Romania – Serbia

IPA Cross Border Cooperation Programme

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Chapter 1. Summary of the Programming Document

This Programming Document describes the Cross-Border Programme between Romania and Serbia for the period 2007-2013. It lays the foundations for using EU funds under the cross-border component of the IPA Regulation, to support cross-border cooperation on the Romanian-Serbian border. The programme, which has been jointly prepared by the partner institutions from both countries, is coherent with the following key documents:

**Romania:** National Development Plan/ Regional Development Plan, National Strategic Reference Framework, Operational Programmes (ROP, SOPs, other), National Plan for Rural Development.


In Part A, after defining the eligible areas, a brief analysis of the current situation identifies the strengths, weaknesses, opportunities and threats to be addressed by the Cross-Border Programme. A strategic approach is developed to achieve an overall objective. The strategy identifies goals, priority axes, measures, and an outline of the key areas of intervention.

Indicators are provided to ensure that monitoring and evaluation of the Cross-Border Programme’s performance can be measured.

An indicative budget sets out the provisional multi-annual financial allocations for 2007-2009 for the programme.

Part B sets out the Implementing Provisions and describes the arrangements for the competent implementation bodies of the Cross-Border Programme. Also the Implementing Provisions sets out the project generation, application, selection and implementation procedures

The structures and procedures designed to secure the full involvement of stakeholders are described, notably a strong local participation, from both countries, who will play an equal role in the joint management mechanisms. Finally, details are given of the implementation procedures at project level, and the measures foreseen to ensure strict adherence to the EC’s guidelines for financial management applicable to the EU funds allocated to the programme.

**Summary of Joint Programming Process**

This Cross-Border Programme is the result of a joint programming effort of the relevant Romanian and Serbian authorities, represented in the Joint Romanian-Serbian Working Groups and in the Joint Task Force.

The programming process was launched at the kick-off meeting held in Timișoara on 30th of May 2006 and continued with meetings of the Regional Working Groups (established at the level of the eligible area on both the Romanian and Serbian sides), including a meeting of the Joint Regional Working Group in Timișoara on 18 October 2006 when the draft Programme was presented and discussed. Also meetings of the Joint Working Groups for the elaboration of the Cross-Border Programme took place on 29 and 30 August 2006. A Romanian National Programming Committee was established also at the level of line ministries in order to discuss possible overlapping with other operational programmes financed from ERDF in Romania.
and to involve them in the process of development project ideas. Also a Romania National Working Group was established and consulted in the process of drafting the programme. After regional consultations and after the first draft of the programme was ready, the first meeting of the Joint Task Force took place on 4 October 2006.

Although a balanced representation of national, regional and local levels was ensured through the composition of the Joint Task Force (JTF), further arrangements (organising regional working groups, commissioning questionnaires and project ideas consultation fiches in the eligible area) have been done in order to consult directly the wider partnership. This included, inter alia, a detailed SWOT survey based on structured interviews and a questionnaire for all members of the Joint Regional Working Group.

To ensure balanced participation of the local authorities involved from both countries, various consultations have also been held throughout meetings and consultation fiches. At these meetings, participants representing various economic and social partners, including, among others, chambers of commerce, municipalities, development agencies, universities, agencies for environment protection, and agencies for unemployment have been present. Throughout the preparation of the Cross-Border Programme the wider partnership has been informed on progress via e-mail.

To further extend the consultation process, the draft documents have been presented at the JTF meeting, to the Working Groups members and to the European Commission. The working document has been updated regularly. All the partners have been kept informed on the programming process, and they were invited to send comments and proposals.

This consultation process has also addressed issues raised by the absence of relevant quantitative statistical data in relation to certain areas of activity. Such data is not currently gathered, especially at the regional level. Moreover, at the time of preparing the programme there has been relatively little possibility to draw lessons from previous cooperation activities in the border area, as it is still too early in the implementation process to draw clear conclusions in relation to the current status of cross-border cooperation work on this particular border.

The data/information used in the strategy part of the programme was based on the information from the JPD 2004-2006 for the Neighbourhood Programme Romania-Serbia & Montenegro and on the data received from the Romanian National Institute for Statistics.

Where there have been issues regarding the nature of data/information, the approach taken has been to use surveys, questionnaires and the informed judgements of stakeholders to provide the basis for the analysis and the strategy. Moreover, within Priority Axis 4, Technical Assistance, it has also been decided to target at the beginning of the programme period the identification/gathering of better data in relation to key aspects of development in the border area.

A table of the programming process is provided as an Annex to the Programme Document.
Chapter 2. Introduction

This Cross-Border Programme has been prepared in line with the Council Regulation (EC) No 1085/2006 establishing an Instrument for Pre-Accession Assistance (IPA) (hereafter referred to as the “IPA Regulation”), Commission Regulation (EC) No. 718/2007 implementing IPA Regulation (hereafter referred to as the “IPA Implementing Regulation”). Community’s renewed Lisbon Agenda and Community’s Gothenburg Agenda were also taken into consideration when preparing the Programme. The Programme is the result of a co-operative effort by the Romanian and Serbian national, regional and local authorities, supported by the EC Delegation to Romania, the European Agency for Reconstruction in Belgrade, the Serbian Ministry of Finance, and the Romanian Ministry of Development, Public Works and Housing.

The Cross-Border Programme Romania-Serbia focuses on increasing the overall competitiveness of the economy in the border area and on the improvement of the quality of life for the border communities.

The 2003 Phare External Border Initiative Programme for Romania and the Neighbourhood Programme Romania-Serbia & Montenegro 2004-2006 paved the way for the new integrated cross-border instrument(s) to be implemented at EU external borders as of 2007, therefore basic conditions for cross-border cooperation are already in place and this Cross-Border Programme can concentrate on its strategic goal of achieving a more balanced sustainable socio-economic development of the Romania-Serbia border area.
Chapter 3. Description and Analysis of the Programme Area

3.1 Definition of Eligible Border Area

The Romania-Serbia border is 546 km long, with the River Danube forming a natural frontier for approximately 230 km of this length. The eligible programme area is defined at NUTS 3 level for the Romanian side and, as there is no NUTS classification in Serbia, as defined by the Serbian Government.

Table 1 below shows the eligible areas within the Romania-Serbia Cross-Border Programme.

Table 1 – Eligible Areas

<table>
<thead>
<tr>
<th>Country</th>
<th>Eligible Area</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Romania</td>
<td>Timiș County (Județ)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Caraș-Severin County (Județ)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mehedinți County (Județ)</td>
<td></td>
</tr>
<tr>
<td>Serbia</td>
<td>Severno-Banatski District (part of Vojvodina Autonomous Province)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Srednje-Banatski District (part of Vojvodina Autonomous Province)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Južno-Banatski District (part of Vojvodina Autonomous Province)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Braničevski District</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Borski District</td>
<td></td>
</tr>
</tbody>
</table>

A map of the border region is provided overleaf.
MAP 1: Eligible area Romania – Serbia Cross-Border Programme
3.2 The border area

The eligible border regions within the Romania-Serbia Cross-Border Programme cover an area of 39,351 Km², of which 22,149 Km² is in Romania and 17,202 Km² is in Serbia. Thus 56% of the eligible border area is in Romania whilst 44% is in Serbia. The eligible border area represents 12% of the total combined area of the whole national territories of Romania and Serbia.

On the Romanian side, 63% of the land area is agricultural land, 29% is covered by forests, 2% by ponds and lakes and 6% urban areas. In this area there are 20 towns (7.55% of total), 203 communes (7.56% of total communes in Romania) and 948 villages (7.24% of total). On the Serbian side about 71% is agricultural land and 16% is forests.

There are three Euroregions in the territory of the eligible area – Danube 21 (Zajecar – SCG, Calafat – ROM and Vidin – BUG), Djerdap Mid Danube–river (Romania – Caraş Severin and Dolj-Mehedinţi, Bulgaria – Vidin and SCG – Borski, Braničevski, South Banat and Zaječarski county) and Danube-Caraş-Mureş-Tisa (Hungary-4 counties, Romania-4 counties, Serbia – Vojvodina).

Population

The total population of the border area is 2.335 million, which constitutes 8.27% of the total combined national populations of Romania and Serbia. Of the 2.335 million people who live in the border area, 1.36 million live in Romania, and 1.035 million live in Serbia. Thus, within the border area, 56% of the population is living in Romania, and 44% is living in Serbia.

The issue of population migration tends to be closely linked to unemployment levels. The border area as a whole demonstrates net migration out of the region. The situation in this respect shows disparities between regions in the border area, with some Romanian counties (Timiş) showing some net growth in population and relatively low unemployment, whilst the other Romanian border counties (e.g. Caraş Severin) have a negative migration rate and high unemployment.

On the Serbian side, the population continues to decrease with some municipalities experiencing a loss of about 20% over the last five years. Low birth rates and economic migration are the main factors influencing this negative trend, and it is of special concern in the southern districts. In 2002 alone, the decrease over 2001 was −6.5% in the three northern Banat districts and −5.2% in the two southern districts. Total birth rate for the eligible area in 2002 was −5.88 per 1000 inhabitants. A further factor on the Serbian side is that, as a result of the past conflicts in the Former-Yugoslav Republic, all districts have a significant population of refugees (from Croatia and Bosnia and Herzegovina) and displaced persons (from Kosovo and Metohija); this refugee population is estimated at 5% of the total population.
3.3 Economic and Social Development

Economic structure

Within this area there are particular issues raised by the absence of appropriate data demonstrating in a meaningful way the composition and structures of the business sectors in each county/district in the eligible border area, and also no appropriate evidence to demonstrate how certain indicators have moved over time (thus illustrating trends and highlighting possible areas for further development). It is clear that this aspect (i.e. the availability of data and trends) should be improved during the programme period to enable more informed judgements about policy developments and about the specific interventions to be made via the programme and by other funds/programmes. This issue of lack of suitable data is a common challenge facing authorities in both Romania and Serbia, and it is appropriate and valuable that the challenge of addressing this issue will be undertaken to a considerable degree within the framework of this Cross-Border Programme.

With this proviso regarding the availability of data, however, there are a number of key points to be made with regard to the economic structure of the programme area.

The GDP levels of the border area are close to the national GDP per capita levels for Romania and Serbia (Romania - €2,420, Serbia - €1,866), but as such are considerably lower than EU 25 average GDP per capita of €20,700.

The sectoral distribution of GDP shows that on the Romanian side of the border, industry (e.g. machine-building, food processing, wood processing) is the principle field of activity in the eligible area.

A specific issue of major significance, especially in the cross-border context, is the hydro-electric project on the Danube at Portile de Fier/Djerdap. This generates 40% of Romania’s Hydro-electricity and around 20-25% of total Serbian electricity produced (100% of Hydro-electricity). A major project to upgrade and expand the capacity is underway.

Natural resources are also an important issue that must be taken into consideration, and in this respect there is a common resource and common set of challenges/opportunities for communities on both sides of the border.

As an example, in the mountainous and hilly areas of the Romanian border area there are diverse underground natural resources, including ores (iron, copper, zinc, lead, uranium), precious metals - gold and silver, and also construction materials (sand, granite, clay and marble).

The whole cooperation area is very rich in high quality therapeutic thermal water having important springs of mineral and thermal waters contributing to the development of spa resorts (the oldest is the city Herculean Baths (in Romania), known since the Roman empire. Also the national and natural parks and protected natural areas account for an area of several thousand ha.

On the Serbian side of the border the major industrial concentrations by sectors are in the chemical industry sector, in pharmaceutical - cosmetic sector and in the non-metallic processing sector as the glass industry. In addition, there is considerable activity in the metal processing and foundry sector and factory producing agricultural machinery and equipment, railway wagons etc. In Braničevski district the agriculture and food processing industries are
well developed, as is wine and beer production. In the south, the RTB holding company of Bor is reputed to be the centre of the largest-size copper mining area in Europe, whilst in the Banat area there are a number of oil and gas exploitation plants.

Companies/SMEs

The border areas of Romania and Serbia share a common challenge in relation to the development of a strong and dynamic company/SME base to underpin economic development. In the border area, in 2004, a total number of 31,276 active companies are registered, of which 24,275 are registered in Romania and 7,031 in Serbia. Thus, 77.52% of companies active in the overall border area are in Romania, with 22.48% in Serbia. Of the total number of active companies in the border area, 93.65% are SMEs. In terms of numbers of SMEs per 1000 inhabitants, there are significant variations between the regions of the border area, although the overall situation shows a relatively low level of company activity in the border region on both sides of the border; these are shown in Table below:

**Table: Number of SMEs per 1000 inhabitants (and compared to border area and EU 15 averages)**

<table>
<thead>
<tr>
<th>Eligible Area</th>
<th>SMEs per 1000 inhabitants</th>
<th>Comparison with border area average (average of 12.5 =100)</th>
<th>Comparison with EU 15 average (average of 60 =100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Border Area</td>
<td>12.5</td>
<td>100</td>
<td>21</td>
</tr>
<tr>
<td>Timis</td>
<td>24.85</td>
<td>198</td>
<td>41</td>
</tr>
<tr>
<td>Caras-Severin</td>
<td>12.70</td>
<td>101</td>
<td>19</td>
</tr>
<tr>
<td>Mehedinti</td>
<td>11.32</td>
<td>90</td>
<td>18</td>
</tr>
<tr>
<td>Serbian border Area</td>
<td>4.99</td>
<td>40</td>
<td>8</td>
</tr>
</tbody>
</table>

Research & Development and Innovation

The border region also suffers from very low levels of investment in research and development, and in innovation; this issue being of importance on both sides of the border. Statistics relating to this are not comprehensive, but on the basis of figures available even the most advanced region of Timiş in Romania is recording capital investment in R&D at an annual figure of just over €1m for 2004 – this constitutes less than 0.05% of GDP for the region, and the equivalent figures for other border regions in both Romania and Serbia are much lower than for Timiş (e.g. for Mehedinti it constitutes only 0.007% of GDP). This should be compared with figures of well above 1% of GDP in more advanced regions of the EU, and with figures of around 0.5% of GDP as an average for the countries that joined the EU in 2004 – even this lower figure represents investment levels in R&D at ten times that in the most advanced part of the Romania-Serbia border region. In this context, it must also be noted that the border area does have a relatively strong higher education base, and as such the potential for expansion of R&D would appear to be considerable.

With regard to potential for development, there are certain poles of excellence within the border area, which would be used as exemplars to demonstrate the potential for growth.
Examples include the renowned university in Timișoara, the university and research facilities located close to the border region (in Novia Sad and Subotica) as well as the specialist research centres in Vršac (pharmaceuticals) and Bor (mining). It is clear, therefore, that a common approach to joint work in relation to tackling low levels of R&D and innovation will bring considerable benefits to the economic development potential of both sides of the border.

*Foreign Direct Investment (FDI)*

With regard to FDI, this is a key aspect reflecting competitiveness and attractiveness of the cross-border region, as well as being a major factor linked to investment in R&D and innovation. Levels of foreign direct investment in the border region are very low, with there also being significant variations between the performance of specific regions within the border area with Timiș County being by far the best performer in this field with over 90% of total FDI in all three of the Romanian eligible border regions in 2004.

In the Serbian border regions, the privatisation and restructuring process is difficult and so far has not brought a significant economic impact or a substantial increase of foreign investments in the region. To date, a few individual investments have been made by EU companies, especially in Banat districts. Despite efforts by the Serbian authorities to stimulate foreign investment in the area, results have been below expectations, but are forecast to increase as the country stabilises, and as the privatisation and restructuring of certain major enterprises progresses in the next 2 years. A clear EU accession perspective is also key for significant increases in FDI to Serbia.

In this respect, an improved profile and development perspective for the Romanian-Serbian border region could bring benefits and increased FDI to finance investment and development in both countries; thus there are major factors supporting a joint approach by Romanian and Serbian authorities and agencies, and a common commitment to developing a more successful, competitive and dynamic cross-border region.

*Transport Infrastructure*

The Romanian border area possesses a developed road and railway network, two ports on the Danube and several airports, of which one is international (in Timișoara). In Serbia, the area has a good network of roads, although they are not well maintained, with a better-developed railway but underinvested system in the Banat districts (building started in the Austro-Hungarian period, a good number of lines have been closed), and a good inland waterway infrastructure in all districts. There are only small airports in the Banat districts, not available for commercial international or interregional flights, although the Belgrade International Airport is approximately only 200 km from the most distant points of the eligible area. In addition the well-developed irrigation system Dunav-Tisa-Dunav (DTD) in Vojvodina (Banat and Bačka) has a canal network of 960 km, of which 600 km are navigable.

Important national and Pan-European corridors, namely corridors IV and X along with the Danube River corridor VII, cross the area and at this moment they constitute one of the wider Europe transport axis. With the development of oil pipeline Constanța- Pancevo-Italy this is becoming very important route for infrastructure development.

Concerning the road network, despite recent improvements the proportion of modern roads is still small, a motorway connection with neighbouring countries exists only at the very periphery of the region (on corridor X, Horgos border crossing between Hungary and Serbia) and local roads in particular, are obsolete and in poor repair. The length of public roads is
6697 Km in the Romanian regions (of which 1467 km are national roads) and 5256 km on the Serbian side (of which 1142 km major roads and 1423 km of regional ones).

With regard to the importance of the cross-border dimension, in order to stimulate and to support the development of the region, its internal connectedness (contributing to a more feasible operation of intra-region activities) as well as external connectedness between the border regions and the international communities, is something that is of joint interest to parties in both Romania and Serbia.

Key Economic Sectors for the Programme Area – Tourism and Agriculture

A sector of particular note with regard to having considerable common potential for development on both sides of the border is the Tourism sector. In this regard, it must firstly be stated that as with many aspects of economic activity at the regional level, there is in relation to tourism a particular challenge related to the relative lack of hard data (quantitative) to provide an appropriate basis for a comprehensive review of the performance in the tourism sector, and/or of development trends. This is an issue that will be addressed by the activities to be financed by this programme, as this will include support for studies in tourism as in other sectors.

In the absence of sufficient hard data, however, it has been possible on the basis of submissions by stakeholders to the consultation process for this Programme to develop an informed overview of the importance of the tourism sector to the border region, and of the key challenges that are faced in common by communities in Romania and Serbia.

Performance to date within this sector has not been strong in any of the regions, and in particular there is a very low level of international tourists visiting the region. The quality of tourist infrastructure, including particular accommodations, is also currently poor in Romanian and Serbian border regions. A further common feature here is that there is no strong identity of the cross-border region itself, and no effective marketing and promotion of the cross-border region.

This relatively poor performance to date contrasts with the considerable potential, especially on the basis of common under-exploited resources in the border areas. The strengthening of the tourism potential of the natural park areas and the mineral spas, thermal spa resorts, is a key issue and offers considerable potential to both Romanian and Serbian towns and districts. Moreover the Romanian area has also important springs of mineral and thermal waters contributing to the development of spa resort, whilst the eligible area on the Serbian side is also rich in spa and health tourism facilities (Banja Kanjiža, Brestovačka Banja, and Banja Rusanda. There is also potential for natural parks and cultural heritage tourism – Viminacijum, Trian bridge roman excavations and for hunting tourism.

In this respect, support to the tourism sector is seen as a key element in any future Cross-Border Programme as the cross-border areas are facing very similar issues, both in relation to current challenges but also the nature of the under-exploited potential for leading local tourism developments on the basis of greater activity in health/spa/eco tourism. This also brings the significant benefit of providing a stimulus to greater creation of small-scale service businesses, offering potential for the creation of large numbers of tourism-related SMEs and thus providing a broader-based and potentially more sustainable source of employment in the border area.
A second sector that is seen as having particular importance for the development of the border, and where there are common issues facing communities on both sides of the border, is within agriculture and, especially within Caraş-Severin and Mehedinţi counties, forestry. The role of agriculture within the border area is very important, with considerable issues related to seasonal labour shortages, as well as the fact that agricultural operators are currently unable to maximise value from the produce due to relatively poor quality expertise and knowledge in relation to issues such as marketing of products.

**Labour market (employment and unemployment)**

Overall employment in the border area is 760,900, of which 537,800 (71%) is in Romania and 223,150 (29%) is in Serbia. In line with the overall disparities between the regions of the border area, there are strong variations between patterns of employment in the regions.

The unemployment rate on the Romanian side of the border area varies significantly between counties, with Timiș as low as 2.6% whilst in Mehedinți the figure is over 10%.

Based on figures for 2003, the unemployment rate for the Serbian side of the border was 12.6%, with the highest number of unemployed being in North Banat district - 15.37% and lowest in Braničevski districts - 5%.

A further key feature of the local labour market on the Serbian side is the shortage of skilled labour in specific sectors, especially agriculture and construction, and this has in the past been partially solved by high numbers of Romanians crossing the border for seasonal work. In this respect, local labour markets have a very important cross-border dimension and it is therefore of some significance that these questions should be addressed jointly within the framework of this Cross-Border Programme.

**Education, research and development**

In the eligible border area there are 423,000 persons engaged in various education activities, of which 68% are in Romania (289,000) and 32% are in Serbia (134,000).

In total there are 392 primary schools, 104 high schools, 3 professional schools, 3 secondary and professional, 12 universities.

The Romanian border area is also characterised by a high level of scientific and research human resources potential due to the high quality of traditional education and academic activities. There is a well-developed network of public and private higher education institutions, some of the major universities from the country being located in the area. Examples are: the Western University of Timișoara, Timișoara Polytechnic University, Eftimie Murgu University of Reșița, University Centre Drobeta Turnu Severin- University of Craiova, University of Craiova- Faculty of Engineering and Management of technologic systems Drobeta Turnu Severin- University of Craiova, and many R&D centres (38 units in 2004). On the Serbian side, the vast majority of high school and university students receive their education from facilities located in the three major University centres outside, but close to, the area (less than 80 km) in Belgrade, Novi Sad and Subotica. Regarding research activity in the Serbian border regions, there are a small number of small research institutions, mainly in the fields of agriculture and forest studies, food processing etc. and a large Institute for mining in the city of Bor. The challenge of improving interactions and exchanges between
educational institutions across the border is an important element of the strengthening of a border identity, and could play a significant part in supporting the operation of cross-border networks.

A particular challenge in the education sector is to develop forms of training and re-training to match the dynamic and changing local labour needs (i.e. relative lack of appropriate training capacity to undertake re-training programmes of unemployed from the major industries). As stated above, the issue of a cross-border labour market is also of some importance locally, and therefore the programme should support common approaches to wider issues of training that can contribute to more effective responses to training on both sides of the border.

### 3.4 Environment and Emergency Planning

#### Environmental infrastructure

Public utilities infrastructure has been gradually improved in the eligible border area as a whole, especially in urban areas. In Romania, however, in rural areas only 55% of the population has access to drinking water supply systems, and in most of the villages such systems are missing. The sewerage network is obsolete and has insufficient capacity, and the proportion of localities with sewerage is extremely low (below 10% in all areas and below 5% in many counties/districts). Thus, the issues of environmental infrastructure are common on both sides of the border, and also the negative effects of this situation have clear and inevitable cross-border impacts (water-air borne pollution, contamination, etc).

#### Environment and nature, emergency planning

The border area enjoys a relatively clean natural environment, however, certain environmental issues, such as cross-border pollution of rivers and unused former heavy industry sites are areas of concern. Air pollution is relatively low, but with regard to pollution of waterways, environmental protection and collaboration is a priority, with key issues being the very limited waste collection and deposit capacities across the whole border region.

A key feature of the border area environment is that for a considerable part of its length the border is constituted by the Danube River. This is a major factor influencing the areas development and in particular, in relation both to environmental aspects and broader considerations, the following should be noted:

- With regard to environmental issues pollution generated in the border areas is carried by waterways and tributaries which ultimately flow into the Danube.

- It is a major factor in relation to a significant common challenge, serious flooding. This remains a considerable challenge despite recent major improvements to flood prevention facilities.

- The river is a defining, and common, feature, and any environmental issues linked to the Danube clearly require joint action.

- The river provides a joint connection to the external world, and thus is a key resource and element in relation to the connectedness of the border area and thus to economic development across a range of sectors.
- The river also is a major factor influencing the nature of cooperation across the border as it presents a physical obstacle which creates certain difficulties in relation to multiple, local collaboration events.

In certain parts of the Romanian border area, extraction of fossil fuels, mines, and heavy industry significantly contribute to the pollution of the environment. The most polluting units are in the fields of domestic waste management and chemical processing, mining, industry, metallurgy and animal breeding. Due to growing consumption, but also to the remaining obsolete industrial plants, mines and technologies, one of the most serious environmental problems is waste management. The industrialised areas of Serbia are the source of increased pollution levels and have contributed to environmental degradation in some regions of the border area. The major polluters are the chemical, machinery manufacturers, food and oil industries, as well as copper mines and animal breeding farms. The principle form of pollution is the drainage of polluted ground water into the many canals and tributaries.

On the other hand thermal springs constitute a major natural resource of the area, and are spread across the whole eligible area. The Romanian-Serbian cross-border area is very rich in high quality therapeutic thermal water. There is an abundance of spa resorts throughout the area; some of these resorts have even acquired international reputations, e.g. Bâile Herculane in Romania, known since the Roman Empire.

National and natural parks as well as protected natural areas account for an area of several thousand ha within the border area. On the Romanian side this area includes Domogled – Valea Cernei (Mehedinți, and Caraș Severin counties) and Cheile Nerei – Beușnița (37100 ha, Caraș Severin county), Poștile de Fier (115656 ha, Mehedinți, and Caraș Severin counties), Cheile Carașului (36665 ha), landscape protection area (Caraș Severin county). There are also many other smaller nature protection zones in the Romanian border regions, according to national legislation, and Romanian institutions are working on the identification of the Natura 2000 sites in the eligible area. On the Serbian side, the Djerdap National Park located in the District of Branicevski, on the Danube on the border with Romania covers a surface of 63,608 ha and includes a UNESCO protected area which is famous for its rare flowers and wilderness character. Also, Serbian national and natural parks and protected natural areas account for an area of several thousand ha. This area includes Pastures of Large Bustard near Mokrin (in North-Banat district), Sokolac Park near Becej, Slano Kopovo marshes, Rusanda Pool and Carska Bara Pool-Stari Begej channel (in Middle-Banat district), Ponjavica, Deliblatska pescara sends (29.351 ha),Vršacke mts., Uzdińska forest and Hajducica park (South-Banat district), and Deli Jovan mt., Kucajske mts. and Radujevac (Branicevski district).

3.5 Cross-Border Cooperation at the local level

Background

Under the 2003 External Border Initiative Programme for Romania, the cooperation between Romania and Serbia &Montenegro was initiated. This programme aimed at maintaining and developing the traditional economic and cultural relationships between Romania and these countries. It represents the current structure of the CBC intervention and has provided the basis for the introduction of the new instrument (IPA) due to be initiated in 2007. The aim of the Programme was to increase the level of cross-border cooperation therefore a special attention was given to the People-to-People Actions.
For the 2004-2006 Neighbourhood Programme, the financial allocation for the Romania – Serbia & Montenegro was 16 mil. Euro (Phare) and 4,20 mil. Euro (CARDS).

The aim of the Neighbourhood Programme for Romania-Serbia and Montenegro was to create joint frameworks for promoting neighbourhood cooperation and multi-annual programmes elaborated in each of the following areas: business support cooperation, environmental protection, local public services cooperation, small scale infrastructure improvements, and local tourism development. It was forecast that for the NP (2004-2006) the project application process will ensure a high absorption rate.

The Technical Assistance for Multi Annual Programming and Implementation of future cross border neighbourhood programmes between Romania and Serbia & Montenegro, Ukraine and Moldova from Phare 2003 had two wider objectives, respectively of helping the border regions to overcome specific development problems resulting from their relative isolation in the framework of national economies and to establish and develop co-operative networks on both sides of the border.

In the framework of the Neighbourhood Programme 2004-2006 Romania - Serbia & Montenegro the infrastructure priority aimed at improving the accessibility in the border area through development of the economy of the border regions by enhancing the trade and the economic cooperation. Another overall objective was to motivate the creation and development of corresponding transport links on both sides of the Serbia & Montenegro/Romania border and to promote good neighbourliness and cooperation between Romania and Serbia & Montenegro.

**Need for people to people actions**

On the basis of the Programme outlined above, it is clear that within the border area there has to date been relatively limited experience of the development and operation of structured cross-Border cooperation financed via interventions from the European Union. For the period 2004-06 there has been in place a Neighbourhood programme for Romania-Serbia & Montenegro, with a total financial allocation of €16 m (PHARE) out of which 1,8 m for the people-to-people actions via a Joint Small Project Fund. The total financial allocation for CARDS was 4,2 m of which €1.2 m was allocated to the support of people-to-people actions. This programme represents the only major support programme that has been in operation to date in the border area. Although the implementation of this programme is still in its early stages, and therefore it is premature to form any final or specific conclusions regarding its operation or about the lessons to be learned for future cooperation, it is still important to make some preliminary observations that are important in shaping the Strategy to be applied within this Cross-Border Programme for 2007-2013. In particular, there are lessons that can already be learned with regard to the value of people-to-people actions.

Taking into consideration the above data, it should be underlined that the development of joint people-to-people actions has represented an important first step for many institutions in the border area, as it has raised the awareness and interest in joint activities and in undertaking planning and implementation of activities in collaboration with partners from the other side of the border. This stimulus to cross-border partnership and cross-border networking has been a very valued initial move in building relationships that can provide the basis for more substantial and sustainable cross-border initiatives in the future.
The feedback from the operation of this aspect of the Neighbourhood Programme has also demonstrated that by providing a space for a wide range of institutions to engage in concrete joint actions with cross-border partners, there is a more general raising of awareness and interest that will be essential if the more strategic aims are to be achieved in areas such as Economic and Social development, Environment, and in Emergency Preparedness. In this sense the operation of smaller-scale people-to-people actions is seen as necessary to provide the basis for wider objectives.

The demand for projects within the Joint Small Projects Fund, evidenced by the number of applications and the approaches to the Regional CBC Office, has certainly demonstrated considerable interest in pursuing cross-border activity via people-to-people actions. Thus, it is an area where it is clear to see a strong absorption capacity.

With regard to the types of activities and areas to be covered by a “People-to-People” approach, the full analysis of applications and projects cannot yet be completed. However, on a preliminary basis it can be stated that:

It is essential to make sure that there is encouragement of active participation in development of areas of direct and immediate concern to the local population on both sides of the border. A key feature of this is to ensure that there is support to the strengthening of civil society, active across several areas and themes, via collaboration work.

Also small administrations and organisations need to develop their own competences and capacities to be able to contribute to wider economic and social development, and to issues such as the environment and emergency preparedness. To achieve this, there are real issues of organisational capability that need to be addressed and that are common on both sides of the border. Therefore, it is a priority to support the strengthening of governance in the local institutions. This aspect of the people-to-people cross-border cooperation activities are particularly important as the issue of local governance is common on both sides of the border and although the specific cultural/political/legal context does differ between the two sides of the border, there are many common challenges facing both Romanian and Serbian local government bodies and local institutions.

However it is also essential to offer realistic and appropriate options for participation in cross-border activities by as wide a cross-section of the local population as possible, and not just to focus on institutional arrangements. In this way, there should be support provided to educational, cultural and sporting exchanges, as these provide this wider profile and broader participation in cross-border work.

Within the border region there are different social and cultural factors that have shaped, and are shaping, the lives of the local communities. It is important that this differentiated social/cultural perspective is addressed via cooperation to use this variety as a positive feature of local development, rather than something that divides different areas. In this sense, projects to support social and cultural integration are also of considerable importance.

On the other hand for the programme document for Romania-Serbia Cross-Border Programme, consultation fiches have been commissioned in the eligible area. The results of the consultation fiches revealed the fact that 40 % of the stakeholders consulted, expressed their interest for projects that aim at economic and social development (creation/ improvement of infrastructure or support for regional initiatives for socio-economic development), 35 % shown a high interest in developing projects which address common challenges regarding the environment protection and protection / capitalization of the natural heritage and improvement
of services. Regarding the People-to-People type of actions 30 % of the consulted stakeholders expressed their interest in projects aimed at supporting local communities and civil society, R&D, innovation, education and intercultural exchanges, social and cultural integration and cooperation between the border regions.

The results of the questionnaires furthermore indicated that the local authorities took into consideration both strategic projects as well as enhancing the partnerships throughout the projects.

3.6 Gender equality and equal opportunities

In the field of gender equality and equal opportunities, the Cross-Border Programme addresses the needs of those facing multiple disadvantages, including for example people with disabilities, Roma community and other ethnic minority communities. With regard to gender equality, in the cooperation area, there is a certain disparity between male and female occupational segregation, activity rates and pay, and stereotyping and traditional role expectations further limit women’s choices and ability to fully participate in the labour market.

In the light of this, the Romania-Serbia Cross-Border Programme has been prepared with full consideration of the promotion of gender equality and equal opportunities. In particular the programme will operate in accordance with the relevant objectives of the EU in relation to social inclusion, non-discrimination, the promotion of equality, and education and training, in order to better contribute to the implementation of the objectives and targets agreed at the Lisbon European Council of 23 and 24 March 2000 and at the Gothenburg European Council of 15 and 16 June 2001.

During the preparation of the Cross-Border Programme, the issue of equal opportunity has formed part of discussions at joint fora and in particular the need to ensure full participation of socially disadvantaged groups in the border region has been highlighted. In line with a commitment to mainstreaming, it has been decided not to include a specific priority axis or single measure that address such issues, but to ensure that across the Programme as a whole these are taken into consideration in a strong and effective manner.

In this context, the specific approach is as follows:

Project selection criteria for each priority axis will include a reference to promoting quality projects that demonstrate measures to increase the participation of socially excluded and disadvantaged groups, to provide outreach to groups marginalised in relation to the labour market, to address the impact of social issues on the internal market, and to promote access to and management of projects taken on by non-governmental organisations active in areas of equal opportunity.

Relevant and specific indicators for each priority axis have been set to ensure that performance in relation to achieving agreed equal opportunity targets will be monitored and evaluated across the Cross-Border Programme. These indicators shall reflect those used in the implementation of the European Employment Strategy and in the context of the relevant Community objectives in the fields of social inclusion. The indicators will highlight actions that are specifically aimed at issues of equal opportunity, as well as also interventions where the effect is indirect.
In this context, it can be seen that Priority Axes 1 (Economic and Social Development), 3 (Promoting people-to-people exchanges), and 4 (Technical Assistance) would demonstrate both a direct and indirect positive impact on promotion of equal opportunities, whilst Priority Axis 3 would have only an indirect positive effect or neutral effect. This is reflected in the indicators for each Priority Axis.

3.7 Summary of key points from the analysis

This Cross-Border Programme provides the opportunity for both countries to continue their cross-border cooperation under the new instrument. The analysis set out above shows that even if there is very uneven economic development within the border area this area of cooperation is characterised by similar agricultural, economic and industrial assets on both sides of the border, and thus common challenges that can and should be tackled in part by joint actions within a Romanian-Serbian programme such as this.

With regard to a key indicator of economic development, the overall border region has relatively low numbers of SMEs, with the area as whole at a level of only 21% of the average in the EU-15. Moreover, there are significant variations between regions in Romania and Serbia, and between regions in Romania (Timiș has more than double the number of SME per capita than Mehedinți). Therefore this Cross-Border Programme aims at improving the SME sector and promoting SMEs development.

There is a requirement for development in certain key aspects of transport infrastructure, particularly in relation to local road networks, improvement of main connections, and integration of different transport modes.

There is a limited degree of cross-border cooperation activity, and thus low levels of experience amongst the population of the neighbouring areas. Due to common challenges faced by the communities from both parts of the eligible area there is a need for a high level of cooperation in the fields that concerns both countries (e.g. Danube flooding, pollution).

The eligible cooperation area has a tourism sector that demonstrates considerable potential (thermal springs, national and natural parks, protected areas) whilst currently having low performance due to a range of factors (e.g. low quality of services), and also with low penetration of international tourists to the region.

Waste management and addressing certain specific sites of industrial pollution are major challenges on both sides of the border.

The levels of innovation and investment in RTD are very low and also there are low levels of foreign investment into the region, reflecting the current relative unattractiveness of the border region to external investors.
### 3.8 Strengths, Weaknesses, Opportunities, Threats (SWOT analysis)

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic location near three major TEN corridors (Existing international connections that could be exploited)</td>
<td>Poor state of transport infrastructure</td>
</tr>
<tr>
<td>Some aspects of transport infrastructure are developed, and different transport modes available (road, rail, water)</td>
<td>Tourism capacity undeveloped</td>
</tr>
<tr>
<td>Major natural resources for tourism development: national and natural parks, thermal springs, forests and areas of outstanding natural beauty</td>
<td>Service sector not well developed</td>
</tr>
<tr>
<td>Environmental protection important issue for both countries</td>
<td>Low level of cooperation between local/public authorities (public services) across the border</td>
</tr>
<tr>
<td>Low levels of industrial pollution in areas of scenic beauty</td>
<td>Undeveloped SME sector and business services</td>
</tr>
<tr>
<td>Capacity in specific areas of higher education and research</td>
<td>High levels of unemployment in specific regions</td>
</tr>
<tr>
<td>Existence of success stories, poles of excellence (e.g. Timiș, Vršac) in area of RTD</td>
<td>Very low levels of investment in RTD/Innovation, and FDI</td>
</tr>
<tr>
<td>Evidence of demand for local cross-border projects</td>
<td>Low capacity environmental infrastructure, particularly in relation to Waste and Waste Water Management</td>
</tr>
<tr>
<td></td>
<td>Limited number of institutions with experience in cross-border project development/implementation</td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Improving economic ties between Romania and Serbia</td>
<td>Border as continuing and increasing dividing factor</td>
</tr>
<tr>
<td>Resourceful society oriented towards economic development of both counties</td>
<td>Potential negative impact on Programme implementation linked to the timetable of accession</td>
</tr>
<tr>
<td>Emphasising strong cultural and historical links will stimulate regional</td>
<td>negotiations for Serbia</td>
</tr>
<tr>
<td>identity and favour tourism from neighbouring countries</td>
<td>Effect of new regulatory/legislative framework on movement of people/labour after 2007</td>
</tr>
<tr>
<td>Repairing and rehabilitation of many historic sites will increase attraction</td>
<td>High level of migration</td>
</tr>
<tr>
<td>of area to neighbouring, foreign tourists and nationals</td>
<td>Visa requirements</td>
</tr>
<tr>
<td>Great potential for environmental and eco-tourism in areas of natural beauty</td>
<td>Lack of modern infrastructure will reduce competitiveness of local industries and reduce</td>
</tr>
<tr>
<td>Preserving and protecting the integrity and biodiversity of national parks</td>
<td>attractiveness of area to tourists</td>
</tr>
<tr>
<td>High tourism potential will stimulate employment and job creation</td>
<td>High flooding and pollution risk</td>
</tr>
<tr>
<td>Development of the capacity/potential of the tourism industry and tourism</td>
<td>Lack of investment will delay growth and lead to stagnation of economy</td>
</tr>
<tr>
<td>products (e.g. bookable products)</td>
<td>Continued-increased net population migration</td>
</tr>
<tr>
<td>Some improvements to road networks near border area will facilitate tourism</td>
<td>Lack of long-term work will encourage further emigration from region</td>
</tr>
<tr>
<td>and local activities</td>
<td>Industrial pollution feeds into Danube</td>
</tr>
<tr>
<td>Further integration of road/rail/river transport systems</td>
<td></td>
</tr>
<tr>
<td>Enhancing accessibility of the region via improved</td>
<td></td>
</tr>
</tbody>
</table>
transport routes within region and to rest of Europe, and development of inter-modal transport systems

New business sectors such as services, tourism will reduce unemployment

Potential for significant growth in SMEs to provide sustainable employment

Re-training will re-orient redundant workers to new work opportunities

Opportunities for sharing cross border public services

Opportunities for creating cross border networks to enhance education and research cooperation

Development of RTD/innovation performance on basis of research & Higher Education institutions/ linkage R&D / universities with private sector (technology transfer, innovation)

Use of poles of excellence and pilot projects as demonstration to promote balanced development
Chapter 4. Programme Strategy

4.1 Rationale

The strategy has been drawn up within a clear framework established by the following elements:

- Local and Regional development strategies of the regions of Romania and Serbia within the border region, and Regional Development policies and strategies of Romania and Serbia at the national level (as described below in the section “Coherence with Existing Strategies”) and the Multi-annual Indicative Planning Document 2007-2009 for the Republic of Serbia

- The guidance from the European Commission concerning the preparation of Operational Programmes under the European Territorial Cooperation Objective, the provisions of Community Strategic Guidelines for 2007-2013 and the Lisbon Agenda.

The detailed strategy builds upon the obstacles and weaknesses outlined in the analysis of the situation in the border area as set out above, including the SWOT analysis, and is designed to respond to the specific challenges faced in the Romanian-Serbian border regions eligible within this programme. Moreover, as outlined above, the Strategy as a whole has been developed on the basis of full consultation with, and involvement of, key stakeholders from the border regions.

In this context it must be noted again that the Programme has been prepared in the context of imperfect quantitative statistical data in relation to certain areas of activity. As is pointed out above, such data is not currently gathered, especially at the regional level. Moreover, at the time of preparing the programme there has been relatively little possibility to draw lessons from previous cooperation activities in the border area, as it is still too early in the implementation process to draw clear conclusions in relation to the current status of cross-border cooperation work on this particular border. Where there have been issues regarding the nature of data/information, the approach taken has been to utilise surveys, questionnaires and the informed judgements of stakeholders to provide the basis for the analysis and the strategy. Also, a broader approach has been taken to seek to obtain wide participation by stakeholders in the region. Moreover, within Priority Axis 1, Economic and Social Development, there is support to be provided for studies to improve the statistical base for future programming. The strategy for cooperation in the eligible area is set within the framework of the specific financial resources available to the Romania-Serbia border regions via the Cross-Border Programme. In addition, it is recognised that all regions within the border area are also eligible for support under national and regional development programmes supported via other financial sources. In this context, the Cross-Border Programme is targeted at maximising the specific value that can be added within the framework of the Cross-Border Programme.

The strategy will thus focus on the key challenges as identified in the analysis of the regions and the responses that are available to address problems that exist within the regions. The responses adopted will be those that are most appropriately addressed via the Cross-Border Programme.
These are:

- Overcoming specific issues related to the *connectedness* of the region, both internally between the border regions, and crucially also externally between the border region and neighbouring areas

- Tackling the lack of *competitiveness* which is a common issue affecting the economy of the border area as a whole, with negative impacts in both the Romanian and Serbian border areas. This includes issues such as entrepreneurship and business activity, innovation, and levels of investment

- Addressing key issues of rural development which are characteristic of the border regions of both sides of the border, and which would benefit from joint cross-border action in relation to key areas such as (inter alia) agriculture, rural tourism development, and specific labour market challenges in rural areas.

- Dealing with the significant *common challenges* in the environment and in specific aspects of local/regional preparedness in relation to cross-border emergency situations

- Overcoming the border as a perceived “division”, and promoting greater *cooperation and contact* between regions and communities on both sides of the border

### 4.2 Strategic Goal and specific objectives

The Strategic Goal of the Romania-Serbia Cross-Border Programme is to *achieve on the basis of joint cross-border projects and common actions by Romanian and Serbian stakeholders a more balanced and sustainable socio-economic development of the Romanian-Serbian border area.*

The analysis has demonstrated key areas in which there is clearly a need for intervention via cross-border cooperation actions to promote more sustainable socio-economic development of the common border area, and also has highlighted the significant imbalances both *within* the border region and also *externally* between the joint border region and the respective national economies as well as the wider EU.

In this context, the Programme will work towards its Strategic Goal by jointly pursuing common interventions to achieve specific objectives, namely:

- *Increase in the overall competitiveness of the economy in the border area.* Whilst it is recognised that the issue of competitiveness is a broad issue, it should be stressed that the objective of Programme is to provide a coherent and jointly agreed framework for parties from Romania and Serbia to benefit from the added value of joint actions to address common issues affecting competitiveness, and to support measures that will support increased competitiveness of the border region as a whole

- *Improvement of the quality of life for the communities of the area.* Via joint measures to address issues that have a strong cross-border character on the basis of tackling issues that have a strong cross-border character (e.g. cross-border environmental impact) and/or where the factors limiting the quality of life on both sides of the border promote common and joint responses from communities across the whole border region.
With regard to indicators, specific indicators for each Priority Axis are shown in the Programme Document. In addition, at the programme level a set of indicators will be used. In terms of the measurement of progress in relation to key areas of operation of the Programme, it is recognised that at this time there is limited hard data in certain key areas, and thus that it is not easy to identify clear baselines and to also provide a clear basis for ongoing management of the monitoring system by the programme management. In this context it is stressed that a key challenge for the Programme is to ensure that as part of Priority Axis 4 (technical assistance) appropriate baseline information is gathered during the first year of the programme. This may be complemented during the programme period by access to independent and verifiable data produced by research/study projects supported in Priority Axes 1-3.

In the context of the above, it is also recognised that at the time of preparing the Programme it is not easy to clearly identify specific needs, or to justify very focused targeting of assistance in certain sectors or in specific districts/areas. As part of the implementation of the programme, it will be particularly important to focus attention on this and to develop guidance throughout the programme period as evidence/date becomes stronger to support certain specific interventions and to ensure that resources are being targeted in the most effective way possible.
STRATEGIC GOAL

to achieve on the basis of joint cross-border projects and common actions by Romanian and Serbian stakeholders a more balanced and sustainable socio-economic development of the Romanian-Serbian border area

SPECIFIC OBJECTIVES

1. Increase in the overall competitiveness of the economy in the border area
2. Improvement of the quality of life for the communities of the area

PRIORITY AXES

Priority Axis 1: Economic and Social Development

Measures:
- Support for local/regional economic and social infrastructure
- Develop the tourism sector, including the strengthening of the regional identity of the border region as a tourist destination
- Promote SME development
- Support increased levels of R&D and innovation in the border region

Priority Axis 2: Environment and Emergency Preparedness

Measures:
- Improve systems and approaches to address cross-border environmental challenges, protection and management
- Develop and implement effective strategies for waste and water management
- More effective systems and approaches to emergency preparedness (including aspects such as flood prevention/control, food safety, health issues)

Priority Axis 3: Promoting “people to people” exchanges

Measures:
- Support the development of civil society and local communities
- Improve local governance in relation to the provision of local services to communities in the border areas
- Increase educational, cultural and sporting exchanges
- Enhance social and cultural integration of border areas

Priority Axis 4: Technical Assistance

Measures:
- Support for the implementation, overall management and evaluation of the Programme
- Support for the publicity and information activities of the Co-operation Programme
## I. Programme level indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Measurement</th>
<th>Baseline 2007</th>
<th>Target 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased degree/intensity of Cooperation between public services/public authorities, municipalities</td>
<td>Number of projects between public authorities with joint development, joint implementation and joint financing.</td>
<td>0</td>
<td>197</td>
</tr>
<tr>
<td>Increase in cross-border contacts between people in the border area</td>
<td>Number of participants benefiting from the joint public cross-border events organised within the projects.</td>
<td>0</td>
<td>1200</td>
</tr>
<tr>
<td>Increased overall competitiveness of the economy of the border area</td>
<td>Number of projects aimed at improving the business environment and economic performance of the SMEs.</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Improved quality of life in the communities of the border area</td>
<td>Number of projects focusing on improving the living conditions in the border area (developing new services, tackling environmental problems, and other topics which impact the life of people in the border area).</td>
<td>0</td>
<td>113</td>
</tr>
<tr>
<td>Increase in population with qualifications received or improved from cross-border training activities</td>
<td>Number of participants benefiting from the training activities organised within projects.</td>
<td>0</td>
<td>600</td>
</tr>
</tbody>
</table>

**Source of information:** Annual implementation report; Evaluation reports; Monitoring reports; Surveys /studies; SMIS.

**Method of measurement:** Annually
4.3 Priority Axes

In the context of the analysis presented above, and in the framework of the specific objectives for the Cross-Border Programme, 4 priority axes have been identified as the basis for intervention to address common challenges facing regions in both Romania and Serbia:

1. **Economic and Social Development.** This priority addresses the requirement for intervention in a range of areas to address the issues related to connectedness, competitiveness, and rural development.

2. **Environment and Emergency Preparedness.** This priority recognises a range of common issues faced on both sides of the border in specific fields of environment and emergency preparedness, and which require joint action to achieve meaningful and sustainable results.

3. **Promoting “people to people” exchanges.** It is essential to develop actions in this priority area to widen and deepen the level of engagement of communities on both sides of the border in common actions.

4. **Technical Assistance.** This will be necessary to ensure efficient and effective use of resources in accordance with the goals, objectives and priorities of the Programme.

In accordance with the IPA Implementing Regulation a set of measures and indicators are provided for each Priority Axis.

In the light of the provisions of Article 95 of the IPA Implementing Regulation, the participating countries may also identify joint operations outside calls for proposals through an evaluation and selection procedure approved by the Joint Monitoring Committee. In that event, the joint operation shall be specifically mentioned in the Cross-Border Programme or, if it is coherent with the priority axes or measures of the Cross-Border Programme, shall be identified any time after the adoption of the programme in a decision taken by the Joint Monitoring Committee referred to in Article 110.

It should be noted that in the context of the limited funds available within this Cross-Border Programme, there is a great need to ensure that there is focus on obtaining maximum benefit for as many businesses as possible in the programme area, and to ensure that the limited funds are targeted to best create sustainable and valuable impact for the development of the local economy as a whole. For this reason, individual "for-profit" entities (SMEs, businesses, tourism operators/agencies, etc) are not eligible to directly apply for funds within the scope of this Programme, although it is a high priority to ensure that projects are targeted at bringing concrete and demonstrable benefit to businesses in the Programme area. In this respect, it is stressed that any organisations applying for funds to support SMEs and businesses will be required to demonstrate clearly that the activities to be supported are of clear and direct benefit to local businesses, and not simply of benefit to the applicant institution itself.

**Priority Axis 1 – Economic & Social Development**

On the basis of the analysis and SWOT analysis set out above, it is seen that within the framework of the Programme it is necessary to give priority to cross-border actions in relation to Economic and Social Development.
The economic and social infrastructure of the border region is a constraint upon development, with transport connections being a particular issue (both internal to the region – such as across the Danube - and external connections between the region and other regions). Moreover, there are certain sectors that for both sides of the border demonstrate both a potential for sustainable economic development, and yet at present have not achieved any clear and demonstrable development trends. In this respect, particular mention has been made of the tourism sector, both to national and natural parks as well as protected natural areas and to the thermal springs which constitute a major natural resource of the area and are spread across the whole eligible area. This provides considerable opportunity for success on the basis of joint cross-border initiatives.

It also has been highlighted that the border region as a whole suffers from low levels of SME activity, and very limited investment in Research and Development to support the development of a competitive economy in the cross-border region. In this respect the border may have acted as a barrier to development, but a pooling of resources and energies via joint measures will be important in maximising the benefit of investments in much-needed initiatives to support SME development and R&D on both sides of the border. In this respect, actions to support economic development could also have an important role in addressing the major environmental challenges of the region, with the potential to stimulate economic activity in areas such as eco-tourism, and environmental technologies/services.

The border regions also require investment and development of the human capital if there is to be success in supporting socio-economic development. In this respect also, it will be important for all stakeholders (educational institutions, labour market agencies, development agencies and local government) to look for ways to utilise this joint resource to add value and thus to make a positive contribution to tackling the significant HRD issues effecting the region. To support this, the Programme will promote operations to develop the human capacity in the border regions by improved HRD activities, as a horizontal activity for all the measures, as training and educational activities and training products in the field of tourism, business development, transport, innovation, etc. Qualified human resources in the border area could be the milestone for achieving the goals of economic and social development.

In this context, within this priority axis, there are 4 measures. These are:

- **Support for local/regional economic and social infrastructure**. This measure aims at supporting local and regional initiatives especially in areas of economic/social infrastructure including public utilities and socio/educational facilities and also at the development of feasibility studies and other preparatory work for large-scale investment activities to be financed by other Programmes.

  The measure aims also at development of integrated and environmentally appropriate local transport connections, including local road transport improvement and local inter-modal facilities to increase logistics capacity and efficiency in the border area.

- **Develop the tourism sector, including the strengthening of the regional identity of the border region as a tourist destination**. The main contents of this measure are the development of activities in the tourism sector including support in creating, upgrading and improving tourist attractions and also promotion and marketing activities and in particular supporting initiatives to promote cross-border regional identity as a tourist area. Also special attention shall be given to initiatives based on exploitation of the potential for health-eco tourism, for cultural tourism and for spa-based tourism and for utilisation/development of the national park areas.
• **Promote SME development.** The main aim of this measure is to support schemes to facilitate improved marketing and business development including the agricultural sector, creation by SMEs of common cross-border products/services with a clear cross-border identity and development of advice services to assist SMEs in the development of related business activities.

• **Support increased levels of R&D and innovation in the border region.** This measure aims at support schemes to promote the development of innovation and research & development, especially involving university-business partnerships for technology transfer/innovation centres and initiatives. A particular attention shall be given to activities that intend to stimulate joint innovation and RTD work across all sectors, with a focus on projects that include a clear demonstration element to promote the wider adoption of innovative approaches to business activity.

It should also be noted that support for Economic and Social Development can have a direct and indirect positive impact on equal opportunities, and thus it is important to ensure that the operations to be supported are in line with the Programme commitment to promotion of equal opportunities (see the indicators below for this Priority Axis, and also section 3.6 above for details of the approach to equal opportunities).

It should also be highlighted that the support of studies across a range of priority sectors will also be used to address the current lack of data concerning the border region, and as such will provide a stronger basis for future programming of cross-border activities (as well as better informed national and regional policies).

Applications for funding must be submitted by the appropriate bodies (NPOs, NGOs, public agencies; see specific guidelines for this).

<table>
<thead>
<tr>
<th>Priority Axis 1: Economic and Social Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output indicators</td>
</tr>
<tr>
<td>Indicators</td>
</tr>
<tr>
<td>Improved physical infrastructure in the border area</td>
</tr>
<tr>
<td>Improved capacity and cross-border contacts of SMEs and in the R&amp;D sector</td>
</tr>
<tr>
<td>People in labour force with qualifications received/ improved</td>
</tr>
<tr>
<td>Qualifications received/improved from joint training activities</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Result indicators</th>
<th>Measurement</th>
<th>Baseline 2007</th>
<th>Target 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>New or improved cross-border tourism products, joint marketing approaches/activities or joint tourism information services developed</td>
<td>Number of new or improved cross-border tourism products, marketing activities or information services</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>New or improved cross-border transport links and logistics capacity in the border area</td>
<td>Number of activities, actions, initiatives creating new or improving existing transport links or tackling logistics capacity.</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Increased importance of R&amp;D/Innovation in the border area</td>
<td>Number of activities, actions, initiatives focusing on promoting the importance of or dealing directly with R&amp;D/Innovation</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>New or improved cross-border tourism services and increased SME’s capacity</td>
<td>Number of activities, actions, initiatives focusing on promoting tourism in the border area and on promoting SME’s activity.</td>
<td>0</td>
<td>12</td>
</tr>
</tbody>
</table>

**Source of information:** Annual implementation report; Evaluation reports; Monitoring reports; Surveys/studies; SMIS.

**Method of measurement:** Annually.

**Priority Axis 2 – Environment and Emergency Preparedness**

On the basis of the analysis and SWOT analysis set out above, it is seen that within the framework of the Programme it is necessary to give priority to cross-border actions in relation to Environment and Emergency Preparedness.

The areas on both sides of the border face a number of environmental challenges that are based on factors that are not limited to one side of the border only, and thus that can only be solved by joint actions. The effects of water-borne pollution and water-based environmental challenges are a major example of this. There are some areas which require special attention.
with regard to environment protection, including national and natural parks as well as protected natural areas and thermal springs which constitute a major attraction of the area.

There are also common challenges in many other areas, most notably in relation to waste management (solid waste and waste water), where the border areas will gain significant benefit from developing common responses. In respect of such issues, there is a striking similarity between the concerns on both sides of the border, and thus considerable potential for achieving progress by pooling limited local resources and expertise. It should also be noted, that action to address these issues could also play a strong part in the economic and social development of the border region, stimulating environmentally based economic activity.

It is also a notable feature of the border region that the areas on both sides of the border face common emergencies, whilst the common systems/structures to address such emergencies are not yet properly developed. This is most obvious in relation to flood prevention and flood control, although there is also the need to address other potential emergency situations (e.g. food safety, health). These issues can only be combated on the basis of joint actions, and it is therefore a high priority to ensure that preparations and systems are in place and improved to protect the local areas and local communities.

In this context, within this priority axis, there are 3 measures. These are to:

- **Improve systems and approaches to address cross-border environmental challenges, protection and management (including awareness and information campaigns, trainings in the fields of environment and emergency preparedness).** This measure will mainly aim at research and preparatory work (e.g. Feasibility studies) and/or improving implementation of national and EU environmental legislative framework related to matters of environment and emergency preparedness and/or design of specific cross-border emergency procedures and joint management systems (flood, health, food safety).

- **Develop and implement effective strategies for waste and waste water management.** The main aim of the measure will be to support the development/updating and implement joint cross-border strategies/action plans for waste and waste water management.

- **More effective systems and approaches to emergency preparedness (including aspects such as flood prevention/control, food safety, health issues).** This measure aims at development and implementation of training and educational activities and training products in the field of environment and emergency preparedness and awareness and information campaigns in relation to environmental issues and emergency preparedness. The measure also is aiming at increasing qualification of human resource in reacting to situations of environmental emergency. Also the measure also aims at supporting development of feasibility studies and other preparatory work for large-scale investment activities to be financed by other Programmes.

It should also be noted that environmental challenges are also highlighted as being issues to be addressed via Priority Axes 1 and 3.
<table>
<thead>
<tr>
<th>Indicators</th>
<th>Measurement</th>
<th>Baseline 2007</th>
<th>Target 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved technical capacity of the cross-border monitoring of pollution</td>
<td>Number of investments, number of equipment purchased.</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Improved physical infrastructure of waste and wastewater treatment in the border area</td>
<td>Number of infrastructure investment projects (calculated also by type).</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Increased institutional capacity and preparedness in reacting to situations of environmental emergency (e.g. flooding, bird flu)</td>
<td>Number of newly elaborated cross-border emergency plans or training events realised on emergency planning or emergency management techniques</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Increased joint technical preparedness to situations of environmental emergency</td>
<td>Number of shared equipment purchased for situations of environmental emergency</td>
<td>0</td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Measurement</th>
<th>Baseline 2007</th>
<th>Target 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased cross-border cooperation in environment protection</td>
<td>Number of actions, activities, initiatives protecting or preserving the environment or raising public awareness on the topic (calculated also by type).</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Increased expertise and exchange of experience in the field of environment protection</td>
<td>Number of actions, activities, initiatives increasing expertise or exchange of experience in environment protection topics</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Increased qualification of human resource in reacting to situations of environmental emergency</td>
<td>Number of relevant staff and volunteers among local inhabitants gained skills/trained to react effectively in case of environmental emergency</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>Improved implementation of national and EU environmental legislative framework</td>
<td>Number of activities, actions, initiatives implementing national and EU environmental legislative framework;</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Increased public awareness in the field of environment protection</td>
<td>Number of participants gained new knowledge in educational or information activities aiming at raising environmental awareness of wider public.</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Improved knowledge on different environment-friendly approaches and applications in everyday life</td>
<td>Number of activities, actions, initiatives promoting different environment-friendly solutions.</td>
<td>0</td>
<td>5</td>
</tr>
</tbody>
</table>

**Source of information:** Annual implementation report; Evaluation reports; Monitoring reports; Surveys/studies; SMIS.

**Method of measurement:** Annually.

**Priority Axis 3 – Promoting “people to people” exchanges**

On the basis of the analysis and SWOT analysis set out above, it is seen that within the framework of the Programme it is necessary to give priority to the promotion of “people-to-people” exchanges. There is currently a limited number of institutions with experience in cross-border project development and implementation, and a low level of cooperation amongst public services across the border, and this lack of experience will act as a hindrance to the development of added-value cooperation. This will itself limit the effectiveness over time of actions in relation to the priority areas of Economic & Social development, and also Environment and Emergency Preparedness, as even where there is to be large-scale project activity it is necessary to have an understanding and commitment to cross-border activity amongst the wider population to achieve its full potential. For this reason, and to develop a genuine cross-border identity, it is therefore of importance to engage many groups and organisations in cross-border project work.

Moreover, there are certain areas of activity that are of considerable importance to the development of the border region, both in terms of competitiveness and quality of life, which are best tackled via small-scale local actions. In this respect, the analysis above has identified a number of themes which present issues that are common to communities on both sides of the border, and where there is clear added value in an exchange of experience and know-how between organisations and people from Romania and Serbia. In this respect, it is important to address issues of civil society which impact on the daily lives of citizens on both sides of the border, and also to weaknesses in local governance which inter alia impacts on the delivery of services in all border communities in the region. It is also important to consider social, cultural and educational exchange activities, as these will undoubtedly engage people in common projects and thereby contribute significantly to the development of shared understanding, perspectives, and an increasing common identity.
In this context, this priority axis has the specific aim of broadening the base for cross-border cooperation, of encouraging and supporting wide participation in project activity, and of promoting real benefits and impacts from concrete projects developed and delivered by local institutions and agencies. In addition to this, this priority axis will support smaller-scale people-to-people projects that complement and support the actions to promote the Economic and Social Development of the border region (in line with Priority Axis 1) and the position with regard to Environmental issues and Emergency Preparedness (in line with Priority Axis 2) through operations that aim at increasing cooperation between local organisations, training and capacity building activities, promoting exchange of experience and spread of good practice, etc.

To meet this aim, and to build on the specific development areas highlighted in the analysis, there will be support provided to meet **4 measures**.

These are to:

- **Support the development of civil society and local communities.** The measure aims at the creation of stronger social and cultural relations among communities in the border area and it focuses on the joint capacity building actions for civil society and on the promotion of mutual understanding between neighbours, and respect for cultural diversity.

- **Improve local governance in relation to the provision of local services to communities in the border areas.** This measure aims at development of joint local development plans and strategies in the specific areas, training and capacity-building activities for local institutions and NGOs to promote better local governance, delivery of services.

- **Increase educational, cultural and sporting exchange.** This measure aims at support for educational and cultural/sport exchange programmes and joint educational/cultural/sporting activities and actions to promote spread of good practice from “poles of excellence” to less developed areas in the border regions.

- **Enhance social and cultural integration of border areas.** The measure aims at support joint capacity building actions for civil society organisations and collaborative projects and pilot actions between local organisations. The measure also addresses joint action plans and strategies in the specific field.

<table>
<thead>
<tr>
<th>Priority Axis 3: People-to-people exchanges</th>
<th>Output indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicators</strong></td>
<td><strong>Measurement</strong></td>
</tr>
<tr>
<td>Stronger civil society of the border area</td>
<td>Number of NGOs implementing cross-border projects</td>
</tr>
<tr>
<td>Increased people-to-people exchange in the fields of education, culture and sports</td>
<td>Number of people participated in cross-border people-to-people exchanges</td>
</tr>
<tr>
<td>Increased integration of the border communities and improved local services in the border area</td>
<td>Number of cross-border public events organised for integrating people from both side of the border (calculated also by type).</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

**Result indicators**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Measurement</th>
<th>Baseline 2007</th>
<th>Target 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased social and cultural integration of people in the border areas</td>
<td>Number of participants benefiting from cross-border social and cultural events</td>
<td>0</td>
<td>200</td>
</tr>
<tr>
<td>Increased cooperation between local and regional public authorities across the border to finding solutions to joint local problems in the border area</td>
<td>Number of activities, actions, initiatives between local and regional public authorities in tackling joint problems, local service provision etc.</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>Improved quality of life and increased attractiveness of the border communities as a living place</td>
<td>Number of activities, actions, initiatives developing new or improving existing educational and social services, or improving other local living conditions</td>
<td>0</td>
<td>60</td>
</tr>
<tr>
<td>Improved knowledge of culture, history, society, organisational and institutional structure, and language of the neighbouring country</td>
<td>Number of participants gained knew knowledge in events promoting/profiling the neighbouring country</td>
<td>0</td>
<td>200</td>
</tr>
</tbody>
</table>

**Source of information:** Annual implementation report; Evaluation reports; Monitoring reports; Surveys/studies; SMIS.

**Method of measurement:** Annually.

**Priority Axis 4 – Technical Assistance**

Within this priority axis, the measure is to achieve effective and efficient implementation of the Cross-Border Programme via enhanced preparatory, monitoring, administrative and technical support, evaluation, audit and inspection measures.

The Priority Axis 4 is split into 2 measures:
- Support for the implementation, overall management and evaluation of the Programme

- Support for the publicity and information activities of the Programme

Within the Measure: “Support for the implementation, overall management and evaluation of the Programme” the following indicative operations could be supported (the list is not exhaustive):

- Support to the MA and Joint Technical Secretariat/Antenna of the JTS (including staff costs) for tasks which will support the preparatory, selection, evaluation, control, audit and monitoring activities arising during the implementation of the Programme, including the preparation, selection, evaluation, control, audit and monitoring of projects;

- Procurement and installation of IT (other than Single Management Information System) and office equipment required for the management and implementation of the Programme;

- Support to Programme Joint Monitoring Committee and other committees especially involved in the implementation of the Programme, related to the organisation and logistics;

- Evaluation of the Programme including ad-hoc, on-going evaluations and ex-post evaluation, statistics and studies, development of evaluation methods;

- Support for gathering and monitoring the baseline data to enable the appropriate monitoring and evaluation of Programme’s performance and the performance of each Priority Axis;

- Elaboration of studies and surveys and/or expert-consultancy on themes relevant for programme implementation for the Programme and for the future programming period;

- Expenditures on salaries of contractual staff and experts involved in tasks connected with preparation, selection, appraisal, monitoring control and audit of the Programme;

- Organisation of seminars and training sessions building skills capacity for MA/JTS staff.

Within the Measure: “Support for the publicity and information activities of the Programme”, the following indicative activities could be supported (the list is not exhaustive):

- Development of information system of the Programme content for all interested actors preparation and dissemination of information and publicity materials (current official Programme documents, manuals of procedures, bulletins, brochures, posters, objects with EU logo, Programme logo);

- Organising conferences, fora, road shows, workshops, training for beneficiaries, networking, awareness-raising and cooperation/exchange of experience;

<table>
<thead>
<tr>
<th>Priority Axis 4: Technical Assistance</th>
<th>Output indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicators</td>
<td>Measurement</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Romania - Serbia IPA Cross-Border Cooperation Programme 38
<table>
<thead>
<tr>
<th>Effective expenditure of the budget</th>
<th>%</th>
<th>0</th>
<th>100 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of relevant studies/ surveys carried out</td>
<td>Number</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Number of monitoring meetings organised</td>
<td>Number</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>Number of evaluations commissioned</td>
<td>Number</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Number of information materials for the publicity and information of the programme (types)</td>
<td>Number</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Number of events organised for the publicity and information of the programme</td>
<td>Number</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Number of seminars and training sessions delivered for building skills capacity</td>
<td>Number</td>
<td>0</td>
<td>6</td>
</tr>
</tbody>
</table>

### Result indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Measurement</th>
<th>Baseline 2007</th>
<th>Target 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of participants to different events (conferences, workshops, seminars, trainings, networking)</td>
<td>Number</td>
<td>0</td>
<td>2,000</td>
</tr>
<tr>
<td>Number of people reached by the publicity and information campaigns</td>
<td>Number</td>
<td>0</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

**Source of information:** Annual implementation report; Evaluation reports; Monitoring reports; SMIS.

**Method of measurement:** Annually.

### Eligibility of expenditure

As defined in the IPA Implementing Regulation the eligible expenditure under the Priority Axes and Measures of the Programme are those set out in art. 34 (3) and 89 (2), (3) of the IPA Implementing Regulation.

The following expenditure shall not be eligible for the Community contribution:
(a) taxes, including value added taxes;
(b) customs and import duties, or any other charges;
(c) purchase, rent or leasing of land and existing buildings;
(d) fines, financial penalties and expenses of litigation;
(e) operating costs;
(f) second hand equipment;
(g) bank charges, costs of guarantees and similar charges;
(h) conversion costs, charges and exchange losses associated with any of the Component
specific Euro accounts, as well as other purely financial expenses;
(i) contributions in kind.

In addition to the rules set out above the following expenditure shall not be eligible for
Community contribution:
(a) interest on debt;
(b) the purchase of land for an amount exceeding 10% of the total eligible expenditure of the
operation concerned.

By way of derogation from Article 34(3), the following expenditure shall be eligible for
Community contribution:
(a) value added taxes, if the following conditions are fulfilled:
(i) they are not recoverable by any means,
(ii) it is established that they are borne by the final beneficiary, and
(iii) they are clearly identified in the project proposal.
(b) charges for transnational financial transactions;
(c) where the implementation of an operation requires a separate account or accounts to be
opened, the bank charges for opening and administering the accounts;
(d) legal consultancy fees, notarial fees, costs of technical or financial experts, and
accountancy or audit costs, if they are directly linked to the co-financed operation and are
necessary for its preparation or implementation;
(e) the cost of guarantees provided by a bank or other financial institutions, to the extent that
the guarantees are required by national or Community legislation;
(f) overheads, provided they are based on real costs attributable to the implementation of the
operation concerned. Flat-rates based on average costs may not exceed 25% of those direct
costs of an operation that can affect the level of overheads. The calculation shall be properly
documented and periodically reviewed.

The following expenditure paid by public authorities in the preparation or implementation of
an operation shall be eligible:
(a) the costs of professional services provided by a public authority other than the final
beneficiary in the preparation or implementation of an operation;
(b) the costs of the provision of services relating to the preparation and implementation of an
operation provided by a public authority that is itself the final beneficiary and which is
executing an operation for its own account without recourse to other outside service providers
if they are additional costs and relate either to expenditure actually and directly paid for the
co-financed operation.

The public authority concerned shall either invoice the costs referred to in point (a) above to
the final beneficiary or certify those costs on the basis of documents of equivalent probative
value which permit the identification of real costs paid by that authority for that operation.

The costs referred to in point (b) above must be certified by means of documents which
permit the identification of real costs paid by the public authority concerned for that operation.
Without prejudice to the above-mentioned articles, the participating countries may lay down further rules on eligibility of expenditure. Expected programme effects and output/result indicators

It should be emphasised that the indicators will be used as a key tool for monitoring and evaluation of progress of the Programme as a whole, but also will shape the monitoring and evaluation at project level. The indicators will be used to measure regularly the achievements of the programme. In this sense it is important to recognise that in the preparation of operations (projects) to be supported within the programme, applicants should focus attention on the relevant indicators and ensure that in the design and implementation of projects there is full attention given to meeting the indicators in a clear and demonstrable way.

Having regard to the limited financial resources the contribution of this Programme to the delivery of aspects of the Lisbon and Gothenburg Strategies will be above all strategic. Direct and indirect effects of this Programme will be closely related to the objectives, priority axes of this Programme.

To measure these effects, a set of output and result indicators has been developed along the four priority axes defined in section 4.3. The indicators are related both to the operations’ performance and to programme management performance. Findings of the ex-ante evaluation

During the programming process an ex-ante evaluation was carried out. Contracted on 18th August 2006, the ex-ante evaluation elaborated 5 Assessment Notes and the Final Evaluation Report. The aim of the evaluation was the relevance regarding the relation between strategy and needs, the effectiveness of the programme, the utility of the programme against wider socio-economic and environmental needs, the internal and external coherence. i.e. the design of the programme and the relation to other regional, national and Community policies and finally to enhance the quality of the implementation system.

Throughout the programming period the programmed document has been revised according to the ex-ante evaluation assessments and all the issues pointed out by the evaluators were tackled and addressed in order to improve the quality of the programme document. Also during the programming process, extensive consultations have been carried out with the ex-ante experts in order to improve the approach of the document and to attain the main aim of the evaluation that is to optimise the distribution of funds under the programme and enhance the quality of the programming.

In the Final Ex-ante Evaluation Report, the main findings of the ex ante evaluators are that the recommendations given throughout the previous assessment notes have been followed and are reflected in the programme document.

Regarding the socio-economic and SWOT analysis, the main findings of the Final Assessment Report are that the analysis is adequate and the coherence between the socio-economic analysis and the SWOT has now been strengthened so that the SWOT functions act as a framework for the identification of the problems and needs. An introduction has been included for each priority axis and a more elaborate description of the measures was introduced in the Programme as recommend by the ex ante evaluators.
As concerns the **rationale and consistency of the Programme**, it has been noticed that a focusing of the priorities with the help of measure descriptions and justifications, recommended in the previous assessment notes, has been introduced. It has also been highlighted that the strategy and objectives for the Programme have been developed focusing, in particular, on the crossborder aspect of the Programme.

**Risk of the programme** is described as very realistic, focusing on putting in place the conditions for cooperation. Nevertheless, a real assessment of risk may only be entirely possible when the priorities are fully developed after the programme has been started. It was therefore recommended to closely monitor the programme implementation, including actively using the indicator system and the targets set out.

Having in mind that infrastructure projects overall in the past Romanian CBC programmes have been difficult to implement, it is furthermore recommended to ensure that there is sufficient capacity in the area to assess, plan and carry out infrastructure planning and design projects.

The assessment of the **coherence of the Programme with regional and national policies** noted the Programme is aligned to both EU, national and regional programmes and priorities.

**The strategy and expected results and impacts** have been quantified in the latest version of the Programme. The evaluators noted the Programme includes a developed indicator system, with a clear set of output and result indicators, defined partly for each priority and partly as common indicators at the programme level.

The main recommendation for this part of the Programme was that the programme management has sufficient and competent resources to cope with collecting data for the indicators set, additional to starting the implementation of the programme. A description of the management of the system should be included in the programme manual.

Under the **appraisal of administrative and implementation arrangements**, as recommended in the previous interim report, the description of the JTS has been elaborated and now includes a description of the JTS its function organisation, a new section was included on project generation, and also monitoring and evaluation has been restructured and strengthened. However, it has been recommended to ensure that sufficient attention is paid and resources (staff) are allocated to supporting the project generation, implementation support and monitoring, as part of the staff will be newly recruited.

The results of the ex-ante Assessments are presented in Annex 2.

**Integration of the SEA results in the programme strategy**

The **Strategic Environmental Analysis** (SEA) is designed to ensure that the ‘likely significant effects on the environment of implementing the Romania – Serbia Cross-Border Programme, and of reasonable alternatives, are identified, described, evaluated and taken into account before the programme is adopted.’ The SEA Directive also requires that ‘Member States shall monitor the significant environmental effects of the implement of the plans and programmes, in order, inter alia, to identify at an early stage unforeseen adverse effects.’

The Romania - Serbia Cross-Border Programme has been subject to a process of Strategic Environment Assessment (SEA) in accordance with the provisions of the EU Directive No
The process is starting up in January 2007 with the notification of the Environment Authorities, press announcements and published on the websites of the Managing Authority in Romania and of the National Authority in Serbia the Programme Document and Draft Scoping Report, in the screening stage.

The first report contains a preliminary scoping of the strategic environmental assessment of the second draft (Nov. 2006) of the Romania - Serbia Cross-Border Programme.

Comments of the SEA Working Group and those of the key stakeholders have been taken into consideration when preparing the Draft Environmental Report. The Draft Environmental Report translated both into Romanian and Serbian languages was subject to a public consultation process conducted on this Report as well as on the Final Version of the Programme Document. The documents were published on the websites of the Managing Authority in Romania and of the National Authority in Serbia.

Moreover press announcements were published in the national newspapers in order to make the wide public aware about the consultation process and about the public debate. The public consultation process lasted for 30 days and the public was able to submit their comments and observations via e-mail both to the Managing Authority and National Authority. The results of the public consultation process were taken into consideration when preparing the Final Environmental Report and the final version of the Programme Document.

Coherence with other Programmes and Strategies

The Romania-Serbia Cross-Border Programme operates in parallel with a wide range of strategies (EU, national, regional, local) and a number of funding programmes. As such it is essential that the Programme builds upon the current strategic approaches that are relevant, and is complementary to other forms of financial intervention.

The Romania-Serbia Cross-Border Programme will be implemented as a complementary instrument to the Convergence Objective programmes. The Programme will contribute to the achievements of the national policy objectives but support only the activities with clear cross-border impact, utilising the added value of cross-border cooperation in the selected directions of support.

Although there is some slight overlapping between Romania-Hungary OP, Interregional OP and South-East Europe OP with Romania-Serbia Cross-Border Programme, these can be avoided through the Applicant Guide and in the process of assessing and selecting the projects. The partner states authorities shall keep this in mind when developing the applicant guide.

The key programmes and strategic documents that are of particular relevance are:

- The Romanian Ministry of Development, Public Works and Housing has ensured that in the development of the programme there has been sufficient attention to the issue of coherence with the following key documents: Romanian National Development Plan/ Regional Development Plan, National Plan for Rural Development, Romanian National Strategic Reference Framework; Romanian Operational Programmes (ROP, SOPs, other) and other Programmes under the Objective 3: Hungary-Romania Operational Programme 2007-2013;
In addition to this, in accordance with the requirements of the IPA regulation (1085/2006) article 94 (g), the Serbian Ministry of Finance has played a co-leading role in the preparation of this Programme and as such has ensured that the programme is coherent with the following documents: Needs of the Republic of Serbia for International assistance in the period 2007-2009, Serbian Poverty Reduction Strategy, Tourism Strategy, Integrated Regional Development Plan of AP Vojvodina, National Investment Plan, the National Strategy for Accession, the Serbian National Employment Action Plan, and the first Serbian Multi-Annual Indicative Planning Document (MIPD) being prepared within the framework of the IPA regulation (specifically the Transition Assistance & Institution-Building Component, the Regional Development & Human Resources Development Component, and the Rural Development Component).

The table below summarises the position regarding the coherence with the relevant Programmes and Strategies:

<table>
<thead>
<tr>
<th>Name of Strategy</th>
<th>How does the current Romania –Serbia IPA CBC Cross-Border Programme address the strategy:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ROMANIA</strong></td>
<td></td>
</tr>
<tr>
<td>Single Operational programmes (competitiveness, environment, HRD, Transport) and Regional Operational Programme</td>
<td>The Programme addresses the issues via the overall objective and also specifically via priority axis 1: (Economic and Social Development), priority axis 2 (Environment and Emergency Preparedness), and priority axis 3 (People to People)</td>
</tr>
<tr>
<td>National Plan for Rural Development</td>
<td>The Programme addresses the issues via priority axis 1: (Economic and Social Development) and priority axis 3 (People to People)</td>
</tr>
<tr>
<td>National Strategic Reference Document</td>
<td>The Programme addresses the issues via the overall objective and specifically through priority axis 1: (Economic and Social Development.)</td>
</tr>
<tr>
<td>Policies in the field of R&amp;D - innovation</td>
<td>The Programme addresses the issues via specific measure in priority axis 1: (Promote SME development &amp; Support increased levels of R&amp;D and innovation).</td>
</tr>
<tr>
<td>National Strategy for Sustainable Development</td>
<td>The Programme addresses the issues within priority axis 1 (Economic and Social Development)</td>
</tr>
<tr>
<td>Romania-Bulgaria Operational Programme</td>
<td>Although the eligible area and type of beneficiary are different between these two Programmes, the types of activities are quite similar.</td>
</tr>
</tbody>
</table>

Romania - Serbia IPA Cross-Border Cooperation Programme
<table>
<thead>
<tr>
<th>Programme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interregional Operational Programme</td>
<td>The eligible area for Romania-Serbia Programme is included in the eligible area of the Interregional Operational Programme. Also some activities (e.g. Promote SME development, R&amp;D and Innovation, human resources development, environment protection, water management, waste management) can be financed in both programmes. The same type of beneficiaries can apply for funding.</td>
</tr>
<tr>
<td>SEE Operational Programme</td>
<td>The eligible area for Romania - Serbia IPA CBC Programme is included in the eligible area of the South East Europe Operational Programme. Some activities (e.g. facilitating the innovation, environmental protection and improvement of accessibility) can be financed in both programmes. There are also similarities in the categories of beneficiaries that can apply for funding.</td>
</tr>
</tbody>
</table>

### SERBIA

| IPA National Programme                        | The Programme amongst others addresses the following areas of intervention related to this programme: regional cooperation, infrastructure development, democratic stabilisation, education, youth and research and market economy |
| Poverty Reduction Strategy Paper              | The Programme addresses the issues via the overall objective and specifically through priority axis 1 ('people-to-people' exchanges). |
| Multi-annual Indicative Planning Document 2007-2009 | The Programme addresses the issues via the overall objective and also specifically via priority axis 1: (Economic and Social Development), priority axis 2 (Environment and Emergency Preparedness), and priority axis 3 (people to people). |
| Tourism Strategy                              | The Programme addresses the issues within Priority axis 1 (Economic and Social Development). |
| National Strategy for Accession               | The Programme addresses the issues via Priority axis 1 (Economic and Social Development) and Priority axis 3 (people to people). |
Cross-cutting themes

The strategic value of the Programme lies within the ability of the projects financed to achieve impact on account of their contribution to the objectives of the Lisbon and Gothenburg strategies through cross-border cooperation. In addition to the priority axes identified in the Programme, there are two criteria that should be central to any project activity. These elements are essential quality criteria, project applicants being expected to take these elements into account when developing their projects and all projects will be expected to address these or to report why they feel this is not required if they choose not to do so.

Gender Equality and Equal Opportunity

This is addressed in section 3.6 above.

The Romania-Serbia Cross-Border Programme is committed to the promotion of equal opportunities in all its activities. It is expected that projects will enhance equal opportunities for all and not only regarding equality of opportunity for men and women. The Programme recognizes that people with disabilities, ethnic minority groups and others who may be disadvantaged need help and support to integrate in the economic and social life.

Sustainable development

It is expected that projects will contribute to the sustainable development of the border region. Sustainable development offers a positive long-term vision of a society that is more prosperous and which promises a cleaner, safer, healthier environment, a society, which delivers a better quality of life for current and future generations. Achieving this requires that economic growth supports social progress and respects the environment, that social policy underpins economic performance, and that environmental policy is cost-effective.
Socio-economic development and integration of the border regions are to be conducted in such a way that adequate environmental sustainability is ensured. The respective strategic framework, based on the SWOT analysis requires that all measures recognise and appropriately utilise the environmental strengths of the border regions, without harming the area’s natural assets. In the framework of the programme, interventions will respond to identified weaknesses and threats in relation to environmental conditions.

Chapter 5. Implementing Provisions

The programme implementation provisions are based on Council Regulation No. 1085/2006 establishing an Instrument for Pre-Accession Assistance and on Commission Regulation No. 718/2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA). The provisions of the two legal frameworks are agreed within the framework of this document.

A description of the implementation structure and of the programme management bodies is provided in the following sections.

The programme’s management structures are as following:

- Managing Authority
- Certifying Authority
- Joint Monitoring Committee
- Audit Authority
- Joint Technical Secretariat

Besides the above mentioned structures the following structures will be involved in the management and implementation of the programme:

**National Authority**: counterpart of the Managing Authority. Responsible for the coordination of the programme management in the partner state and for setting up the control system in order to validate the expenditures at national level and ensuring co-financing. The National Authority will be responsible for signing the Memorandum of Understanding with the Managing Authority and for signing the Financing Agreement with the European Commission.

**Antenna of the Joint Technical Secretariat**: Located in the Local Cross-Border Cooperation Office in Vršac. The role of the antenna in Vršac will be to disseminate information at regional level, to support projects development in Serbia and to ensure the first level control of the expenditure.
Programme implementation structure

Joint Monitoring Committee
Comprising representatives of both partner countries

Audit Authority
Audit Authority within the Court of Accounts of Romania

Certifying Authority
Romanian Ministry of Economy and Finance

Managing Authority
Romanian Ministry of Development, Public Works and Housing – General Directorate for European Territorial Cooperation

Joint Technical Secretariat
Within the Regional Office for Cross-Border Cooperation Timișoara (Romania)

Antenna of the Joint Technical Secretariat
located in the CBC Local Office in Vršac (Serbia)

Serbian National Authority
Ministry of Finance
5.1 Programme Structures

Managing Authority

Designation of the Managing Authority

In the framework of the Romania-Serbia Cross-Border Programme, the Romanian Ministry of Development, Public Works and Housing acts as the Managing Authority of the Programme having the overall responsibility for programme management. The Serbian Ministry of Finance, acting as National Authority is responsible for programming, planning and implementing the Programme in Serbia, ensuring national co-financing, first level control for the expenditures made in Serbia and recovery of amounts unduly paid from the Serbian project partners, (in the event that such amounts cannot be recovered from the project partners concerned) and it shall do so in close cooperation with the Managing Authority.

Functions of the Managing Authority

Considering the provisions of article 103 of the IPA Implementing Regulation the Managing Authority shall be responsible for managing and implementing the Programme in accordance with the principle of sound financial management and in particular for:

(a) ensuring that operations are selected for funding in accordance with the criteria applicable to the Cross-Border Programme and that they comply with applicable Community and national rules for the whole of their implementation period;

(b) ensuring that there is a system for recording and storing in computerized form accounting records of each operation under the Cross-Border Programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation are collected;

(c) verifying the regularity of expenditure. To this end, it shall satisfy itself that the expenditure of each final beneficiary participating in an operation has been validated by the controller referred in Article 108;

(d) ensuring that the operations are implemented according to the public procurement provisions referred to in Article 121;

(e) ensuring that final beneficiaries and other bodies involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;

(f) ensuring that the evaluations of Cross-Border Programmes are carried out in accordance with Article 109;

(g) setting 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 134;

(h) ensuring that the certifying authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
(i) guiding the work of the joint monitoring committee and providing it with the documents required to permit the quality of the implementation of the Cross-Border Programme to be monitored in the light of its specific goals;

(j) drawing up and, after approval by the joint monitoring committee, submitting to the Commission the annual and final reports on implementation referred to in Article 112;

(k) ensuring compliance with the information and publicity requirements laid down in Article 62.

Also the managing authority shall be responsible for submitting to the European Commission the annual and the final report on implementation.

The Managing Authority may delegate tasks to the Regional Office for Cross-Border Cooperation in Timisoara by means of a written and signed Agreement. In this case, the Managing Authority will undertake monitoring to ensure that the Regional Office for Cross-Border Cooperation carries out the tasks to the satisfaction of the Managing Authority. This reflects the fact that the Managing Authority remains solely responsible for ensuring that the programme is implemented in line with the relevant Regulations.

Furthermore, the Managing Authority shall lay down the implementing arrangements for each operation, where appropriate in agreement with the Lead Beneficiary.

National Authority in Serbia (NA)

The NA carries out mainly functions as follows:

| a) | signing the Memorandum of Understanding regulating the responsibilities of Romania and Serbia as participating states in the Programme; |
| b) | contributing on behalf of Serbia to the program planning and implementation; |
| c) | supporting dissemination of the information about the program, implementing national level publicity actions; |
| d) | being responsible for the development of guidelines for the first level national control, based on the program level guidelines developed by the managing authority; |
| e) | setting up a control system to validate the expenditures at national level (project partner level); |
| f) | ensuring co-financing according to the program budget; |
| g) | operating the payment system of the national co-financing and payment flows including verification of the expenditures; |
| h) | detecting and correcting irregularities, recovering amounts unduly paid; |
| i) | participating in the JMC meetings; |

Certifying Authority

Designation of the Certifying Authority

The Ministry of Economy and Finance, through the Certifying and Paying Authority will act as the Certifying Authority for the Cross-Border Programme according to the provisions of art.102 of the IPA Implementing Regulation.
**Functions of the Certifying Authority**

In accordance with Article 104 of the IPA Implementing Regulation, the Certifying Authority shall be responsible for:

| (a) | drawing up and submitting to the Commission certified statements of expenditure and applications for payment; |
| (b) | certifying that: |
| (i) the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents; |
| (ii) the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with Community and national rules; |
| (c) | ensuring 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; |
| (d) | taking account for certification purposes of the results of all audits carried out by or under the responsibility of the audit authority; |
| (e) | providing the European Commission – not later than by 30 April each year with an annual expenditure forecast for the current year and the next year; |
| (f) | maintaining accounting records in computerised form of expenditure declared to the Commission. The managing authorities and the audit authorities shall have access to this information. At the written request of the Commission, the certifying authority shall provide the Commission with this information, within ten working days of receipt of the request or any other agreed period for the purpose of carrying out documentary and on the spot checks; |
| (g) | keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the general budget of the European Union prior to the closure of the Cross-Border Programme by deducting them from the next statement of expenditure; |
| (h) | sending the Commission, by 28 February each year, a statement, identifying the following for each priority axis of the Cross-Border Programme: |
| (i) | the amounts withdrawn from statements of expenditure submitted during the preceding year following cancellation of all or part of the public contribution for an operation; |
| (ii) | the amounts recovered which have been deducted from these statements of expenditure; |
| (iii) | a statement of amounts to be recovered as at 31 December of the preceding year classified by the year in which recovery orders were issued. |
Also the Certifying Authority is responsible for receiving the payments made by the Commission according to art. 122 of the IPA Implementing Regulation.

**Audit Authority**

In accordance with Article 105 of the IPA Implementing Regulation, an Audit Authority must be designated for the Cross-Border Programme, which will function independently of the Managing Authority and the Certifying Authority.

**Designation of the Audit Authority**

The Audit Authority designated within this Programme is the Audit Authority from the Court of Accounts of Romania.

**Functions of the Audit Authority**

The Audit Authority of the programme shall be responsible in particular for:

- ensuring that audits are carried out to verify the effective functioning of the management and control system of the Cross-Border Programme;
- ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;
- by 31 December each year from the year following the adoption of the Cross-Border Programme to the fourth year following the last budgetary commitment:
  - submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous 12 month period ending on 30 June of the year concerned and reporting any shortcomings found in the systems for the management and control of the programme. The first report, to be submitted by 31 December of the year following the adoption of the programme, shall cover the period from 1 January of the year of adoption to 30 June of the year following the adoption of the programme. The information concerning the audits carried out after 1 July of the fourth year following the last budgetary commitment shall be included in the final control report supporting the closure declaration referred to in point (d) of this paragraph. This report shall be based on the systems audits and audits of operations carried out under points (a) and (b) of this paragraph;
  - issuing an opinion, on the basis of the controls and audits that have been carried out under its responsibility, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular.
  - submitting to the Commission at the latest by 31 December of the fifth year following the last budgetary commitment a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of expenditure, which shall be supported by a final control
(2) The audit authority shall ensure that the audit work takes account of internationally accepted audit standards.

(3) Where the audits and controls referred to in paragraph 1 points (a) and (b) are carried out by a body other than the audit authority, the audit authority shall ensure that such bodies have the necessary functional independence.

(4) If weaknesses in management or control systems or the level of irregular expenditure detected do not allow the provision of an unqualified opinion for the annual opinion referred to in paragraph 1(c) or in the closure declaration referred to in paragraph 1(d), the audit authority shall give the reasons and estimate the scale of the problem and its financial impact.

Group of auditors

The Audit Authority for the programme shall be assisted by a group of auditors carrying out the duties provided in Article 105 of the IPA Implementing Regulation.

The group of auditors will comprise a representative of each country participating in the programme and according to article 102(2) of the IPA Implementing Regulation shall be set up within three months of the decision approving the programme at the latest. It shall draw up its own rules of procedure and shall be chaired by the Audit Authority for the programme.

The main task of the group of auditors shall be to assist the Audit Authority in carrying out its duties. Where a body other than the Audit Authority carries out the system audits and the audits of operations, the group of auditors shall ensure a formal exchange of information between the Audit Authority and the external auditors.

Responsibilities of the Commission

As the guardian of the correct execution of the general budget of the European Union, the European Commission shall ensure the existence and smooth function of the management and auditing system, so that Community resources are used regularly and effectively. Therefore, the Commission shall satisfy itself that the participating countries have set up an effective management and control system and that the system shall function effectively during the period of implementation of the programme.

According to the provisions of article 119(2) of the IPA Implementing Regulation and without prejudice to audits carried out by participating countries, Commission officials or authorised Commission representatives may carry out on the spot audits to verify the effective functioning of the management and control systems, which may include audits on operations included in the programme, with a minimum of ten working days' notice, except in urgent cases. The European Commission shall inform the managing authority accordingly, so that said authority may provide all possible assistance.

Officials or authorised representatives of the participating countries may take part in such audits. Commission officials or authorised Commission representatives, duly empowered to carry out on-the-spot audits, shall have access to the books and all other documents, including
documents and metadata drawn up or received and recorded on an electronic medium, relating to expenditure financed by Community funds.

Those powers of audit shall not affect the application of national provisions which reserve certain acts for agents specifically designated by national legislation.

The Commission may require a participating country to carry out an on-the-spot audit to verify the effective functioning of the systems or the correctness of one or more transactions. Commission officials or authorised Commission representatives may take part in such audits.

**Joint Monitoring Committee**

In accordance with Article 110 of the IPA Implementing Regulation, the participating countries will set up a Joint Monitoring Committee within three months starting from the date of the notification of the Commission’s decision approving the programme to the participating countries.

Overall monitoring of the programme implementation lies within the competencies of the Joint Monitoring Committee (JMC). The composition of the JMC includes the representatives of the Member State - Romania as well as representatives from the partner country- Serbia, who will have an equal role in the JMC.

**Functions of the Joint Monitoring Committee**

In accordance with Article 110(5) of the IPA Implementing Regulation, the Joint Monitoring Committee shall satisfy itself as to the effectiveness and quality of the implementation of the Cross-Border Programme, in accordance with the following provisions:

(a) it shall consider and approve the criteria for selecting the operations financed by the Cross-Border Programme and approve any revision of those criteria in accordance with programming needs;

(b) it shall periodically review progress made towards achieving the specific targets of the Cross-Border Programme on the basis of documents submitted by the managing authority;

(c) it shall examine the results of implementation, particularly achievement of the targets set for each priority axis and the evaluations referred to in Article 57(4) and Article 109;

(d) it shall consider and approve the annual and final reports on implementation referred to in Article 112 and;

(e) it shall be informed of the annual control report, referred to in Article 105 (1)(c) and of any relevant comments the Commission may make after examining those reports;

(f) it shall be responsible for selecting operations but may delegate this function to a steering committee reporting to it;

(g) it may propose any revision or examination of the Cross-Border Programme likely to make possible the attainment of the objectives referred to in Article 86(2) or to improve its management, including its financial management;
(h) it shall consider and approve any proposal to amend the content of the Cross-Border Programme or shifts of allocations between priority axes for improvement of the management of the Programme.

Furthermore, in accordance with Article 111 of the IPA Implementing Regulation, the Managing Authority and the Joint Monitoring Committee shall ensure the quality of the implementation of the Cross-Border Programme. Also the Managing Authority and the Joint Monitoring Committee shall carry out monitoring by reference to financial indicators, as well as the indicators referred to in Article 94(1)(d) of the IPA Implementing Regulation.

Also, the Joint Monitoring Committee will adopt a Communication Plan to be implemented by the Managing Authority/Joint Technical Secretariat.

**Composition and procedures of the Joint Monitoring Committee**

The composition of the Joint Monitoring Committee is decided by the participating countries in accordance with Article 87, Article 102 (3), and Article 110 of the IPA Implementing Regulation. The Joint Monitoring Committee shall have a balanced representation and a limited number of representatives from the national, regional and local level and other economic, social and environmental partners of both states participating in the programme to ensure efficiency and broad representation.

A representative of the MA, who conducts the meeting in an arbitrary role, not having a voting right, shall chair the Joint Monitoring Committee. Representatives of the Partner State may take co-chairmanship. A representative of the Commission, of the Certifying Authority, and, where appropriate, of the Audit Authority, shall participate in the work of the Joint Monitoring Committee in an advisory capacity. Representatives of the Joint Technical Secretariat shall assist the work of the Joint Monitoring Committee.

Decisions taken by the Joint Monitoring Committee shall be made by consensus among the national delegations of both the Member State and the partner state participating in the programme (one vote per country). Decisions of the Committee may be taken via written procedure.

Details regarding the practical organisation of the JMC meetings will be provided in the Committee’s rules of procedure.

*Convening a meeting*

Meetings of the Joint Monitoring Committee shall be held at least twice a year.

The Chairperson convenes the Joint Monitoring Committee either at the request of the MA, or by a duly justified request of at least one third of the members or at the initiative of the Commission.

*Rules of procedure of the Joint Monitoring Committee*

At its first meeting, the Joint Monitoring Committee shall draw up its rules of procedure and adopt them in agreement with the Managing Authority in order to exercise its missions in accordance to the IPA Implementing Regulation.
Joint Technical Secretariat

Set up and organisation

According to Article 102(1) of the IPA Implementing Regulation, the Managing Authority, after consultation with the partner country, shall set up a Joint Technical Secretariat. The Joint Technical Secretariat shall assist the Managing Authority and the Joint Monitoring Committee and, where appropriate, the Audit Authority and the Certifying Authority, in carrying out their respective duties. The Joint Technical Secretariat (JTS) is responsible for the day-to-day management of the Programme. Also, the JTS will ensure the liaison between the implementing authorities.

Organisation and staffing of the Joint Technical Secretariat

The Joint Technical Secretariat shall be based in Timișoara within the Regional Office for Cross-Border Cooperation Timișoara. An Antenna of the JTS will be located at Cross-Border Local Office in Vršac, Serbia.

The Joint Technical Secretariat shall be led by the Head of Secretariat. The JTS shall have international staff, including both Romanian and Serbian nationals. The Regional Office for Cross-Border Cooperation of Timișoara shall employ the staff of the JTS. The number and qualification of staff shall correspond to the tasks of the JTS. Staff of the JTS shall be proficient in English and in at least one of the relevant languages Romanian or Serbian.

The JTS shall be funded from the Technical Assistance budget. More detailed rules on the operation of the JTS shall be included in the bilateral implementing agreement between the Managing Authority and the Regional Office for Cross-Border Cooperation of Timișoara.

Tasks of the JTS

The JTS is responsible for the day-to-day administration of the programme according to the provisions of the implementing agreement concluded between the Managing Authority and Regional Office for Cross-Border Cooperation in Timișoara and according to the provisions of national and EU legislation. Also the above-mentioned agreement shall lay down the tasks of the Regional Office for Cross-Border Cooperation in Timișoara. The JTS and the Regional Office for Cross-Border Cooperation ensure and are responsible for fulfilling all the tasks delegated by the managing authority for the implementation of the programme.

5.2 Programme Beneficiaries

Definition of lead beneficiaries and other beneficiaries

According to Article 2(8) of the IPA Implementing Regulation, the 'final beneficiary' is a body or firm, whether public or private, responsible for initiating or initiating and implementing operations.

According to Article 96 of the IPA Implementing Regulation, the final beneficiaries of an operation shall appoint a Lead Beneficiary among themselves prior to the submission of the proposal for the operation. The Lead Beneficiary shall assume the responsibilities regarding the implementation of the operation.
Responsibilities of Lead Beneficiaries and other Beneficiaries

Responsibilities of Lead Beneficiaries

According to the provisions of Article 96 of the IPA Implementing Regulation, the Lead Beneficiary shall assume the following responsibilities:

(a) it shall lay down the arrangements for its relations with the final beneficiaries participating in the operation in an agreement comprising, *inter alia*, provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;

(b) it shall be responsible for ensuring the implementation of the entire operation;

(c) it shall be responsible for transferring the Community contribution to the final beneficiaries participating in the operation;

(d) it shall ensure that the expenditure presented by the final beneficiaries participating in the operation has been paid for the purpose of implementing the operation and corresponds to the activities agreed between the final beneficiaries participating in the operation;

(e) it shall verify that the expenditure presented by the final beneficiaries participating in the operation has been validated by the controllers referred to in Article 108 of the IPA Implementing Regulation.

Responsibilities of other beneficiaries

Each beneficiary participating in the operation shall be responsible in general for:

- participating in the operation;
  - ensuring the implementation of the operations under its responsibility according to the project plan and the contract signed with the Lead Beneficiary;
  - cooperating with the partner beneficiaries in the implementation of the operation, including the reporting for monitoring;
  - providing information requested for audit by the audit bodies responsible for it;
  - assuming responsibility in the event of any irregularity in the expenditure which was declared;
  - information and communication measures for the public;

5.2 Project Generation, Application, Selection and Implementation Procedures
**Project generation**

The Joint Technical Secretariat and the Antenna of the JTS will proactively support the Lead Beneficiaries and other beneficiaries throughout the life cycle of operations, i.e. during preparation starting from development of applications, and implementation of operations until complete finalisation of the respective operation.

The Programme Manual shall present an extensive list of recommendations for project applicants on how to prepare a good-quality cross-border project.

**Project application and selection**

*Nature of the projects*

Beneficiaries of the partner countries must submit the project applications jointly. All projects must ensure a clear cross-border effect with benefit of both partners and in the framework of the measures defined in the Programme contribute to the socio-economic development of the region.

*Calls for proposal*

The Joint Monitoring Committee (JMC) approves the launch of call for proposals and its procedures. It approves the criteria for selecting project proposals.

Calls for applications will be launched on a regular basis, at least once per year. Being a Cross-Border Programme it means that there will be a single application process and a single selection process covering both sides of the border.

*Submission of the project applications*

A single application form will be used. The joint application form and guidelines will be available on the programme website.

The project application form applying for co-financing shall be submitted to the Joint Technical Secretariat that shall do the official registration. Registered applications shall be submitted to an Evaluation Committee. JTS and the Evaluation Committee with representatives from both states and, if needed with external experts-assessors will carry out the assessment (eligibility evaluation, conformity and technical evaluation) of each project. The Evaluation Committee will prepare recommendations for the JMC.

Although projects will normally be chosen through a call for proposals, according to the provisions of art. 95, 1 the participating countries may also identify joint operations outside calls for proposals. In the event, the joint operation is coherent with the priority axes or measures of the programme, it shall be identified any time after the adoption of the programme in a decision taken by the Joint Monitoring Committee after a separate evaluation procedure.

*Selection of project applications for funding*

The Joint Monitoring Committee, comprising of members from both countries, with the Commission participating in an advisory capacity, will then select the projects to be funded.
The JMC shall mainly have the role of assessing the relevance of the projects and their compliance with the priority axes and measures of the programme.

The Joint Monitoring Committee shall approve the list of projects or if the JMC decides to establish a Steering Committee, after the decision of the Steering Committee, the Joint Monitoring Committee shall approve the list of projects.
Indicative schedule

Call for proposals issued
- 2-3 month preparation of project proposals/ info days

Deadline for submission of project proposals (registration)
- Depends on the number of project proposals (2 months)
- Evaluation - Preparation of info sheets for JMC members (1-2 month)

Decision of the Joint Monitoring Committee
- Preparation of contracts with amendments of project documentation (1-2 month)

Signing the contract
- Procurement (0-6 month)

Start of implementation
- Implementation (6-24 month) audit and final payment (1-6 month)

Project implemented, audited, reported and paid

From call for proposal to signing contract 7-13 month
Contracting procedures

Contract between the Managing Authority and the Lead Beneficiary

Following the decision of the Joint Monitoring Committee to approve an application for funding, the Managing Authority will prepare and sign the contract to be made with the Lead Beneficiary of the approved operation.

Cooperation agreement between the partner beneficiaries and Lead Beneficiary in an operation

Before submitting the project application to the JTS the beneficiaries and Lead Beneficiary, partners in the project, shall sign a cooperation agreement establishing all rules and procedures for the implementation of the project, defining responsibilities of partners

5.3 Monitoring and Evaluation Systems

Programme monitoring and information system

The Managing Authority ensures the correctness of management and implementation and is responsible for putting in place the monitoring system of the programme. The monitoring system is important in the framework of ensuring an appropriate audit trail for the programme.

The Managing Authority and the Joint Monitoring Committee, will carry out the monitoring of the Programme by reference to the financial and physical indicators specified in the Programme as well as using a limited number of indicators for output and results which shall make possible to measure the progress in relation to the baseline situation and the effectiveness of the targets implementing the priorities.

At programme level, the monitoring tools are as follows:

Annual report and final report on implementation: by 30 June each year at the latest, the Managing Authority shall submit to the Commission an annual report on the implementation of the Cross-Border Programme approved by the Joint Monitoring Committee. The first annual report shall be submitted in the second year following the adoption of the programme.

The Managing Authority shall submit to the Commission a final report on the implementation of the programme by 31 December of the fourth year following the last budgetary commitment at the latest.

A computerised information system will be established to enable gathering and exchange of all data necessary for appropriate programme management and monitoring.

Indicators system: well-defined indicators system shall be used to support the monitoring and evaluation at programme level. Indicators relevant for this programme are to be distinguished on two different levels: programme and priority axes.

At the project level indicators must be also developed in relation to the indicators set up in the programme and in order to ensure an efficient monitoring system and to allow a reliable gathering of financial and statistical information on implementation.
As a general principle, partners will send on a regular basis to the JTS written reports with information on progresses face to objectives, reflected by indicators.

JTS ensures that data are entered, checks and validates the received data, and reports to the MA and JMC.

JMC receives the reports that draw a clear picture on the status of implementation, and decides upon the management of the programme.

Data regarding expenditures and information on fiscal execution shall be reported quarterly. The Managing Authority may decide on requesting the reports on an earlier basis.

**Programme Evaluation System**

In course of drafting of the programme, an ex-ante evaluation was carried out and its recommendations included in the Cross-Border Programme.

The aim of the evaluation is to improve the quality, effectiveness and consistency of the use of assistance, the strategy and the implementation of the programme.

The participating countries shall provide the resources necessary for carrying out evaluations, organise the production and gathering of the necessary data and use the various types of information provided by the monitoring system.

The Romania-Serbia Cross-Border Programme may be subject of two interim evaluations in 2009 and in 2012 and of ad-hoc evaluation during the multi-annual programming period.

During the implementation phase, the Commission may carry out strategic evaluation. As a part of the closure of the Programme, the Commission shall carry out an ex post evaluation in close cooperation with the Partner States and Managing Authority. The ex-post evaluation shall be completed by 31 December 2017.

Evaluation shall be financed from the TA budget of the Programme.

6.1  Financing plans

- Separate Tables for each priority axis

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>4,142,990</td>
</tr>
<tr>
<td>2008</td>
<td>7,078,302</td>
</tr>
<tr>
<td>2009</td>
<td>7,737,113</td>
</tr>
<tr>
<td>Grand Total 2007-2009</td>
<td>18,958,405</td>
</tr>
</tbody>
</table>

* Mil. Euro, current Prices
## INDICATIVE FINANCIAL ALLOCATIONS BY PRIORITY AXIS (2007-2009)

<table>
<thead>
<tr>
<th>Priority Axis</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>For information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IPA</td>
<td>National Co-financing</td>
<td>Total funding (1)+(2)</td>
<td>EU Co-financing rate</td>
<td>EIB</td>
</tr>
<tr>
<td>Priority Axis 1</td>
<td>9,479,202</td>
<td>1,672,800</td>
<td>11,152,002</td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td>Priority Axis 2</td>
<td>4,929,185</td>
<td>869,856</td>
<td>5,799,041</td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td>Priority Axis 3</td>
<td>2,654,177</td>
<td>468,384</td>
<td>3,122,561</td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td>Priority Axis 4</td>
<td>1,895,840</td>
<td>334,560</td>
<td>2,230,400</td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>18,958,404</td>
<td>3,345,600</td>
<td>22,304,004</td>
<td>85%</td>
<td></td>
</tr>
</tbody>
</table>
6.2 Financial flows procedures

Following the Commission decision approving the Programme and upon acceptance of the report setting out the assessment of the systems set up for the programme management, a single pre-financing amount shall be paid by the Commission to the Certifying Authority. This amount shall be 25% of the first three budgetary commitments and shall be used for advance payments to the beneficiaries. A detailed description of the advance payments shall be provided in the Programme Manual and/or in the Applicant Guide.

The payments to be made are as follows:

- from the European Commission to the Certifying Authority amount to a single bank account established for these funds.
- from the Certifying Authority to the MA (Directorate for Certification and Payments - Payment Unit)
- from the MA (General Directorate for Certification and Payments - Payment Unit) to the Lead Beneficiary. The Lead Beneficiaries shall be responsible for receiving the payments from the MA Directorate for Certification and Payments - Payment Unit, and distributing to each partner in the project the share owed by them, according to the eligible expenses validated in their financial reports.

Financial flows

a) Single bank account

The Certifying Authority (Ministry of Economy and Finance) will set up a bank account to receive the payments from the European Commission. The account will be kept in EUR to avoid differences in payments resulting from possible currency fluctuations. The payments from the account will be transferred to the MA and then to the lead Beneficiaries.

b) Payment claims and forecasts

At the latest by 30 April each year, the Certifying Authority shall send the Commission a provisional forecast of its likely payment applications for the current financial year and the subsequent financial year. The Certifying Authority will estimate the forecasts.

The Certifying Authority will submit payment claims to the European Commission for the funding. The payment from the Commission may take a form of pre-financing, interim payments and payment of the final balance.
Payments to the partners

*Advance payments*

The advance payments, and possible special requirements to guarantee against irregularities, such as bank guarantees, may be defined in the Applicant Guide which shall include the standard contract per each priority, according to a case-by-case approach, considering the nature of projects and the specific risks that can be identified.

When an advance payment is foreseen, after the signature of the contract between the MA and the Lead Beneficiary, the MA will approve advance payments to the Lead Beneficiary.

*Interim payments and final payments to the beneficiaries*

Interim payments and final payments will be paid to the Lead Beneficiaries after the approval of claims for reimbursement, accompanied by a validated financial report on eligible expenses incurred by the partners for the purpose of the project.

The Managing Authority, after authorizing the financial reports from the lead beneficiaries, will approve payment orders and will pay the amounts in the specified bank accounts.

The EU funds are transferred from the Certifying Authority to the Managing Authority based on the reimbursement requests and statements of expenditure sent in the timeframe.
established in the Agreement concluded between the Certifying Authority and the Managing Authority.

*National co-financing*

The Managing Authority and the National Authority shall ensure the amounts due as national co-financing.

*Recovery of payments in case of irregularity*

If, at the time of reception of a final account of a contract, following a control or audit, or at any other time during the lifespan of the programme, the service in charge of the financial management of the programme or the service in charge of audit identifies ineligible expenses for which a payment has already been made, the service that identified the irregularity will inform the MA and the MA will order the recovery of the amounts unduly spent. The MA as the body responsible for the financial management will proceed to the recovery against the Lead Beneficiary and will reimburse the amounts to the Commission. However as a last resort, in case the MA could not recover the amounts due, legal proceedings shall be pursued. The National Authority in Serbia shall be responsible, in the last resort, for recovery of amounts unduly paid in Serbia in case the Lead Beneficiary cannot recover the amounts and reimburse them to the Managing Authority. Details regarding the method of recovery of amounts unduly paid shall be established in the contracts between the MA and the Lead Beneficiary and between the Lead Beneficiary and the beneficiaries.

*Use of languages*

The cross-border nature of the Programme implies the use of English language in order to facilitate the overall management and to shorten the completion periods. After the European Commission’s decision approving the Programme, related documents can be translated into Romanian and Serbian (e.g. Applicant Guide), in order to ensure a high participation of potential applicants in the programme.

### 6.3 Financial Control

The Member State shall be responsible for conducting the financial control for the whole programme. It shall do so in close cooperation with the National Authority in Serbia and the European Commission in order to ensure that Community resources are used correctly and effectively, in accordance with the principles of sound financial management.

The Managing Authority of the Cross-Border Programme shall, in principle, be responsible to ensure the conformity of the co-financed projects/activities, and the enforcement of the audit system.

According to the provisions of Article 108 of the IPA Implementing Regulation, each participating country in order to validate the expenditure, shall set up a control system making it possible to verify the delivery of the products and services co-financed, the soundness of the expenditure declared for operations or parts of operations implemented on its territory, and the compliance of such expenditure and of related operations, or parts of those operations, with Community, when relevant, and its national rules. For this purpose each participating country
shall designate the controllers responsible for verifying the legality and regularity of the expenditure declared by each final beneficiary participating in the operation.

Each participating country shall ensure that the controllers can validate the expenditure within a period of three months from the date of its submission by the beneficiary to the controllers. If clarifications are needed and requested from the Lead Beneficiary the three months period may be prolonged.

The following procedure is established for verification and validation of claims for reimbursement:

- **Beneficiary - Level 0** - bodies commissioning the operations and/or implementing activity – will be responsible for the correctness of reporting (reporting and certifying accuracy, actuality and eligibility of the expenditure to Level 0);

- Unit within the Regional Office from Timișoara and the Antenna of the JTS - Level 1 – bodies responsible for aggregation and verification of information from Level 1 before they are reported by the Lead Beneficiary to the JTS;

- **MA – Level 2** – responsible for analysis and verification of information coming from Level 1 as well as for control and procedure correctness on Level 1.

- **Certifying Authority- Level 3** – shall submit the claims to the European Commission and receive the funds.
Validation of expenditure

All the expenditure must undergo the same financial controls and the same certification process. Thus, all the eligible expenditure of a project will be reported by the Lead Beneficiary to the JTS on behalf of all partners. The expenditure paid by the partners will be reported to the Lead Beneficiary through financial reports that will be controlled and validated by control bodies that will be established in each participating country. Following the procedures agreed at programme level, these bodies will verify compliance with rules and conditions for eligibility of expenditure, as defined in the programme and in the project approved. After receiving the financial reports from the partners, the Lead Beneficiaries will prepare a financial report for claiming reimbursement of the EU and national co-financing and send it to the Joint Technical Secretariat. JTS will send these validated reports together with the claim for reimbursement to the Managing Authority.

Statements of expenditure shall be transmitted quarterly to the Certifying Authority.

Chapter 7. Information and publicity

The main aim of the information and publicity measures is to ensure transparency and adequate spread of information for final and potential beneficiaries, public authorities, non-governmental organisations, economic and social partners, trade organisations and business groups and general public. The information shall be addressed to the citizens and beneficiaries, with the aim of highlighting the role of the Community and ensuring transparency.

The information and publicity campaigns will be carried out in accordance with the provisions of Article 62 of the IPA Implementing Regulation.

The Managing Authority will ensure the sound management and implementation of the Communication Plan. The Joint Technical Secretariat as assisting body and the Antenna of the JTS shall perform the actual implementation of the Communication Plan as a task delegated from the Managing Authority. The partner state shall provide information on and publicize the programme and operations.

The Communication Plan will be adopted by the JMC and implemented in accordance with the relevant EU Regulations.

Overall objectives

- To disseminate information on the opportunities of the programme
- To ensure transparency regarding the implementation of the programme
- To raise awareness among the target audience regarding the results and benefits achieved through cross-border projects

The types of foreseen activities are:
• Developing and disseminating publicity materials

• Organising briefings, information sessions, seminars and conferences for the specific target audience and ensuring that EU requirements are met in all occasions

• Using appropriate channels for circulating information in order to ensure transparency for the various target audience

The Communication Strategy will be targeted mainly at potential applicants who should be informed duly and accurately regarding the funding opportunities, information resources and application process. The general public will represent the secondary target group, who should be made aware of the intermediate and final results following the implementation of the programme and benefits achieved by the projects. The stakeholders should be continuously informed regarding the achievements of the programme/projects.

The monitoring and evaluation activities will play a key role in providing a clear view over the manner in which the Communication Plan is able to support overall programme performance, capability of the programme of achieving the transparency and visibility objectives, the acknowledgement of the value for money usage of EU funding and strengthening of the link between the information and implementation of the programme. The types of monitoring and evaluation indicators to be used in this respect are: Output, Result and Impact. The evaluation of the impact regarding the implementation of the Information and Publicity Plan will also be made on the base of specialised: Impact assessment research and public poll.

**Budget**

The budget foreseen for the implementation of the Communication Plan will be drawn from the Technical Assistance budget.

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### Chapter 8. Computerised exchange of data

*Computerised system for the exchange of data:* data exchange between the Commission and the programme authorities for the purpose of monitoring shall be carried out electronically.

Monitoring data regarding the IPA part of the programme implemented on the partner state side of the border, will be gathered by the Lead Beneficiary and/or the National Authority and sent to the JTS in order to be entered into the SMIS.

The Managing Authority is responsible for the setting up of a system to gather reliable financial and statistical information on implementation for the monitoring indicators and for evaluation and forwarding these data in accordance with arrangements agreed between the partner states and the Commission using computer systems permitting the exchange of data with the Commission.

*Single Management Information System:* The Joint Monitoring Committee will be provided by the Single Management Information System (SMIS) with sound electronic data that will allow the monitoring and management of the programme. Information provided will be related to the implementation of the programme, priority axes, measures and projects, including programme management, financial data, payments and achievement of physical indicators.
The IT system will provide real-time data at all levels of the implementation system, and will satisfy the EC Regulatory requirement for electronic data interchange and communication.

The monitoring system of the programme will be based on a management information system that allows data collection and monitoring at a multilateral level. The system will support both the project cycle and the programme implementation.

The following scheme presents briefly the monitoring system. It is based on the assumption that data is entered to the SMIS by the Joint Technical Secretariat (JTS), which has also its own database and is able to provide reports by its own. From the SMIS, data is also available to the European Commission Services. The reports provided by SMIS and JTS to the MA are submitted to the Joint Monitoring Committee that is in charge with their approval and adopting decisions regarding the development of the programme.
Annexes

Annex 1 – Programming Process

PROGRAMME PREPARATION

BY RELEVANT AUTHORITIES
ROMANIA + SERBIA

PRESENTATION OF THE PROGRAMME TO THE COMMISSION

SUBMITTED BY THE MA ON BEHALF OF BOTH COUNTRIES

COMMISSION’S DECISION ON THE PROGRAMME

UPON COMMISSION’S APPROVAL
PROGRAMME STARTS IN MS

SIGNATURE OF FINANCING AGREEMENT WITH PARTNER COUNTRIES

PROGRAMME STARTS FOR THE PARTNER COUNTRY UPON ITS SIGNATURE OF THE FINANCING AGREEMENT
(one year from the issue of the Decision approving the programming document by the Commission)

START OF THE PROGRAMME

Call for proposal organised
The Romania – Serbia IPA Cross-border Programme is the result of a joint programming effort of the Romanian and Serbian authorities. The programming process has been supported by the European Commission, the EC Delegation to Romania and the European Agency for Reconstruction in Serbia.

In order to ensure an active involvement of all the important actors from both sides of the border, Regional and National Working Groups and Joint Task Force meetings took place in the programming period and various consultations have also been conducted throughout meetings and consultation fiches.

The working document has been updated regularly. All the partners have been kept informed on the programming process, and they were invited to send comments and proposals.

<table>
<thead>
<tr>
<th>Programming Period</th>
<th>Programming activity</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>March-July 2006</td>
<td>The Regional Working Group on the Romanian side for the Romania Serbia IPA CBC Programme</td>
<td>- The Regional Working Group for the Romanian side was established with the following members: Timiș, Caraș-Severin, Mehedinți County Council; Timiș, Caraș-Severin, Mehedinți Prefect Institution; Timișoara, Reșița and Drobeta Turnu Severin City Hall; Regional Development Agency West; Regional Development Agency South West Oltenia; ADETIM_Economic Development Agency of Timiș County; ADECS_Economic Development Agency of Caraș Severin County; Chamber of Commerce, Industry and Agriculture Timișoara, Caraș-Severin and Mehedinți; Regional Environmental Protection Agency Timișoara; Environmental Protection Agency Mehedinți, Banat Water Branch; Timiș, Caraș-Severin and Mehedinți County Agency of Employment and relevant institutions for superior education</td>
</tr>
<tr>
<td>March-July 2006</td>
<td>The Regional Working Group on the Serbian side for the Romania Serbia IPA CBC Programme</td>
<td>- The Regional Working Group for the Serbian side was established with the all relevant stakeholders on the eligible territory (municipalities and their agencies, Chambers of Commerce, NGOs, schools and faculties, etc.)</td>
</tr>
<tr>
<td>4 May 2006</td>
<td>National Programming Committee</td>
<td>- A National Programming Committee was established at the level of line ministries in order to discuss possible overlapping with other operational programmes financed from ERDF (Objective 1) in Romania and to involve them in the process of developing project ideas</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
<td>Details</td>
</tr>
<tr>
<td>-------------</td>
<td>------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>30 May 2006</td>
<td><strong>“Kick Off Meeting”</strong> Romania - Serbia IPA CBC Programme</td>
<td>- Institutional prospects for the new programming period were presented&lt;br&gt;- Discussions on the Task Force and WGs – division of responsibilities&lt;br&gt;- The content of the IPA CBC Programme and the programming procedure were analysed&lt;br&gt;- Next steps for programming were established</td>
</tr>
<tr>
<td>August 2006- October 2006</td>
<td>Consultations for drafting the strategy part of Romania- Serbia IPA CBC Programme</td>
<td><strong>SWOT Questionnaires</strong>&lt;br&gt;The Ministry of European Integration (now the Ministry of Development, Public Works and Housing) of Romania and the Regional Office for Cross-border Cooperation in Timișoara sent questionnaires for the SWOT analysis of the eligible region of the cooperation programme.&lt;br&gt;Based on the information comprised in the questionnaires, a preliminary analysis of the Romanian eligible area has been carried out. The document was presented, discussed and modified during the 24 August Romanian regional working group meeting. <strong>Collecting environment statistical data</strong>&lt;br&gt;<strong>Project Proposal Form &amp; Consultation Fiche</strong>&lt;br&gt;- The Ministry of European Integration (now the Ministry of Development, Public Works and Housing) of Romania in collaboration with the Regional Office for Cross-border Cooperation in Timișoara submitted the Project Proposal Form and the Consultation Fiche to the Romanian Regional Working Group members in order to be filled at the 24th of August meeting.&lt;br&gt;- The project proposals received from the Romanian regional working group institutions were centralised by the Regional Office for Cross-Border Cooperation in Timișoara and sent to the Ministry of European Integration (now the Ministry of Development, Public Works and Housing).</td>
</tr>
<tr>
<td>24 August 2006</td>
<td>Romanian Regional Working Group Meeting</td>
<td>The preliminary analysis of the Romanian eligible area of the cooperation programme according to the results of the questionnaires was presented. The document was discussed and</td>
</tr>
</tbody>
</table>
modified according to the opinions of the working group members. The modified document according to the discussions was later sent to all the working group institutions.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
</table>
| 29-30 August 2006 | **Joint Working Groups Meeting for the Romania-Serbia IPA CBC Programme**  
- The 1st draft of SWOT analysis was presented, based on questionnaires commissioned in the eligible area of the programme  
  - Discussions on description of strategy, priorities, strategic projects  
  - Coherence with other cooperation programmes was completed by the Romanian and Serbian side  
  - Discussion on the institutional settings of the Programme (presentation of responsibilities for the Audit Authority and for the group of auditors at the programme level  
  - MA presented the financial flows, joint project development, developing systems and procedures for financial control and monitoring with the Lead partner principle  
  - Timetable for the next period was set |
| 4 October 2006 | **Joint Task Force Meeting-Bucharest**  
- Discussions regarding the structure and the strategy of the programme  
  - Discussions on implementation of the programme under the *transitional arrangement* approach, according to the EC recommendations |
| 13 October 2006 | **Serbian Regional Working Group Meeting**  
The preliminary results of the SWOT analysis conducted on the eligible territory were presented and discussed. The minutes of the meeting were sent to all the working group members. |
| 18 October 2006 | **Joint Regional Working Group meeting, Timișoara**  
- Participants from the Romanian and Serbian regional working groups, partners from Serbia and the representatives of the Ministry of European Integration (now the Ministry of Development, Public Works and Housing) and of the Regional Office for Cross-Border Cooperation in Timișoara discussed on the first draft of the programme, in particular on issues related to the strategy chapter – priority axes, measures, eligible activities  
  - A questionnaire referring to the priorities and the measures within the strategy chapter of the programme was filled by the participants |
<table>
<thead>
<tr>
<th>12 December 2006 – 15 January 2007</th>
<th><strong>Public consultation on the 2nd draft of the Programme</strong></th>
<th>MoEI (now the Ministry of Development, Public Works and Housing) published on its website the 2nd draft of the Programme in order to ensure the consultation of the wider public and real commitment into the programming process</th>
</tr>
</thead>
</table>
| 25 January 2007 | **Joint Task Force Meeting, Timișoara** | - Decision on the strategy of the cooperation programme  
- Discussions on the implementation chapter of the programme and the strategic environment assessment |
| October 2006 – present | **Discussions and comments related to the Romania – Serbia IPA CBC Programme** | - The draft of the Programme was transmitted to the Joint Task Force members for comments  
- After issuing the draft IPA Implementing Rules, the implementation chapter was designed and the draft programme document was submitted to all members involved  
- A technical meeting took place in Belgrade in order to ensure coherence regarding the implementation of the IPA CBC Programmes with the Republic of Serbia. Representatives of the European Commission, Managing Authorities for the Hungary-Serbia, Bulgaria-Serbia and Romania-Serbia Programmes and of National Authority from Serbia took part at this meeting. |
| October 2007 | **Approval of the Programme by the IPA Committee** | The Programme will be submitted for opinion to the IPA Committee |
| December 2007 | **Approval of the Programme** | The European Commission will issue a decision approving the Programme |

**Strategic Environment Assessment (SEA)**

<table>
<thead>
<tr>
<th>October 2006</th>
<th>- The Ministry for European Integration (now the Ministry of Development, Public Works and Housing) of Romania submitted the Draft Romania-Serbia IPA CBC Programme to the SEA expert for the preparation of the draft Scoping report</th>
</tr>
</thead>
</table>
| 15 January 2007 | - The draft programme and Scoping Report were published on the MEI (now the Ministry of Development, Public Works and Housing) website for comments and press announcements were made  
- MEI (now the Ministry of Development, Public Works and Housing) of Romania notified the Ministry of Environment and Water Management (currently the Ministry of Environment and Sustainable Development) on the screening stage |
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 March 2007</td>
<td>SEA Working Group meeting, with representatives from the former: Ministry of European Integration (currently Ministry of Development, Public Works and Housing), Ministry of Economy and Commerce, Ministry of Transport, Construction and Tourism, Ministry of Interior, Ministry of Environment and Water Management, Ministry of Public Finance and from local Authorities for Public Health and Authorities for Environment Protection. No major comments were made to affect the programme strategy.</td>
</tr>
<tr>
<td>Due at the end of May 2007</td>
<td>Comments sent to SEA expert to produce the Draft Environmental Report</td>
</tr>
<tr>
<td>June 2007</td>
<td>The second SEA Working Group to take place</td>
</tr>
<tr>
<td>June 2007</td>
<td>30 days public consultation and debate on Draft Environmental Report both in Romania and Serbia</td>
</tr>
<tr>
<td>20 August 2007</td>
<td>Public debate on the Draft Environmental Report</td>
</tr>
<tr>
<td>September 2007</td>
<td>Final Environmental Report to be elaborated by the SEA consultant and Environmental Approval to be issued by the Ministry of Environment and Sustainable Development in Romania</td>
</tr>
</tbody>
</table>

**Ex ante Evaluation**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>26 September 2006</td>
<td>The first draft of the Romania-Serbia IPA CBC Programme was sent to the ex ante expert.</td>
</tr>
<tr>
<td>2 October 2006</td>
<td>The first ex ante evaluation report finalised.</td>
</tr>
<tr>
<td>17 October 2006</td>
<td>The second draft of the Programme was sent to the ex ante expert.</td>
</tr>
<tr>
<td>31 October 2006</td>
<td>The second ex ante evaluation report finalised. Programme draft revised according to the comments of the ex ante evaluator.</td>
</tr>
<tr>
<td>17 November 2006</td>
<td>An updated second draft of the programme document, including the implementation part, was sent to the ex ante expert.</td>
</tr>
<tr>
<td>24 November 2006</td>
<td>The third ex ante evaluation report finalised. Programme draft revised according to the comments of the ex ante evaluator.</td>
</tr>
<tr>
<td>12 February 2007</td>
<td>The third draft of the Programme has been sent to the ex ante expert.</td>
</tr>
<tr>
<td>23 February 2007</td>
<td>The fourth ex ante evaluation report finalised. Programme draft revised according to the comments of the ex ante evaluator.</td>
</tr>
<tr>
<td>2 July 2007</td>
<td>Fifth ex ante evaluation report was submitted to the Managing Authority</td>
</tr>
<tr>
<td>September 2007</td>
<td>Final ex-ante evaluation report to be issued prior to the official submission of the Programme to the EC.</td>
</tr>
</tbody>
</table>
Annex 2 – Summary of the ex-ante evaluation

<table>
<thead>
<tr>
<th>First Assessment Note:</th>
<th>First Draft Version of the Programme</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>02.10.2006</td>
</tr>
</tbody>
</table>

The First Assessment Note focused on three major elements: Analysis, Coherence between Analysis and SWOT Analysis and Strategy and Priority Axis

As regards the Analysis the main comments of the ex-ante evaluator were that the document contains a relatively thorough review of the programme area in Romania and Serbia, though the main part of the data from Serbia is missing at this stage. When collecting and describing quantitative data (as well qualitative data) it was noted that it should be kept in mind that some of this data ideally should be used as the baseline for the indicators. It was recommended that it should be considered if the data could (and should) be used for the baseline. Issues such as availability and collection methods should be keep in mind.

Regarding the Coherence between Analysis and SWOT Analysis the main observation was that the connection between the analysis and the SWOT analysis must be stronger and it is therefore recommended that all subjects in the SWOT analysis refers to the description/analysis if they should still be considered important to the programme.

With regard to the Strategy and Priority Axis the general comments were that as that point the strategy seemed rather general. It was considered that it might be interesting to focus on particular issues that should be addressed at this border. The recommendation was that attention was given to the fact that the strategy and the priorities must reflect the analysis.

Conclusions:

SWOT and the strategy seem as a good basis, although difficult to assess the prioritisation of needs based on current analysis.

It was noted that in general in the analysis and to some extent the SWOT topics are mentioned which did not seem to be covered by the priorities. It was suggested to make less emphasis in the analysis on topics which will no be covered by any priority axis. If the topics are important for understanding the situation of the regions these should of course be included but data need not necessarily be included.

<table>
<thead>
<tr>
<th>Second Assessment Note:</th>
<th>Second Draft Version of the Programme</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>31.10.2006</td>
</tr>
</tbody>
</table>

The second Assessment Note focused on four major elements: Analysis, Coherence between Analysis and SWOT Analysis, Strategy and Priority Axis and Appraisal of the coherence of the Strategy in relation to regional, national and EU Strategies
As regards the **Analysis** the ex-ante evaluator identified a particular problem in that the statistical data was still missing and it was recommended that an effort was made to provide these data.

Regarding the **Coherence between Analysis and SWOT Analysis** it was emphasized that the coherence between the socio-economic analysis and the SWOT analysis still had to be developed. There were points in the SWOT analysis that were not mentioned in the socio-economic analysis and vice versa.

Regarding the **Strategy and Priority Axis** the overall impression of the strategy and the priorities described in the programme draft was that they cover most of the challenges and problems discovered in the analysis.

As regards the **Appraisal of the coherence of the Strategy in relation to regional, national and EU Strategies**, there were no major comments as the coherence should be rechecked at a later stage.

**Conclusions:**

There were no additional conclusions beside the one from the Assessment Note 1.

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**Third Assessment Note: Second Draft Version of the Programme**

24.11.2006

The third Assessment Note had a few general comments as that the overall impression of the programme document was that substantial progress has been made since the previous version, both regarding the analysis, the SWOT and the strategy. However there are still areas where the analysis and the strategy part of the programme document should be stronger elaborated.

It was identified that the main challenge was still to develop a strong internal coherence in the document. That meant that the analysis should focus on presenting and analysing data that is relevant for the SWOT and constitutes a solid basis for the strategy and the priorities in the programme. It was recommended that it could be considered to highlight and strengthen the Cross Border elements in the programme. There was no doubt that the priorities on environmental issues and people to people actions imply a considerable cross border element but regarding the priority on economic and social development the Cross Border element could have been more evident.

It was noted under the **Appraisal of Socio-economic Analysis** that the socio-economic analysis has been revised on several areas since the second draft programme. Data from the Serbian side have been collected and integrated in the analysis. This means that the analysis appears more coherent than in the earlier version of the document.

Under the **Coherence between the Socio-economic Analysis and the SWOT** it was noted that the SWOT analysis has been elaborated since the previous version of the programme document.

Under the Assessment of Strategy and Priorities the overall impression was that the coherence with the analysis is an issue that needs attention and that the focus in the strategy could be stronger.
It was noted that the overall objectives which are set up in the strategy seem very relevant and in line with the analysis. Especially the identification of the problems and challenges as related to "quality of life for the communities in the area" seems relevant.

Under the Appraisal of the coherence of the Strategy in relation to regional, national and EU Strategies it was noted that no further comments to the section are anticipated.

Under the Evaluation of expected results and Impacts it was noted that an indicator system has been developed and is presented in the programme document. It was considered that that system seems elaborate, extensive and includes a number of indicators for each priority at result (priority objective) and output level (measures). Indicators have also been developed for horizontal priorities. It is noted that indicators on programme level have been developed - which was appreciated. However it was noted that could be useful to explain how the indicator system works.

Conclusions:

As general conclusions it was noted that the analysis could have a more specific focus on elements that is relevant for cross border operations. Some elements in the analysis are not used in the strategy and it can be considered to leave out parts which do not contribute to the strategy and the priorities. Also the cross border element should be highlighted stronger in the programme document. Also it was recommended to consider limiting the number of indicators in order to strengthen the focus in the programme.

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Fourth Assessment Note: Third Draft Version of the Programme

23.02.2007

As general comments it was noted that the new version of the second draft (November 2006) has been updated and changed in some parts and includes a first draft of the implementation part of the programming document. A majority of the parts of the document seems to be developed or drafted, although some areas and section still need to be further developed.

It was noted that the summary of the programming process has been expanded to include reflections over the possibility to use lessons learned from the existing programme. Recognising this it is underlined that that programme should allocate resources to analyse the situation in the border region once the programme has begun.

As regards the Appraisal of Socio-economic Analysis, it was considered that in response to the comments in the previous report on data and analysis of sectors in the programme, the new programme version recognises the lack of these and proposes that this should be improved and targeted during the programme period. This seems to be a very reasonable response to a situation where it is difficult if not impossible, to find updated data.

Under the Assessment of Strategy and Priorities it was noted that the rationale of the strategy has been developed by an explanatory paragraph on the available data background of the preparation of the programme and the possibility of taking lessons learned from previous programmes into consideration. This, together with the mentioned possibilities for further studies for improved programming under priority axis 1 and 4, is considered a potential strengthening of the focus of the programme. This may also make it possible to target the interventions both in terms of geographical scope and content.
It was recommended to include a rationale for each of the priorities either as part of the strategy or under the section containing the priorities.

Under the **Appraisal of Implementation System** it was noted that the implementation chapter is well advanced and many parts of the implementation chapter have already been included in the version. It was also noted that the final formulation of the implementation chapter will most probably be something that has to be agreed with the EU Commission.

As a **Summary of Recommendations** it was noted that the cross border element should be highlighted stronger in the strategy and the implementation needs to be further developed.

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In the fifth assessment note, the ex ante evaluators noted that most of the recommendations and suggestions from the last report were followed. The draft version was updated and edited and all parts of the programme document have been included in this version. The present programme draft therefore stands as a much more coherent document in comparison with the previous version.

Regarding the **appraisal of socio-economic analysis**, in response to the comments in the previous report on data and analysis of sectors in the programme, the analysis was restructured following some of the recommendations in the previous assessment.

The **assessment of strategy and priorities** noted that substantial work was done in order to address the many layers and levels and objectives, measures etc. which were included in the last version. The strategy is now linked in a clearer manner to the priorities. A new chart has been included explaining the linkages between the different layers so that it is clear how these relate to each other. All the priorities have been streamlined so that these now have the same structure and layout.

As recommended, the cross-border perspective has been added in the strategy and the goals and objectives of the strategy were given a cross border perspective instead of the more general economic development character in the previous versions.

It was also recommended to include a rationale for each of the priorities in the previous report. This recommendation was followed and a well elaborated and well explained rationale has been included in each priority. The measures now appear more coherent as the rationale links the different aspects of the priorities. This is even more important now where it has been decided to take out the indicative operations.

One of the elements of the ex ante evaluation was to **assess the risk** of the programme. An assessment of the risk and efficiency will depend on the distribution of the funding between the priority axes. The funding will according to the new document be divided P1 -50%, P2 - 26%, P3 - 14% and 10% to P4. According to the evaluators this distribution is reasonable for a programme of this size as well as allocating the larger part to P1, which include similar measures to the previous programme. Furthermore, it was noted that the programmers had questioned stakeholders in the region on their interest and found that the main interest was concentrated on P1.
The implementation chapter was fully developed in this version and all missing parts were included. In general the implementation chapter was restructured and appeared more coherent than the previous arrangements. It was also understood that the implementation chapter was designed under the transitional arrangements and that this might change in the next version.

The particular areas commented in the previous interim report were addressed in the fourth draft of the Programme.

As a summary of the assessment of this draft programme, the evaluators noted that there is a secure final coherence between analysis, SWOT and priorities and recommended that the indicator measurements may be reviewed. It was also recommended to consider if any flexibility should included in the programme regarding the indicators, pending the analysis and studies to be undertaken as part of the programme.

**Final Evaluation Report: Sixth Draft Version of the Programme**

*10.09.2007*

In the Final Ex-ante Evaluation Report, the main findings of the ex ante evaluators are that the recommendations given throughout the previous assessment notes have been followed and are reflected in the programme document.

Regarding the socio-economic and SWOT analysis, the main findings of the Final Assessment Report are that the analysis is adequate and the coherence between the socio-economic analysis and the SWOT has now been strengthened so that the SWOT functions act as a framework for the identification of the problems and needs. An introduction has been included for each priority axis and a more elaborate description of the measures was introduced in the Programme as recommend by the ex ante evaluators.

As concerns the rationale and consistency of the Programme, it has been noticed that a focusing of the priorities with the help of measure descriptions and justifications, recommended in the previous assessment notes, has been introduced. It has also been highlighted that the strategy and objectives for the Programme have been developed focusing, in particular, on the crossborder aspect of the Programme.

Risk of the programme is described as very realistic, focusing on putting in place the conditions for cooperation. Nevertheless, a real assessment of risk may only be entirely possible when the priorities are fully developed after the programme has been started. It was therefore recommended to closely monitor the programme implementation, including actively using the indicator system and the targets set out.

Having in mind that infrastructure projects overall in the past Romanian CBC programmes have been difficult to implement, it is furthermore recommended to ensure that there is sufficient capacity in the area to assess, plan and carry out infrastructure planning and design projects.

The assessment of the coherence of the Programme with regional and national policies noted the Programme is aligned to both EU, national and regional programmes and priorities.

The strategy and expected results and impacts have been quantified in the latest version of the Programme. The evaluators noted the Programme includes a developed indicator system,
with a clear set of output and result indicators, defined partly for each priority and partly as common indicators at the programme level.

The main recommendation for this part of the Programme was that the programme management has sufficient and competent resources to cope with collecting data for the indicators set, additional to starting the implementation of the programme. A description of the management of the system should be included in the programme manual.

Under the **appraisal of administrative and implementation arrangements**, as recommended in the previous interim report, the description of the JTS has been elaborated and now includes a description of the JTS its function organisation, a new section was included on project generation, and also monitoring and evaluation has been restructured and strengthened. However, it has been recommended to ensure that sufficient attention is paid and resources (staff) are allocated to supporting the project generation, implementation support and monitoring, as part of the staff will be newly recruited.
Annex 3 – Information sources

- Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA);