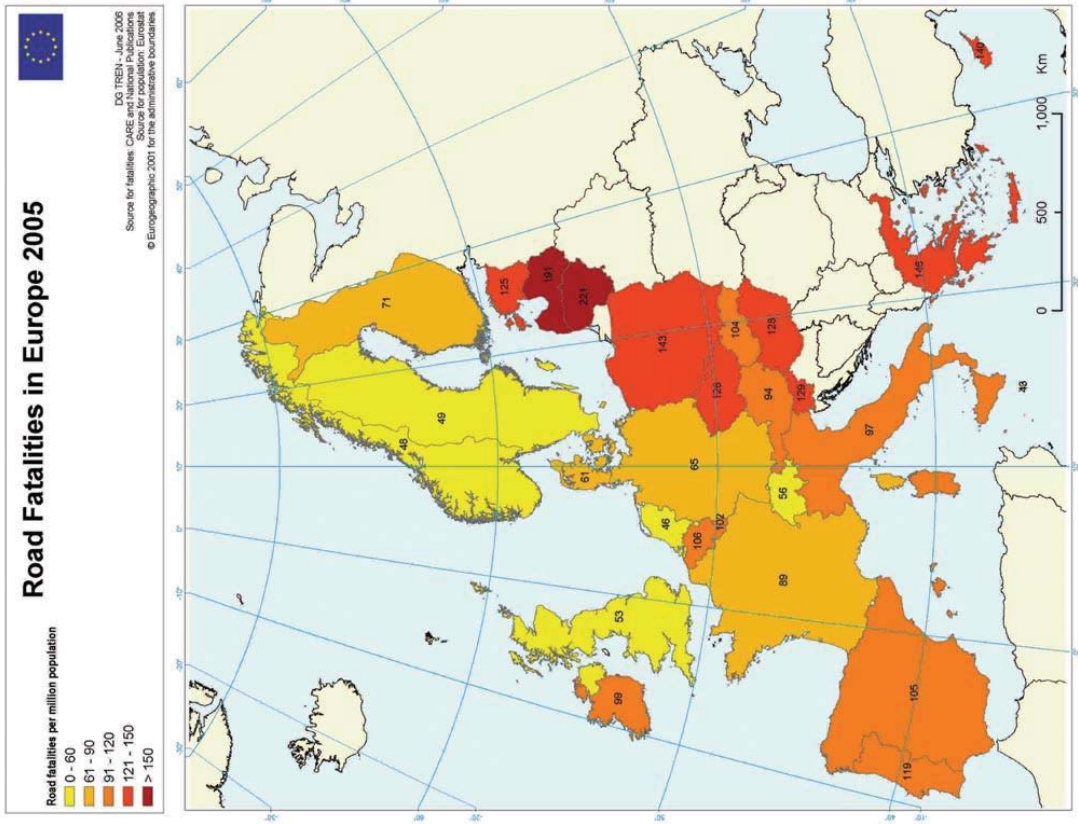
Density of rail lines by population

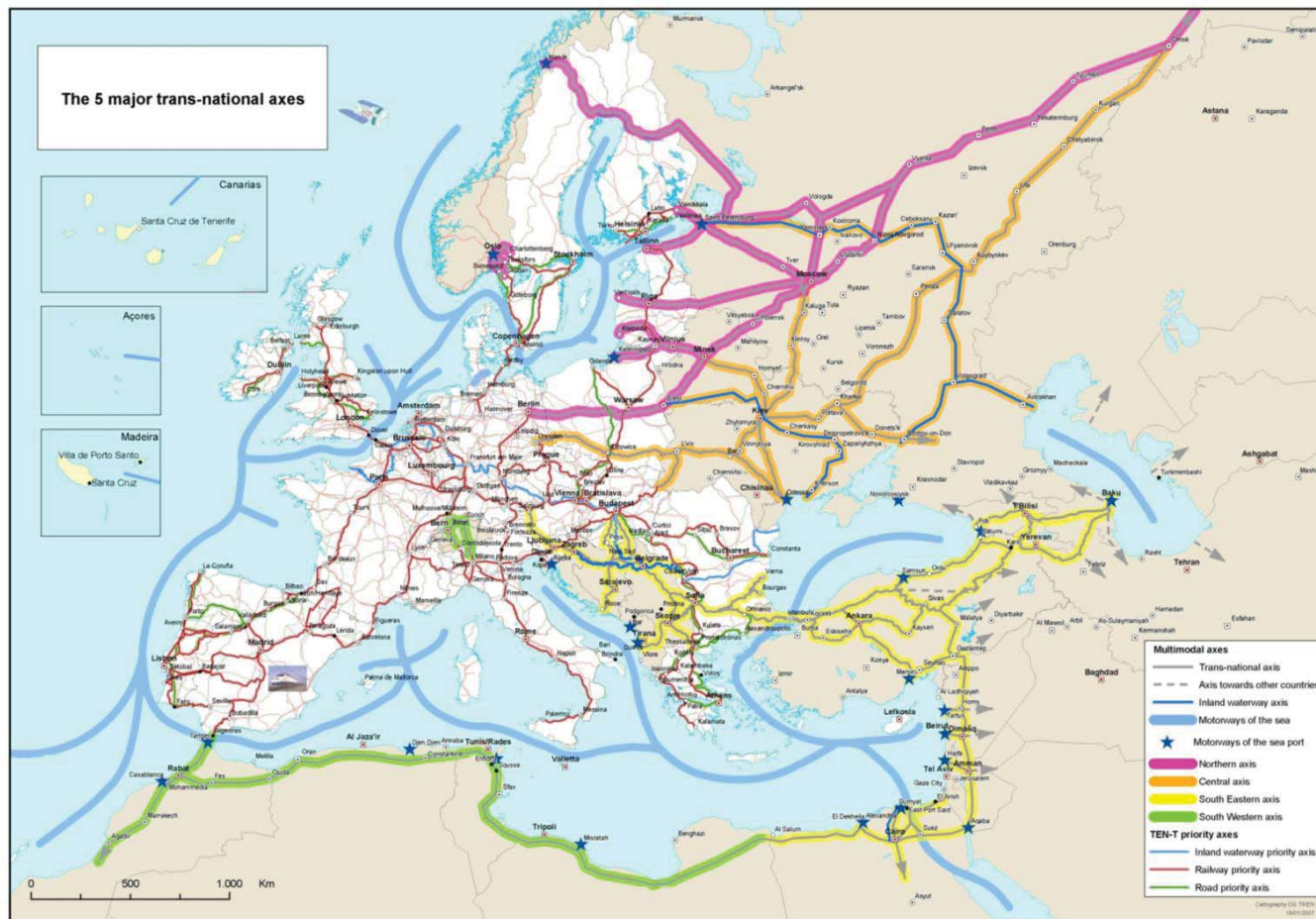


km of network 2001/population 1999
(ESPON Space=100)



Origin of data: ASSEMBLING graph
GISCO





Source: COM(2007) 32 final. Extension of the major trans-European transport axes to the neighbouring countries. Guidelines for transport in Europe and neighbouring regions