

**IPA ADRIATIC
CROSS-BORDER COOPERATION
PROGRAMME**

*Implementation Manual
Final Version*

Joint Technical Secretariat

| | |
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LIST OF ACRONYMS

| | |
|------------------|---|
| AA | Audit Authority |
| CA | Certifying Authority |
| CBC | Cross-Border Cooperation |
| CC | Candidate Countries |
| EC | European Commission |
| EOI | Expression of Interest |
| EU | European Union |
| IPA | Instrument for Pre-accession Assistance |
| JMC | Joint Monitoring Committee |
| JSC | Joint Steering Committee |
| JTS | Joint Technical Secretariat |
| MA | Managing Authority |
| MS | Member States |
| NGO | Non-Governmental Organization |
| NUTS | Nomenclature of Territorial Units for Statistics |
| OFLC/FLCO | Office of the First Level Control |
| OP | Operative Programme |
| PCC | Potential Candidate Countries |
| PRAG | Practical Guide for contract procedures funded through the General Budget of the European Community in the external actions context |
| SME | Small and Medium-size Enterprise |
| TA | Technical Assistance |

1. INTRODUCTION TO THE IMPLEMENTATION MANUAL

1.1. IMPLEMENTATION MANUAL STRUCTURE

This Implementation Manual is the document supporting Programme implementation. It provides an overview of procedures and implementing methods, and aims at guaranteeing smooth Program implementation and at helping the parties involved.

This Manual describes: (i) the tasks and duties of the subjects participating in implementation, (ii) the procedural rules, (iii) the implementation and control stages, and (iv) the eligibility criteria and priority selection.

This function is crucial to give Programme implementation a pace and an operational functionality based on clear procedures and a technical-administrative decision-making process, and especially on prompt initiatives to start up several Program processes.

This Manual is intended to be, and actually is, the “Implementing Regulation” of the Programme.

The Manual procedural and operational information is laid down as a general rule aimed at favouring the involvement of the subjects participating in Programme implementation and guiding them throughout the subsequent phases of operation selection, funds allocation, expenditure and payment planning, execution of operations by the beneficiaries, controls, statement/accounting of expenditure and monitoring.

This document analyses:

- The Programme framework summarising the IPA Adriatic CBC Programme (hereinafter OP) main issues, namely strategy, area covered by the actions, objectives, Authorities involved and the financial plan (Chapter 2);
- Planned priorities and measures structuring the OP by explaining planned implementation modalities and procedures for the single measures (selection criteria included) (Chapter 3);
- The preparation, selection and implementation processes for the project types defined in the OP (Ordinary Projects and Strategic Projects) (Chapter 4);
- The reference manuals providing detailed descriptions of the control and management modalities and procedures for OP implementation for the potential beneficiaries and for those in charge of the operational management of interventions (Chapter 5).

The Manual has been approved by the JMC by means of an administrative and programming measure. It is a complex document that could be subject to integrations and/or amendments, always by the JMC, according to “governance” needs and to ensure and improve the effectiveness/efficiency/inexpensiveness requirements of the structures in charge of Programme implementation.

1.2. REFERENCE DOCUMENTS (IPA ADRIATIC CBC PROGRAMME, IPA REGULATION, IPA IMPLEMENTING RULES, AND PRAG)

Instructions included in the guide and referring to the above mentioned subjects, are analysed in compliance with the planning document and Community regulation. In particular, the manual is laid down on the basis of:

- IPA Adriatic CBC Programme 2007-2013 as to instructions summarised in Chapter 2;
- Council Regulation (EC) No. 1085/2006 of 17 July 2006 establishing an instrument for pre-accession assistance (hereinafter “IPA Regulation”);
- Commission Regulation (EC) n. 718/2007 of 12 June 2007 implementing Council Regulation (EC) no. 1085/2006 establishing an instrument for pre-accession assistance (hereinafter “IPA Implementing Regulation”);
- Practical Guide for contract procedures financed from the General Budget of the European Community in the context of external actions (hereinafter “PRAG”)¹.

The over mentioned documents are the core regulations used both to define implementation modalities and procedures, and develop the Programme implementation control and management system.

¹ This document lays down the procedures concerning services, supplies and work contracts financed from the general budget of the European Communities in the context of external actions.

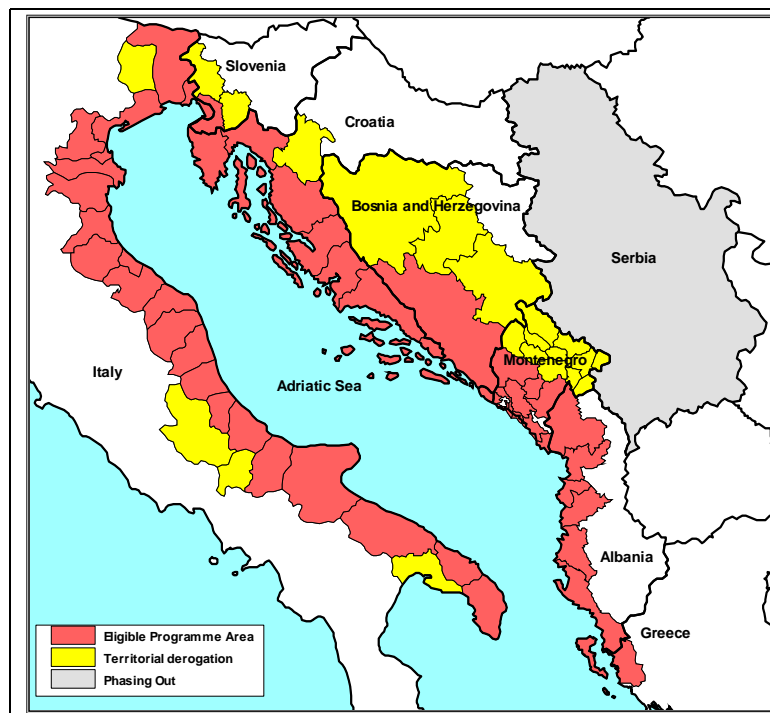
2. GENERAL PROGRAMME INFORMATION

2.1. ELIGIBLE AREA OF THE IPA ADRIATIC CBC PROGRAMME

The eligible area of the Programme consists of the territories facing the Adriatic Sea. These are identified as NUTS III (or equivalent level) of three Member States **MS** (Italy, Greece, and Slovenia), of a Candidate Country **CC** (Croatia), and of three Potential Candidate Countries **PCC** (Albania, Montenegro, and Bosnia and Herzegovina)².

Phasing out participation is ensured to the entire territory of Serbia until 31 December 2012. The Programme considers Serbia territorially non-eligible due to the lack of a coastal area. However, programme participation is ensured to Serbia on the basis of its previous eligibility in ANNP Interreg IIIA – 2004/06. This specific and transitional support will allow the Serbian *partners* to participate in institutional cooperation activities among universities, cultural institutions, research institutions, etc. In particular, Serbian participation in Measures 1.1 and 1.4 of the OP is encouraged.

Fig. 2.1. Eligible territory



The following table (Table 2.2.) shows details of Programme territories (both eligible and in derogation):

² Eligible areas for cross border cooperation at EU external borders are identified in accordance with Article 88 (1) of IPA Implementing Regulation.

Table 2.2.a - Programme eligible areas

| State | Territorial level | Area |
|--------------------------------------|--|--|
| Member States | | |
| Italy | Nuts III (Provinces) | Gorizia, Trieste, Udine, Padua, Rovigo, Venice, Ferrara, Forlì-Cesena, Ravenna, Rimini, Ancona, Ascoli Piceno, Macerata, Pesaro-Urbino, Chieti, Pescara, Teramo, Campobasso, Bari, Brindisi, Foggia, and Lecce. |
| Greece | Nuts III (Prefectures) | Kerkyra and Thesprotia |
| Slovenia | Nuts III (Region) | Obalno-kraška, |
| Candidate Country | | |
| Croatia | Equivalent Nuts III areas (Counties) | Dubrovnik-Neretva, Istra;Lika-Senj; Primorje-Gorski kotar; Šibenik-Knin; Split-Dalmatia, and Zadar. |
| Potential Candidate Countries | | |
| Albania | Equivalent Nuts III areas (Prefectures) | Fier, Durrës, Lezhë, Shkodër, Tiranë, and Vlorë |
| Bosnia and Herzegovina | Equivalent Nuts III areas (Municipalities) | Bileća, Čapljina, Čitluk, Gacko, Grude, Jablanica, Konjic, Kupres, Livno, Ljubinje, Ljubuški, Mostar, Neum, Nevesinje, Posušje, Prozor/Rama, Ravno, Široki Brijeg, Stolac, Berkovići, Tomislavgrad, Trebinje, and Istočni Mostar |
| Montenegro | Equivalent Nuts III areas (Municipalities) | Bar, Budva, Cetinje, Danilovgrad, Herceg Novi, Kotor, Nikšić, Podgorica, and Ulcinj, Tivat |
| Phasing-out Country | | |
| Serbia | | Whole territory |

Table 2.2.b Territorial derogation

| State | Territorial level | Area |
|---------------------------------------|--|--|
| Member States | | |
| Italy | Nuts III (Provinces) | L' Aquila, Pordenone, Isernia, and Taranto |
| Slovenia | Nuts III (Regions) | Goriška regija and Notranjsko-kraška regija. |
| Candidate Country | | |
| Croatia | Equivalent Nuts III areas (County) | Karlovac County |
| Potential Candidates Countries | | |
| Bosnia and Herzegovina | Equivalent Nuts III areas (Municipalities) | Sarajevo Economic Region, North-West Economic Region, and Central Bih Economic Region |
| Montenegro | Equivalent Nuts III areas (Municipalities) | Pljevlja, Bijelo Polje, Berane, Rožaje, Plav, Andrijevića, Kolašin, Mojkovac, Šavnik, Žabljak, and Plužine |

2.2. OFFICIAL LANGUAGE OF THE PROGRAMME³

The official Programme language is English. All official documents and communications shall be in English and other languages will not be accepted.

2.3. IPA CBC STRATEGY⁴

The IPA Cross-Border Cooperation Adriatic Programme⁵ adopts a strategy basically shaped on EU pre-accession objectives and cohesion policy priorities.

The Programme is based on cooperation among Countries facing the Adriatic Sea and defines joint objectives allowing the participating Countries to undertake common actions in order to develop their territories, according to Community rules and regulations, by improving the institutional capacities of the CC/PCC. In this context, “cross-border cooperation” tries to promote and stabilise relationships in the Adriatic basin by promoting sustainable and harmonious development. Besides, the programme is also intended to foster closer contacts of the States (candidate and potential candidate) to get them more acquainted with Community rules and procedures and their application in the practice.

Strategy formulation took into account experiences from cooperation programmes previously implemented in OP Countries. Both results achieved and cooperation networks created were examined to the final identification of the *best practices* for implementation and management. The main criterion used to identify OP's priorities and specific objectives, was to link the needs expressed by territorial realities involved in the OP with the necessary continuity and consistency of the initiatives and cooperation projects either completed or in progress. Thorough consultation and discussions among the partners allowed the *stakeholders'* indications to be implemented and orientated towards a joint strategy.

The 2007-2013 strategy period, that aims at stronger links and institutional networks among the States involved to guarantee joint development of the entire Adriatic area, is set in the programming context as defined at Community level (Lisbon strategy renewed, EU Strategic Guidelines, Community Regulations). In this context, utmost importance is given to competitiveness and attractiveness of the territories, that can be pursued through: (i) promotion of research and innovation in the production sector; (ii) development of initiatives enhancing natural and cultural resources in compliance with environmental regulations; (iii) strengthening of the links and networks (both material and immaterial) between economic subjects and the territories, also through greater spreading of the information society.

³ See para. 1.4 “Official Language” *IPA Adriatic CBC Programme*

⁴ See Chap. IV “PROGRAMME STRATEGY” *IPA Adriatic CBC Programme*

⁵ IPA pre-accession instrument was established with EC Regulation No. 1085/2006, in the framework of improving the efficiency of the Community external aid, in order to ensure an appropriate assistance to the three candidate countries (Croatia, Turkey, Ex Yugoslav Republic of Macedonia), and to the four potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro, Serbia). Community assistance is addressed to the above mentioned countries for the gradual alignment with Community *standards* and European Union policies – including, if necessary, the *acquis communautaire* – with the view to membership. Adriatic Cross-border Cooperation Programme envisages to support the pre-accession of one candidate (Croatia) and three potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro) through the IPA instrument, with the *phasing – out* participation of Serbia until 2012, through cooperation initiatives with Member Countries (Italy, Greece and Slovenia).

The IPA Adriatic CBC Programme, combining partnership negotiation requests with Community indications and guidelines, suggests a development strategy that aims at:

- improving research capacity and aptitude in entrepreneurial systems;
- promoting innovative investments also by assisting credit access;
- improving supply of services to people by exchanging good practices and promoting social cooperation networks;
- enhancing natural and cultural resources by protecting coastal areas, improving coastal facilities, implementing safety procedures (risk prevention) and through more effective managing systems for existing sites of natural and cultural interest;
- developing competitiveness of tourist destinations in Programme areas by improving services and facilities;
- developing renewable energy sources and promoting saving and rationalisation of the available ones;
- ensuring integration and inter-operability of existing transport networks by developing mainly air and sea transport and associated services;
- improving connections throughout the Adriatic area by promoting transport sustainability;
- developing communication networks and promoting easier IS (information society) access by the civil and productive systems in the OP territories.

Priority IV of the OP will be put into effect consistently with the strategic guidelines identified that aim at increasing OP administration and management competences, and giving adequate information, publicity and evaluation performances as laid down by the Community regulation.

The strategy outlined is intended to effectively deal with the issues/difficulties and territorial vocations highlighted by context analyses and by OP's SWOT analyses. It is defined as cascade programming system that, on the basis of the territorial system features, produces the OP's global objective, specific objectives (to which intervention priorities are linked), and operational objectives (explained through the definition of intervention measures).

2.4. OBJECTIVES AND PRIORITIES OF THE PROGRAMME⁶

The OP strategy is summarized in the Programme's global objective that envisages:

Strengthening of the sustainable development capacity of the Adriatic Region through an agreed strategy of actions among the partners of the eligible territories.

The global objective identified links the aims of assistance to the pre-accession process with the aims of the EU cohesion regional policy and, through cooperation, places significant importance on:

- the requests of the CC/PCC to support the process of institutional growth and the competences for managing Community instruments; and

⁶ See para. 4.3 "Programme Goal" IPA Adriatic CBC Programme

- participating Countries sharing common aims to create new and useful forms of integration and relationships among the territories and in view of increased competitiveness of the Adriatic area.

In the practice, this global objective is actualised through the formulation of specific objectives and, then, operational objectives.

Once achieved, the global objective will entail favourable outcomes and effects in terms of growth of competitiveness and territorial attractiveness. Four specific objectives corresponding to the four intervention Priorities of the Programme derive from the global objective.

This correspondence is shown in Table 2.3.

Table 2.3. Correspondence between Specific Objectives and Programme Priorities

| Specific Objectives | Priorities |
|---|---|
| Strengthening research and innovation to improve competitiveness and foster development in the Adriatic area through economic, social and institutional cooperation | Priority 1 – Economic, Social and Institutional Cooperation |
| Promoting, improving and protecting natural and cultural resources also through joint management of technological and natural risks | Priority 2 – Natural and Cultural Resources and Risk Prevention |
| Strengthening and integrating existing infrastructure networks; promoting and developing transport, information and communication services | Priority 3 – Accessibility and Networks |
| Guaranteeing management, implementation, monitoring, control and evaluation of the Programme | Priority 4 – Technical Assistance |

Strengthening of the economic and social bodies in the territories concerned through innovation and increased competitiveness of the productive systems (Priority I); execution of an energy system more respectful of sustainable development and, at the same time, rationalisation of energy consumption levels together with the enhancement of touristically interesting cultural and natural resources (Priority II); improvement of material and immaterial access levels in

Starting from the four priorities identified above, it is possible to specify exactly the various operational objectives (corresponding to the “measures” of the programme) and the *policies* thereto.

Priority I intends to strengthen research and innovation to improve competitiveness and foster development in the Adriatic area through economic, social and institutional cooperation. Therefore, the strategy has to be structured over different types of intervention aiming at supporting added-value cross-border activities. This may include, for example, promoting public/private joint research through stricter cooperation among the organizations and with the involvement of *partners* having specific competences, supporting innovative investments to brace up local productive systems; and increasing the capacity of promoting social policies.

This Priority is achieved through the following operational objectives:

- Improving research capacity by increasing competence levels, encouraging transfer of innovation by the creation of networks among the entrepreneurial, institutional, academic, training and research sectors, and principally by promoting joint activities;

- Encouraging the territorial and productive systems to invest in research and innovation by offering new and diversified financial instruments;
- Creating new and strengthening existing cooperation networks in social, labour and health policies;
- Promoting innovative services to the citizenry through the exchange of technical and government expertise and best practice between the governments and local/public authorities.

Priority II aims at promoting, improving and protecting the natural and cultural heritage through joint management of technological and natural risks to use it more efficiently, and at improving governance and administration. These objectives are pursued respecting the principle of environment sustainability as defined by the Goteborg Strategy of Sustainable Development, reinforcing particularly the synergies between sustainable development and economic growth.

In this context, the Programme aims at the following operational objectives:

- Improvement and protection of the coasts through joint management of the marine and coastal environment, and risk prevention;
- Development of renewable energy sources and energy conservation;
- Strengthening the institutional ability to preserve and manage natural and cultural resources through regional cooperation;
- Sustainable development of competitiveness of Adriatic tourist destinations by improving quality and market-oriented package tours to the area to get the best from cultural and natural resources.

Priority III has the specific objective of strengthening and integrating existing infrastructures by promoting and developing transport, information and communication services. Like communications, infrastructure networks and transport services play an important role in Adriatic region development. To consolidate the results obtained in the previous programming cycle and keep to the principle of the environmental sustainability, the following operational objectives were identified:

- Development of port and airport systems and associated services that guarantee inter-functioning and integration between existing transportation networks.
- Promoting a system of sustainable transport services to improve links in the Adriatic area.
- Developing and augmenting communication and information networks and access thereto.

The last priority, namely Priority IV, includes support to implementation and monitoring of the programme to guarantee efficient interventions by improving *accountability* processes on the structures and bodies managing the programme as well as the wide process of communication of the relevant information.

The Priority will be achieved through two operational objectives:

- improving Programme administration and implementation; and
- guaranteeing information, publicity and evaluation activities.

The programme logical framework as detailed so far, combines into a hierarchical structure of the objectives as shown in the following table (Table. 2.4).

Table 2.4 - Cascade organisation of Programme objectives

| ADRIATIC CROSS-BORDER COOPERATION PROGRAMME - 2007-2013 | | | | | | | | | |
|---|---|---------------------|---|---------------------|---|---------------------|---|---------------------|---|
| General Objective | Strengthening of sustainable development capabilities of the Adriatic region through a concerted strategy of action between the partners of the eligible territories | Priority 1 | ECONOMIC, SOCIAL AND INSTITUTIONAL COOPERATION | Priority 2 | NATURAL AND CULTURAL RESOURCES AND RISK PREVENTION | Priority 3 | ACCESSIBILITY AND NETWORKS | Priority 4 | TECHNICAL ASSISTANCE |
| Specific Objectives | Strengthening research and innovation in order to contribute to competitiveness and increasing the development of the Adriatic area through economic, social and institutional cooperation | General objectives | Strengthening research and innovation in order to contribute to competitiveness and increasing the development of the Adriatic area through economic, social and institutional cooperation | General objectives | Promoting, improving and protecting natural and cultural resources also through joint management of technological and natural risks | General objectives | Strengthening and integrating existing infrastructure networks, promoting and developing transport, information and communication services | General objectives | Guarantee management, implementation, monitoring, control and evaluation of the Programme |
| | Promoting, improving and protecting natural and cultural resources also through joint management of technological and natural risks | | Promoting, improving and protecting natural and cultural resources also through joint management of technological and natural risks | | | | | | |
| | Strengthening and integrating existing infrastructure networks, promoting and developing transport, information and communication services | | | | | | | | |
| | Guarantee management, implementation, monitoring, control and evaluation of the Programme | | | | | | | | Guarantee management, implementation, monitoring, control and evaluation of the Programme |
| Operational objectives | 1.1 - Improving research capacity, also by increasing levels of competence, encouraging the transfer of innovation by the creation of networks between the entrepreneurial, institutional, academic, training and research sectors, and principally by promoting joint activities | Specific Objectives | 1.1 - Improving research capacity, also by increasing levels of competence, encouraging the transfer of innovation by the creation of networks between the entrepreneurial, institutional, academic, training and research sectors, and principally by promoting joint activities | Specific Objectives | 2.1 - Improvement and defence of the coast, also through joint management of the sea and coastal environment and risk prevention. | Specific Objectives | 3.1 - Development of port, airport systems and connected services, guaranteeing interfunctioning and integration between existing transportation networks | Specific Objectives | 4.1 Improving administration and implementation of the Programme |
| | 1.2 - Incentivising the territorial and productive systems to invest in research and innovation through diversified and innovative offers of financial instruments | | 1.2 - Incentivising the territorial and productive systems to invest in research and innovation through diversified and innovative offers of financial instruments | | | | | | |
| | 1.3 - Creation of new, and strengthening of existing cooperation networks in social, labour and health policy | | 1.3 - Creation of new, and strengthening of existing cooperation networks in social, labour and health policy | | | | | | |
| | 1.4 - Promoting innovative services to the citizenry through the exchange of technical and government expertise and the exchange of best practice between governments and local/public authorities | | 1.4 - Promoting innovative services to the citizenry through the exchange of technical and government expertise and the exchange of best practice between governments and local/public authorities | | | | | | |
| | 2.1 - Improvement and defence of the coast, also through joint management of the sea and coastal environment and risk prevention. | | | | | | | | |
| | 2.2 - Strengthening institutional ability to preserve and manage natural and cultural resources through regional cooperation | | | | | | | | |
| | 2.3 - Development of renewable energy sources and energy conservation | | | | | | | | |
| | 2.4 - Sustainable development of the competitiveness of Adriatic tourist destinations by improving quality and market-oriented package tours to the area getting the best from cultural and natural resources | | | | | | | | |
| | 3.1 - Development of port, airport systems and connected services, guaranteeing interfunctioning and integration between existing transportation networks | | | | | | | | |
| | 3.2 - Promoting a system of sustainable transport services to improve links in the Adriatic area | | | | | | | | |
| 3.3 - Increasing and developing communication and information networks and access to them | | | | | | | | | |
| 4.1 Improving administration and implementation of the Programme | | | | | | | | | 4.1 Improving administration and implementation of the Programme |
| 4.2 Guaranteeing information, publicity and evaluation activities | | | | | | | | | 4.2 Guaranteeing information, publicity and evaluation activities |

2.5. PROGRAMME MANAGEMENT AND AUTHORITIES⁷

The three Programme Authorities (Managing, Certifying and Audit Authorities) have been identified and concisely described in details in the OP; their functions are detailed in IPA Implementing Regulation. They accomplish their tasks fully respecting the institutional, juridical and financial systems of each country.

The Management, Certification and Audit Authorities operate in a separate functions regime and are not hierarchically connected during their activities.

The OP governance system is framed according to the general principles of the administrative organization of the Structures where they operate, and is committed to efficiency, efficacy and inexpensiveness. It distinguishes the political-administrative functions and checks the results of the administrative and management activities carried out by governmental bodies, of the adoption of administrative acts and measures, and of the financial, technical and administration management activities that exclusively pertain to the executives of the organizational structures.

This structure respects the principles of separation and enhances individual responsibility through objective-based budget criteria for the single centres of administrative responsibility. It is based on the Community programming timeframe and, in addition, enhances the principles of coordination and teamwork in both expenditure and control functions.

In the framework of the complex programme implementation activity, taking place in a set time frame, which is binding for the expenditure, this approach guarantees full compliance with this obligation.

In addition to the above mentioned Authorities, the OP operational model also includes the Joint Monitoring Committee, the Joint Steering Committee, and the Joint Technical Secretariat. All these structures operate at different levels of responsibility, and are coordinated by and under the overall responsibility of the Managing Authority.

The Programme is managed by the three Authorities and the joint structures.

2.5.1. Managing Authority (MA)

2.5.1.1. Main Functions and Tasks

The Managing Authority is responsible for managing and implementing the Programme in accordance with the Programme and European Regulations.

⁷ See para. 7.1 “Programme Management” *IPA Adriatic CBC Programme*

2.5.1.2. Organizational Structure

The Managing Authority of the Programme is the *pro tempore* executive body of:

| | |
|-------------------------|--|
| Responsible body | Regione Abruzzo Direzione Affari della Presidenza, Politiche legislative e Comunitarie - Servizio Attività Internazionali |
| Address | Piazza Santa Giusta, Palazzo Centi – 67100 L’AQUILA – ITALY |
| E-mail | cooperazioneaq@regione.abruzzo.it |

2.5.2. Certifying Authority (CA)

2.5.2.1. Main Functions and Tasks

The Certifying Authority is responsible for correct certification of the expenses incurred by beneficiaries and payment authorizations in accordance with the Programme and European Regulations. The Certifying Authority is competent for receiving the payments made by the Commission and transferring them to the beneficiaries.

2.5.2.2. Organizational Structure

The Certifying Authority is the *pro tempore* executive body of:

| | |
|-------------------------|---|
| Responsible body | Regione Abruzzo Direzione Programmazione, Risorse Umane, Finanziarie e Strumentali - Servizio Autorità di Certificazione |
| Address | Via Leonardo Da Vinci n. 6, Palazzo Silone – 67100 L’AQUILA – ITALY |
| E-mail | servautcert@regione.abruzzo.it |

2.5.3. Audit Authority (AA)

2.5.3.1. Main functions and tasks

The Audit Authority is responsible for the functioning of the management and control systems in accordance with the Programme and European Regulations.

2.5.3.2. Organizational structure

The Audit Authority is the *pro tempore* executive body of:

| | |
|-------------------------|--|
| Responsible body | Regione Abruzzo Struttura speciale di supporto ispettivo e contabile - Struttura speciale di supporto “controllo ispettivo-contabile” |
| Address | Via Leonardo Da Vinci – 67100 L’AQUILA – ITALY |
| E-mail | servcontisp@regione.abruzzo.it |

2.5.4 Joint Monitoring Committee (JMC).

2.5.4.1. Main functions and tasks

In accordance with provisions of Articles 110 and 111 of the IPA Implementing Regulation, the Joint Monitoring Committee, in co-operation with the Managing Authority, shall assess effectiveness and quality of Programme implementation. In particular⁸, it shall:

- (a) consider and approve the criteria for selecting the operations financed by the Cross-Border Cooperation Programme and approve revisions, if any, of those criteria in accordance with programming needs;
- (b) approve the Calls for proposals prior to their publication (by the JTS);
- (c) be responsible for selecting and approving operations;
- (d) periodically review progress in achieving the specific targets of the Cross-Border Cooperation Programme on the basis of the documents submitted by the Managing Authority;
- (e) examine the implementation outcomes, particularly achievement of the targets set for each priority and the evaluations referred to in Articles 57 (4) and 109 of the IPA Implementing Regulation;
- (f) consider and approve the annual and final implementation reports referred to in Article 112 of the IPA Implementing Regulation;
- (g) approve strategic project applications;
- (h) be informed of the annual control report referred to in Article 105 (1) (c) of the IPA Implementing Regulation, and of relevant comments the Commission may make after examining those reports;
- (i) it may propose to the Managing Authority revisions or assessments of the Cross-Border Cooperation Programme likely to make it possible to attain the objectives referred to in Article 86 (2) of the IPA Implementing Regulation or to improve Programme management, including financial management;
- (j) it shall consider and approve proposals to amend the content of the Cross-Border Cooperation Programme;
- (k) draw up its rules of procedure within the institutional, legal and financial frameworks of participating Countries.










2.5.4.2. Organizational structure⁹

As described in the OP, the JMC is composed of representatives from the central and regional/local governments of the participating Countries. A representative of the European Commission shall attend the JMC meetings. Environmental and economic and social partnership representatives may also participate, whenever appropriate, as observers.

⁸ For any clarifications, see para 7.1 “Programme Management”, OP IPA Adriatic CBC Programme and Articles 110/111 of IPA Implementing Regulation;

⁹ See para. 7.1.1. Join Monitoring Committee “IPA Adriatic CBC Programme”;

Fig. 2.5. IPA Adriatic CBC Programme Scheme¹⁰

| JMC Participants | Functions |
|--|---------------|
|  Albania | Voting Member |
|  Bosnia and Herzegovina | Voting Member |
|  Croatia | Voting Member |
|  Greece | Voting Member |
|  Italy | Voting Member |
|  Montenegro | Voting Member |
|  Serbia | Voting Member |
|  Slovenia | Voting Member |
|  EU Commission | Advisor |
| Environmental representative* | Observer |
| Economic and social partnership representative | Observer |

* They may also participate, whenever appropriate, in accordance with Article 87 IPA Implementing Regulation

2.5.5. Joint Steering Committee (JSC)

2.5.5.1. Main functions and tasks

In accordance with Article 110 (f) of the IPA Implementing Regulation, the Joint Monitoring Committee delegates selection of operations to the Joint Steering Committee. The JSC function is to evaluate project proposals and present a ranking list of the projects to the JMC. In this task, the JSC is assisted by the Joint Technical Secretariat. The JSC shall evaluate project proposals according to the following criteria:

- 1) Objectivity - unbiased opinion about the project.
- 2) Transparency – the reason for recommending rejection/approval shall be presented in a clear form.
- 3) Professionalism – recommendations shall not raise doubts regarding the quality of the assessment.
- 4) Analysis – recommendations shall demonstrate that the project has been assessed against core programme principles and its relevance confirmed.
- 5) Exclusive consideration of the information supplied in the application – allowing projects to expand beyond the contents of the application after the deadline for submission, can give an unfair advantage.

¹⁰ See para. 7.1.1. “Joint Monitoring Committee” IPA Adriatic CBC Programme.

2.5.5.2. Organizational structure

JSC composition is decided upon by JMC members during one of the first JMC meetings. The JSC could be formed by a JMC delegation that will be assisted, if needed, by external experts during the assessments of some projects.

2.5.6. Joint Technical Secretariat (JTS)

2.5.6.1. Main functions and tasks

The Joint Technical Secretariat is appointed by the Managing Authority in agreement with the Countries participating in the Programme. It is the major technical-administrative structure supporting the Programme and assists the Managing Authority, the Joint Monitoring Committee, the Joint Steering Committee, the Certifying Authority and the Audit Authority in performing their tasks.

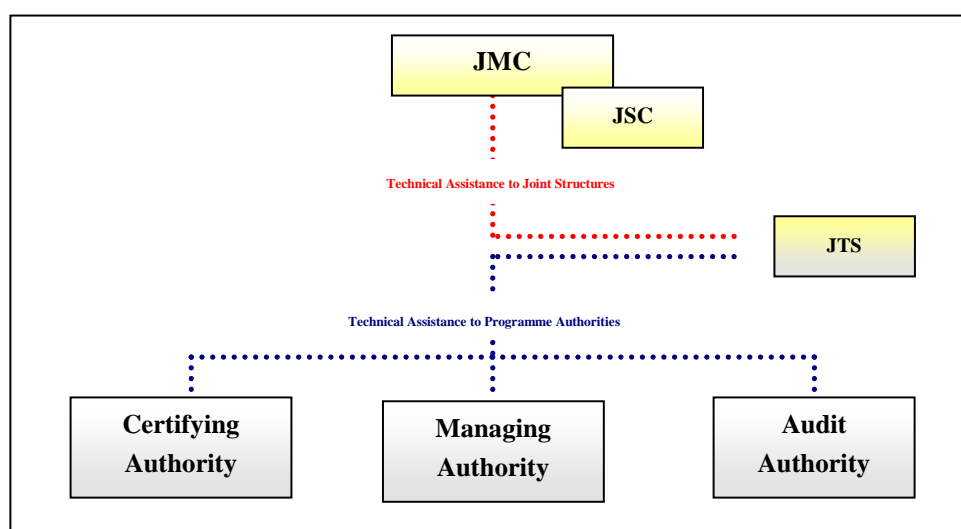
2.5.6.2. Organizational structure

The Joint Technical Secretariat is located in the town of L'Aquila (Italy):

| | |
|-------------------------|--|
| Responsible body | Regione Abruzzo |
| Address | Piazza Santa Giusta, Palazzo Centi – 67100 L'AQUILA – ITALY |
| E-mail | info@adriaticoipa.com |

The following scheme (Fig. 2.6) illustrates the separation of the functions and the positions of the three Authorities and joint structures in the Programme governance model.

Fig. 2.6. IPA Adriatic CBC Programme Scheme



2.6. FINANCIAL PLAN

The following financial plan (Table 2.7) illustrates the allocation of resources available until 2009¹¹. Three-year planning is justified by the PCC/CC foreseeing this timeframe for their development

¹¹ See Article 5 Reg. (CE) 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA).

programmes. The financial table shows how such resources have been allocated to Programme priorities.

Table 2.7. Financial breakdown and funding source by Priority (2007-2009)









| Priority | Community Funding (85%) | National Funding* (15%) | Total Funding |
|-------------|----------------------------|----------------------------|--------------------|
| I | 27.132.341 | 4.788.060 | 31.920.401,33 |
| II | 27.132.341 | 4.788.060 | 31.920.401,33 |
| III | 27.132.341 | 4.788.060 | 31.920.401,33 |
| IV** | 9.044.114 | 1.596.020 | 10.640.134,00 |
| Tot. | | | 106.401.338 |

* *Additional Resources (National Funding) to be provided by National Public Resources for Member States and by Beneficiaries for Potential/Candidate Countries (see next table for details).*

** *Priority IV: 15% of National Funding comes from public resources and not from private co-financing.*

National co-financing amounts to 15% of community funding. The following table shows co-financing provisions adopted by each State involved in the Programme. Whereas MS participate in the co-financing effort using National Public resources, the CC/PCC co-financing amount comes from final beneficiaries, except the co-financing share of Priority IV “Technical Assistance”.

Table 2.8. National and private co-financing provisions adopted by the States

| States | | National cofinancing Resources will be provided by: | | |
|---|------------------------|---|---------------------|-------|
| | | Public funds | Final Beneficiaries | Total |
|  | Albania | | 15% | 15% |
|  | Bosnia and Herzegovina | | 15% | 15% |
|  | Croatia | | 15% | 15% |
|  | Greece | 15% | | 15% |
|  | Italy | 15% | | 15% |
|  | Montenegro | | 15% | 15% |
|  | Serbia | | 15% | 15% |
|  | Slovenia | 15% | 5% | 15% |

3. TYPES OF ACTIVITIES FOR PRIORITIES: ACTIVITY TABLES

3.1. PROGRAMME STRUCTURE AND ACTIVITY TABLE CONTENTS

Priorities and Measures are identified based on exact correspondence between objectives and programming levels. The following table illustrates the programme structure according to priorities and their respective measures.

Table 3.1. Programme structure by Priority and Measure¹⁵

| IPA Adriatic CBC Programme | | | |
|---|--|--|---|
| Priority 1 – Economic, Social and Institutional Cooperation | Priority 2 – Natural and Cultural Resources and Risk Prevention | Priority 3 – Accessibility and Networks | Priority 4 – Technical Assistance |
| Measure 1.1 – Research and innovation | Measure 2.1 – Protection and enhancement of the marine and coastal environment | Measure 3.1 – Physical infrastructure | Measure 4.1 – Administration and implementation |
| Measure 1.2 – Financial support to innovative SMEs | Measure 2.2 – Natural and cultural heritage management and prevention of natural and technological risks | Measure 3.2 – Sustainable mobility systems | Measure 4.2 – Information, publicity and evaluation |
| Measure 1.3 – Social, health and labour networks | Measure 2.3 – Energy saving and renewable energy resources | Measure 3.3 – Communication networks | |
| Measure 1.4 – Institutional cooperation | Measure 2.4 – Sustainable tourism | | |

For each measure, the Programme envisages a “Measure Form” where all elements that can prove useful to the various parties involved in Programme implementation are explained, in particular to:

- potential beneficiaries, and
- Programme management bodies.

A form is filled for each measure and consists in:

- A section for the identification of the measure and its contents. This section includes the measure title, its specific and operational objectives, its description and expected beneficiaries;
- A section regarding the possible type of intervention, together with expenditure categories and reference rule on eligible expenditure;
- A section about “implementation” making reference to procedures and criteria for selecting / evaluating project proposals.

Measure Forms for the single measures are shown in the next paragraph.

¹⁵ See Chap. 5 “Intervention Priorities” *IPA Adriatic CBC Programme*.

3.2. MEASURE FORMS

This paragraph shows the measure forms for the single Programme measures.

| PRIORITY 1: Economic, Social and Institutional Cooperation | |
|--|--|
| MEASURE 1.1: Research and innovation | |
| MEASURE IDENTIFICATION AND CONTENTS | |
| SPECIFIC OBJECTIVE (PRIORITY) | Strengthening research and innovation to improve competitiveness and foster development in the Adriatic area through economic, social and institutional cooperation. |
| OPERATIONAL OBJECTIVE (MEASURE) | Improving research capacity, also by raising competence levels; encouraging transfer of innovation by creating networks among the entrepreneurial, institutional, academic, and training and research sectors, and mainly by promoting joint activities. |
| DESCRIPTION OF THE MEASURE | <p>The objective of the Measure is to improve research capacity in the Adriatic area by raising competence levels, to encourage transfer of innovation by creating networks among the entrepreneurial, institutional, academic, training and research sectors, and mainly by promoting joint research activities.</p> <p>The purpose is to facilitate initiatives aimed at a stronger scientific-technological research system by means of tighter connections among the entrepreneurial, institutional, and academic and research sectors and, above all, by promoting joint research activities between private companies and between the private and public sectors as well. Various sectors are involved, including construction. Environmental research and in the field of eco-innovations is also to be encouraged. Support aims at setting up closer cooperation of universities, research centres, private companies and public bodies to favour advanced research through financial support to strategic projects. In addition, exchange of researchers and technicians between companies and universities shall also be promoted. In the measure particular importance is placed on capacity building, transfer of know-how and the exchange of technical-scientific expertise.</p> |
| BENEFICIARY | Research institutions, universities, enterprises, public organizations |
| ELIGIBLE INTERVENTION TYPES | |
| EXAMPLES OF ELIGIBLE INTERVENTION TYPES | <p>Establishment of cooperation networks between university, research centres and other qualified organizations.</p> <p>Development of competitive and cooperative mechanisms to guarantee funds to the most promising researchers.</p> <p>Supporting and facilitating advanced research activities.</p> <p>Fostering researcher mobility and, in particular, the exchange of researchers and technicians between enterprises and universities.</p> <p>Reinforcement of systemic cooperation between research bodies and private/public companies.</p> <p>Creating international technological platforms.</p> <p>Capacity building and transfer of know-how;</p> <p>Promoting best practice dissemination.</p> <p>Creating scientific and technological networks in the Adriatic area for the exchange of information, data and experiences on research and innovation.</p> <p>Creating ICT facilities to support SMEs and start-up processes, and supporting the creation of regional and interregional clusters of excellence.</p> <p>Promoting joint research activities between enterprises and universities, developing partnerships for innovation, and supporting the creation of regional and trans-regional clusters of excellence.</p> |
| IMPLEMENTATION | |
| PROCEDURE | Project proposals are acquired through specific access procedures to public evidence (as described in Chapter 4). A ranking list is drawn up of the projects that have been evaluated at the same score or above the minimum score established for that types of projects (ordinary project minimum score 70, strategic project minimum score 80). |
| MEASURE SELECTION CRITERIA | SEE THE IMPLEMENTATION MANUAL FOR GENERAL SELECTION CRITERIA AND THE CALL FOR PROPOSALS FOR SPECIFIC SELECTION CRITERIA |

| PRIORITY 1: Economic, Social and Institutional Cooperation | |
|---|--|
| MEASURE 1.2: Financial support to innovative SMEs | |
| MEASURE IDENTIFICATION AND CONTENTS | |
| SPECIFIC OBJECTIVE (PRIORITY) | Strengthening research and innovation to improve competitiveness and foster development in the Adriatic area through economic, social and institutional cooperation. |
| OPERATIONAL OBJECTIVE (MEASURE) | Encouraging the territorial and productive systems to invest in research and innovation by offering new and diversified financial instruments. |
| DESCRIPTION OF THE MEASURE | <p>The measure aims at creating incentives for the territorial and productive systems to invest in research and innovation by offering new and diversified financial instruments.</p> <p>The initiatives will focus principally on research, technology and science transfer, boosting entrepreneurial initiative and creating a productive environment where innovative capacity, even in traditional sectors, can grow and develop, in order to strengthen Europe's competitiveness.</p> |
| BENEFICIARY | SMEs and Joint SMEs, public bodies, development agencies |
| ELIGIBLE INTERVENTION TYPES (AND EU CODES) | |
| EXAMPLES OF ELIGIBLE INTERVENTION TYPES | <p>Promote creation and growth of knowledge-based enterprises by promoting the process of start up, spin off, creation of business incubator networks and subsidiary factories and the use of seed capital;</p> <p>Supporting investment in research and innovation and technological and scientific transfer.</p> <p>Accelerating creation and strengthening of cluster systems, with particular attention to cooperation between entrepreneurs, institutions, the academic world and researchers in public and private sectors.</p> <p>Internationalization of Joint SMEs.</p> <p>Promoting innovation in traditional and non-productive sectors in terms of product, process, market, and organization.</p> <p>Supporting ideas, innovation and knowledge.</p> <p>Assistance to SMEs for the promotion of enviro-friendly products and production processes.</p> <p>Investment in firms directly linked to research and innovation.</p> <p>Improving access to business finance.</p> <p>Providing support to investments in training and development activities linked to business improvement.</p> |
| IMPLEMENTATION | |
| PROCEDURE | Project proposals are acquired through specific access procedures to public evidence (as described in Chapter 4). A ranking list is drawn up of the projects that have been evaluated at the same score or above the minimum score established for that types of projects (ordinary project minimum score 70, strategic project minimum score 80). |
| MEASURE SELECTION CRITERIA | SEE THE IMPLEMENTATION MANUAL FOR GENERAL SELECTION CRITERIA AND THE CALL FOR PROPOSAL FOR SPECIFIC SELECTION CRITERIA |

| Priority 1: Economic, Social and Institutional Cooperation | |
|--|--|
| MEASURE 1.3: Social, health and labour networks | |
| MEASURE IDENTIFICATION AND CONTENTS | |
| SPECIFIC OBJECTIVE (PRIORITY) | Strengthening research and innovation to improve competitiveness and foster development in the Adriatic area through economic, social and institutional cooperation. |
| OPERATIONAL OBJECTIVE (MEASURE) | Creation of new and strengthening of existing cooperation networks in social, health and labour policies. |
| DESCRIPTION OF THE MEASURE | <p>The Measure is targeted at the creation of new and strengthening of existing cooperation networks in social, labour and health policies.</p> <p>It aims at facilitating the exchange of experience and transfer of competence in the social, health and labour sectors.</p> <p>One of the top priorities is finding a balance between top quality services with equal access for all and a reasonable level of expenditure according to sound management practices.</p> <p>To reduce territorial inequalities, support will be given to the exchange of experience and capacity transfer in the social, labour and health sectors, and to improvement of quality and accessibility to social care and protection services. The initiative shall have an innovative character to better integrate what it is normally guaranteed by ordinary resources and national policies.</p> |
| BENEFICIARY | Voluntary organizations in the public health and social services sectors, local and public authorities |
| ELIGIBLE INTERVENTION TYPES (AND EU CODES) | |
| EXAMPLES OF ELIGIBLE INTERVENTION TYPES | <p>Exchange of experience and transfer of competence in the social, health and labour sectors, also by enhancing the use of ICT.</p> <p>Optimising exploitation of existing health care and social care infrastructures to improve quality of and accessibility to social and health services;</p> <p>Increase in the number of employed immigrants, thereby strengthening their social integration.</p> <p>Facilitation of geographical and occupational mobility of workers, and integration of cross-border labour markets.</p> <p>Integration of social and health policies to harmonise the delivery of health services and reduce territorial inequalities.</p> <p>Creation of international networks (e.g.: epidemiological monitoring centres, exchange of information to rapidly address health emergencies).</p> <p>Action to improve integration of disadvantaged people.</p> <p>Creation of integrated networks of voluntary work services and health services (hospital facilities, tele-medicine, tele-assistance and common service centres).</p> <p>Creation of integrated networks to improve labour mobility.</p> <p>Delivery of health and social services at home through the use of ICT.</p> <p>Exchange of experience and transfer of competence in the labour market and training sector.</p> <p>Harmonisation of academic qualifications and certificates.</p> |
| IMPLEMENTATION | |
| PROCEDURE | Project proposals are acquired through specific access procedures to public evidence (as described in Chapter 4). A ranking list is drawn up of the projects that have been evaluated at the same score or above the minimum score established for that types of projects (ordinary project minimum score 70, strategic project minimum score 80). |
| MEASURE SELECTION CRITERIA | SEE THE IMPLEMENTATION MANUAL FOR GENERAL SELECTION CRITERIA AND THE CALL FOR PROPOSAL FOR SPECIFIC SELECTION CRITERIA |

| PRIORITY 1: Economic, Social and Institutional Cooperation | |
|---|--|
| MEASURE 1.4: Institutional cooperation | |
| MEASURE IDENTIFICATION AND CONTENTS | |
| SPECIFIC OBJECTIVE (PRIORITY) | Strengthening research and innovation to improve competitiveness and foster development in the Adriatic area through economic, social and institutional cooperation. |
| OPERATIONAL OBJECTIVE (MEASURE) | Promoting innovative services to the citizenry through the exchange of technical and government expertise, and the exchange of best practice between governments and local/public authorities |
| DESCRIPTION OF THE MEASURE | The Measure aims at promoting innovative services to the public through the exchange of technical and governmental competence and the spread of best practice across local government authorities |
| BENEFICIARY | Public Bodies, Business Support Organizations and Agencies, NGOs |
| ELIGIBLE INTERVENTION TYPES (AND EU CODES) | |
| EXAMPLES OF ELIGIBLE INTERVENTION TYPES | <p>Promotion of exchange of experience regarding technical and managerial competence, wide adoption of governance tools facilitating integration/cooperation between public authorities.</p> <p>Promotion of permanent networks between public authorities for the dissemination of innovative services.</p> <p>Best practice dissemination.</p> <p>Dissemination of innovation processes among governments (e-government) to extensively simplify procedures and reduce the time needed to supply services to the citizens.</p> <p>Promoting actions aimed at enhancing the European identity in a multicultural multi-ethnic context through territorial and social cooperation projects addressed mainly to young people.</p> |
| IMPLEMENTATION | |
| PROCEDURE | Project proposals are acquired through specific access procedures to public evidence (as described in Chapter 4). A ranking list is drawn up of the projects that have been evaluated at the same score or above the minimum score established for that types of projects (ordinary project minimum score 70, strategic project minimum score 80). |
| MEASURE SELECTION CRITERIA | SEE THE IMPLEMENTATION MANUAL FOR GENERAL SELECTION CRITERIA AND THE CALL FOR PROPOSAL FOR SPECIFIC SELECTION CRITERIA |

| Priority 2: Natural and Cultural Resources and Risk Prevention | |
|---|--|
| MEASURE 2.1: Protection and enhancement of the marine and coastal environment | |
| MEASURE IDENTIFICATION AND CONTENTS | |
| SPECIFIC OBJECTIVE (PRIORITY) | Promoting, improving and protecting the natural and cultural heritage also through joint management of technological and natural risks |
| OPERATIONAL OBJECTIVE (MEASURE) | Improvement and protection of the coasts, also through joint management of the sea and coastal environment, and of risk prevention. |
| DESCRIPTION OF THE MEASURE | <p>This Measure is targeted at enhancement, prevention and protection of the coasts also through joint management of the marine and coastal environment, and of common risks.</p> <p>It aims at supporting protective actions to the coastal heritage to ensure revitalization and rebalancing of the coastal area and marine environment while pursuing sustainable tourism as a key to the development of the area.</p> <p>Support will include development of protected areas (Integrated Coastal Zone Management - ICZM) to protect the marine and coastal ecosystems which are fragmented, highly vulnerable and under considerable anthropomorphic pressure.</p> <p>The measure is in line with the main policy guidelines for further promotion of ICZM in Europe as provided for by the EC in COM 2007 (308) of 7 June 2007. It will take account the INSPIRE System (Infrastructure for Spatial Information in Europe) and the GMES (Global Monitoring for Environment and Security) Programme.</p> |
| BENEFICIARY | Public bodies, research centres |
| ELIGIBLE INTERVENTION TYPES (AND EU CODES) | |
| EXAMPLES OF ELIGIBLE INTERVENTION TYPES | <p>Reinforcing the competence of Local Authorities in joint management of the marine and coastal environment also through the promotion of a common planning policy.</p> <p>Specific studies of the coastal environmental system.</p> <p>Developing common instruments for integrated coastal zone management.</p> <p>Monitoring the marine-coastal environment also through a joint Geographical Information System (GIS).</p> <p>Joint projects for the protection of inland water against widespread pollution and alien invasive species, and control of sea water quality.</p> <p>Strengthening ecological systems and protecting biodiversity to improve environmental quality, and promotion of economic and social sustainable development.</p> <p>Prevention of coastal erosion.</p> <p>Scientific research to improve sustainable and responsible use of marine food resources to guarantee food supply quality.</p> <p>Protection of the NATURA 2000 sites.</p> |
| IMPLEMENTATION | |
| PROCEDURE | Project proposals are acquired through specific access procedures to public evidence (as described in Chapter 4). A ranking list is drawn up of the projects that have been evaluated at the same score or above the minimum score established for that types of projects (ordinary project minimum score 70, strategic project minimum score 80). |
| MEASURE SELECTION CRITERIA | SEE THE IMPLEMENTATION MANUAL FOR GENERAL SELECTION CRITERIA AND THE CALL FOR PROPOSAL FOR SPECIFIC SELECTION CRITERIA |

| PRIORITY 2: Natural and Cultural Resources and Risk Prevention | |
|--|--|
| MEASURE 2.2: Natural and cultural heritage management and prevention of natural and technological risks | |
| MEASURE IDENTIFICATION AND CONTENTS | |
| SPECIFIC OBJECTIVE (PRIORITY) | Promoting, improving and protecting the natural and cultural heritage also through joint management of technological and natural risks |
| OPERATIONAL OBJECTIVE (MEASURE) | Strengthening institutional ability to preserve and manage the natural and cultural heritage through regional cooperation |
| DESCRIPTION OF THE MEASURE | <p>This measure is targeted at strengthening institutional capacity of conservation and management of territorial resources, risk prevention and mitigation of accidents through territorial cooperation. It is important to propose promotion and conservation strategies for the natural and cultural heritage in the Area, this being a strategic resource of vast importance in view of increased sustainable tourism. The cultural and natural heritage of this territory is of particular environmental, historical, architectural and cultural interests and still not widely well known. Social and economic analysis of the area eligible under the Programme has nevertheless shown the presence of threats which, if not promptly dealt with, may be an obstacle to the development of the territory. Such resources provide an important chance for development, not only in terms of tourism.</p> <p>The measure is in line with the main policy guidelines for further promotion of ICZM in Europe as provided for by the EC in COM 2007 (308) of 7 June 2007. It will take account the INSPIRE System (Infrastructure for Spatial Information in Europe) and the GMES (Global Monitoring for Environment and Security) Programme.</p> |
| BENEFICIARY | Public authorities, NGOs, SMEs |
| ELIGIBLE INTERVENTION TYPES (AND EU CODES) | |
| EXAMPLES OF ELIGIBLE INTERVENTION TYPES | <p>Strengthening the competence of Public Authorities in defining long-term environmental strategies (including the SEA use plans).</p> <p>Innovation and dissemination of technology for preservation and management of the cultural and natural heritage.</p> <p>Exchange of best practice on preservation and management of the environmental and cultural resources.</p> <p>Establishing collaboration between agencies, organization and universities to create networks in the field of environmental and cultural heritage protection and risk management.</p> <p>Exchange of management experience of the NATURA 2000 sites in compliance with the Council Directive 92/43/EEC on the conservation of natural habitats and wild fauna and flora, and Council Directive 79/409/EEC on the conservation of wild birds.</p> <p>Exchange of experience in managing natural resources and protected areas.</p> <p>Ballast water management.</p> <p>Joint projects to check and remove pollution from the eligible area.</p> |
| IMPLEMENTATION | |
| PROCEDURE | Project proposals are acquired through specific access procedures to public evidence (as described in Chapter 4). A ranking list is drawn up of the projects that have been evaluated at the same score or above the minimum score established for that types of projects (ordinary project minimum score 70, strategic project minimum score 80). |
| MEASURE SELECTION CRITERIA | SEE THE IMPLEMENTATION MANUAL FOR GENERAL SELECTION CRITERIA AND THE CALL FOR PROPOSAL FOR SPECIFIC SELECTION CRITERIA |

| PRIORITY 2: Natural and Cultural Resources and Risk Prevention | |
|---|---|
| MEASURE 2.3: Energy saving and renewable energy resources | |
| MEASURE IDENTIFICATION AND CONTENTS | |
| SPECIFIC OBJECTIVE (PRIORITY) | Promoting, improving and protecting the natural and cultural heritage also through joint management of technological and natural risks |
| OPERATIONAL OBJECTIVE (MEASURE) | Development of renewable energy sources and energy conservation |
| DESCRIPTION OF THE MEASURE | The Measure aims at developing renewable energy sources and energy conservation. The Measure, in line with EU objectives, aims both at improving energy efficiency by financing investment in new technologies, and encouraging SMEs to adopt them through awareness campaigns. |
| BENEFICIARY | SMEs, Public Authorities |
| ELIGIBLE INTERVENTION TYPES (AND EU CODES) | |
| EXAMPLES OF ELIGIBLE INTERVENTION TYPES | Promotion of centres of excellence for the development of renewable energy sources (sustainable use of sea water, solar energy, biomass & biogas, abattoir refuse). Dissemination of best practice on energy conservation and renewable energy sources. Promotion of awareness campaigns on energy conservation and renewable energy sources. Preparation of regional and local programmes for sustainable energy production and consumption. Promotion of pilot projects and demonstrative actions on the use of renewable sources, especially by establishing small-scale renewable power plants. |
| IMPLEMENTATION | |
| PROCEDURE | Project proposals are acquired through specific access procedures to public evidence (as described in Chapter 4). A ranking list is drawn up of the projects that have been evaluated at the same score or above the minimum score established for that types of projects (ordinary project minimum score 70, strategic project minimum score 80). |
| MEASURE SELECTION CRITERIA | SEE THE IMPLEMENTATION MANUAL FOR GENERAL SELECTION CRITERIA AND THE CALL FOR PROPOSAL FOR SPECIFIC SELECTION CRITERIA |

| PRIORITY 2: Natural and Cultural Resources and Risk Prevention | |
|---|---|
| MEASURE 2.4: Sustainable tourism | |
| MEASURE IDENTIFICATION AND CONTENTS | |
| SPECIFIC OBJECTIVE (PRIORITY) | Promoting, improving and protecting the natural and cultural heritage also through joint management of technological and natural risks |
| OPERATIONAL OBJECTIVE (MEASURE) | Sustainable development of competitiveness of Adriatic tourist destinations by improving the quality of market-oriented package tours to the area with focus on cultural and natural resources |
| DESCRIPTION OF THE MEASURE | The Measure aims at increasing international competitiveness of tourist destinations in a sustainable way, by improving the quality of market-oriented tourist packages, particularly emphasising natural and cultural resources. The strategy shall ensure a joint approach to the promotion of the Adriatic basin as a whole, which may also be guaranteed by financing a principal strategic project. |
| BENEFICIARY | Tourism boards and organizations, public and private bodies developing or operating tourism and/or cultural facilities |
| ELIGIBLE INTERVENTION TYPES (AND EU CODES) | |
| EXAMPLES OF ELIGIBLE INTERVENTION TYPES | Enhancement of natural and cultural centres of excellence, strengthening of networks between museums, theatres, etc. Creation of networks for developing tourism and sports infrastructures. Strengthening territorial and landscape awareness through the promotion of cultural identity. Improving management of tourist services through cross-border cooperation (exchange of experience and know-how, etc.). Promotion and creation of Area trademarks (eco-labels, blue-flags). Enhancement of new cultural products for the development of sustainable cultural tourism. Tourist marketing action aimed at prolonging the tourist season. Promotion of integrated tourist routes and packages. Carrying capacity assessment in view of tourism development. Improvement and integration of tourist information services. Development and promotion of traditional craftwork trade through the creation of local consortia and joint territorial marketing actions. Joint strategies for the diversification and differentiation of tourist destinations in the Adriatic area. Studies and common strategies to enhance inland areas as tourist destinations. |
| IMPLEMENTATION | |
| PROCEDURE | Project proposals are acquired through specific access procedures to public evidence (as described in Chapter 4). A ranking list is drawn up of the projects that have been evaluated at the same score or above the minimum score established for that types of projects (ordinary project minimum score 70, strategic project minimum score 80). |
| MEASURE SELECTION CRITERIA | SEE THE IMPLEMENTATION MANUAL FOR GENERAL SELECTION CRITERIA AND THE CALL FOR PROPOSAL FOR SPECIFIC SELECTION CRITERIA |

| Priority 3: Accessibility and Networks | |
|---|--|
| MEASURE 3.1: Physical infrastructure | |
| MEASURE IDENTIFICATION AND CONTENTS | |
| SPECIFIC OBJECTIVE (PRIORITY) | Strengthening and integrating existing infrastructure networks, promoting and developing transport, information and communication services |
| OPERATIONAL OBJECTIVE (MEASURE) | Development of port and airport systems and connected services, guaranteeing inter-operability and integration between existing transportation networks |
| DESCRIPTION OF THE MEASURE | An objective of the Measure is the development of sea and air transport and ancillary services to guarantee inter-operability and integration between existing transportation networks. Support aims at modernising and strengthening port and airport facilities, optimising existing potential through the improvement of service, security and the upgrade of existing facilities. Isolated actions with no demonstrable influence on overall interconnectivity of the area will not be financed. |
| BENEFICIARY | Public and public-equivalent authorities (port and airport authorities) |
| ELIGIBLE INTERVENTION TYPES (AND EU CODES) | |
| EXAMPLES OF ELIGIBLE INTERVENTION TYPES | Modernization and strengthening of port and airport facilities. Improving security/safety of goods and carriers. |
| IMPLEMENTATION | |
| PROCEDURE | Project proposals are acquired through specific access procedures to public evidence (as described in Chapter 4). A ranking list is drawn up of the projects that have been evaluated at the same score or above the minimum score established for that types of projects (ordinary project minimum score 70, strategic project minimum score 80). |
| MEASURE SELECTION CRITERIA | SEE THE IMPLEMENTATION MANUAL FOR GENERAL SELECTION CRITERIA AND THE CALL FOR PROPOSAL FOR SPECIFIC SELECTION CRITERIA |

| PRIORITY 3: Accessibility and Networks | |
|---|--|
| MEASURE 3.2: Sustainable mobility systems | |
| MEASURE IDENTIFICATION AND CONTENTS | |
| SPECIFIC OBJECTIVE (PRIORITY) | Strengthening and integrating existing infrastructure networks, promoting and developing transport, information and communication services |
| OPERATIONAL OBJECTIVE (MEASURE) | Promoting a system of sustainable transport services to improve links in the Adriatic area |
| DESCRIPTION OF THE MEASURE | The Measure is intended to promote sustainable transport services to improve links in the Adriatic area. The Measure supports an efficient, safe and sustainable transportation system in the aim of achieving integrated development of the Adriatic area and accessibility to bordering territories. |
| BENEFICIARY | Public authorities, public and private companies |
| ELIGIBLE INTERVENTION TYPES (AND EU CODES) | |
| EXAMPLES OF ELIGIBLE INTERVENTION TYPES | Support to cross-border management of public transport services. Promotion of links between ports and inland areas to enhance inter-operability networks. Strengthening and promotion of transport services for both goods and people. |
| IMPLEMENTATION | |
| I PROCEDURE | Project proposals are acquired through specific access procedures to public evidence (as described in Chapter 4). A ranking list is drawn up of the projects that have been evaluated at the same score or above the minimum score established for that types of projects (ordinary project minimum score 70, strategic project minimum score 80). |
| II MEASURE SELECTION CRITERIA | SEE THE IMPLEMENTATION MANUAL FOR GENERAL SELECTION CRITERIA AND THE CALL FOR PROPOSAL FOR SPECIFIC SELECTION CRITERIA |

| Priority 3: Accessibility and Networks | |
|---|--|
| MEASURE 3.3: Communication networks | |
| MEASURE IDENTIFICATION AND CONTENTS | |
| SPECIFIC OBJECTIVE (PRIORITY) | Strengthening and integrating existing infrastructure networks, promoting and developing transport, information and communication services |
| OPERATIONAL OBJECTIVE (MEASURE) | Increasing and developing communication and information networks and access thereto |
| DESCRIPTION OF THE MEASURE | <p>Information technology represents a vital factor of innovation and economic development as well as a basic instrument for social cohesion.</p> <p>The Measure aims at enhancing and developing information and communication networks and their accessibility as they are useful tools to exchange expertise.</p> <p>The measure also seeks to improve accessibility to information and services, while reducing traffic volume.</p> |
| BENEFICIARY | Public authorities, NGOs |
| ELIGIBLE INTERVENTION TYPES (AND EU CODES) | |
| EXAMPLES OF ELIGIBLE INTERVENTION TYPES | <p>Innovative projects on use of new ICT, particularly to promote awareness and enhancement of the territory in culture and media.</p> <p>Promoting ICT as a means to access public services (e-government, e-learning, e-procurement, etc.).</p> <p>Using ICT as an instrument to reduce cross-border transportation needs (video-conferencing, websites, etc.).</p> <p>Using ICT to develop efficient traffic management systems and traffic information systems regarding cross-border transport flows.</p> |
| IMPLEMENTATION | |
| PROCEDURE | Project proposals are acquired through specific access procedures to public evidence (as described in Chapter 4). A ranking list is drawn up of the projects that have been evaluated at the same score or above the minimum score established for that types of projects (ordinary project minimum score 70, strategic project minimum score 80). |
| MEASURE SELECTION CRITERIA | SEE THE IMPLEMENTATION MANUAL FOR GENERAL SELECTION CRITERIA AND THE CALL FOR PROPOSAL FOR SPECIFIC SELECTION CRITERIA |

4. PROJECT PREPARATION, SELECTION AND IMPLEMENTATION

4.1. PROJECT TYPES

In compliance with Community regulations, the OP foresees that initiatives broadly different in terms of financial size of the interventions, number of beneficiaries and implementing procedures, may be planned during the implementation stage. As already mentioned in the Programme, only joint projects involving at least one beneficiary belonging to a MS and one belonging to a CC/PCCC will be considered eligible.¹⁶

The Programme is implemented through different kinds of projects (ordinary projects and strategic projects).

- **Ordinary projects:** as defined in the Programme are the main modality for implementation of the cooperation. The content of each project proposal shall be referred to a specific measure within one of the priority of the Programme. Ordinary projects are characterized by a smaller financial coverage compared to strategic projects, with the minimum amount set at 500,000 Euros and the maximum at 5,000,000 Euros. Maximum implementing time for the project is 36 months.
- Each beneficiary shall comply with the following rates:
 - Each beneficiary is entitled to max. 60% of the total amount financed for the project
 - Each beneficiary is entitled to min. 100.000 Euros of the total amount financed for the project
- **Strategic projects** can cover one or more measures and one or more priorities. They are in particular, initiatives aiming at optimising the effects of the Programme on the interested area of intervention. In this case, a project whose features are considered very important for the effects they can produce on the Programme area, is selected according to a given procedure. As described in the IPA Adriatic CBC¹⁷ Programme, a strategic project shall have the following characteristics:
 - a. be based on a high level of co-financing;
 - b. be a long-term project because of the complexities of organization, partnership and content;
 - c. have an active high-quality partnership rather than nearly-formal participation;
 - d. meet particular requirements in terms of content. Strategic Projects shall show how they coincide with and contribute to actualising the Lisbon strategy and/or the Gothenburg agenda. When required, they shall also show that they include the opportunity or possibility of opening new areas of the European policy. Strategic Projects shall meet the integration requirements promoted by Community policies regarding cooperation;
 - e. have a positive outcome in the cooperation area. This aspect is closely linked to the project's territorial area which is not common by definition. A project may be “strategic” because, even though it affects a limited territory, it rebuilds or completes networks or deals with matters of general interest to the entire area, thus encouraging overall cooperation;

¹⁶ See para. 4.3.3 “The partnership”

¹⁷ See para. 4.7 “Types and characteristics of projects” *IPA Adriatic CBC Programme*.

- f. produce long-lasting effects. Strategic Projects shall produce durable changes and effects that extend beyond the territory and beyond current project contents, such as:
- exerting a lever effect on financial resources to catalyse other private and/or public financing and human resources;
 - fostering consolidation and stabilization of the partnership as to strategy development priorities in the territories;
 - creating permanent opportunities for cooperation;
 - inducing positive changes in the behaviour of stakeholders.

The minimum amount for strategic projects exceeds 5,000,000 Euros and goes up to a maximum of (12.500.000) Euros. In order to obtain adequate financial project coverage, however, the maximum amount for the single strategic projects can be increased by the JMC.

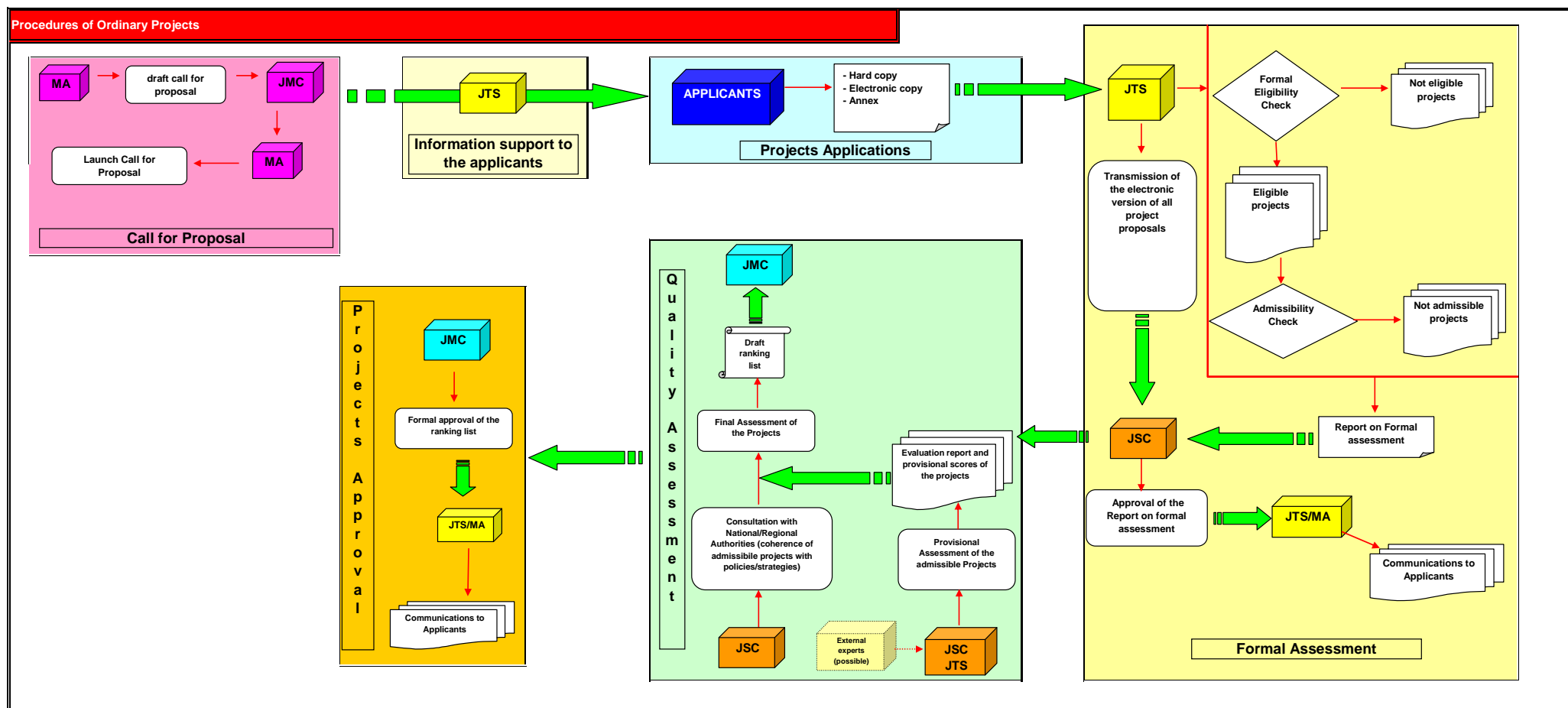
4.2. PROJECT SUBMISSION, EVALUATION, AND SELECTION

In the case of **ordinary projects**, the MA launches the Calls for financing applications. The Calls for ordinary projects are drawn according to priorities and consist of several sections referring to one or more measures. Projects proposals are received and evaluated into a ranking list according to which projects will be financed until exhaustion of the total amount of the resources made available by the Call.

Table 4.1. Submission and selection procedure for ordinary projects

| PHASES | BODIES INVOLVED |
|--|--|
| 1. CALL PREPARATION: The MA, with support from the JTS, prepares the Call in accordance with the contents of the Programme and the <i>Implementation manual</i> | MA with the assistance of the JTS |
| 2. CALL APPROVAL: The JMC checks the consistency of the Call and authorises its publication to make known the possibility of using Programme resources | JMC |
| 3. PUBLICATION OF THE CALL FOR PROPOSAL: The Call for proposal is published in the web-site and other official channels of the MA and of the States participating in the Programme. | MA |
| 4. SUBMISSION OF PROPOSALS: The applicants (<i>lead beneficiaries</i>) timely submit their proposals according to the terms and conditions stated in the Call's <i>application form</i> . | LB |
| 5. COLLECTING PROJECT PROPOSALS: The JTS receives all project proposals. | JTS |
| 6. CHECKING ELIGIBILITY AND ADMISSIBILITY OF PROPOSALS: This evaluation is made by the JTS against a <i>check list</i> based on the eligibility and admissibility criteria detailed in the <i>Implementation manual</i> . Only eligible and admissible proposals go on to the next evaluation phase. All other proposals are eliminated and respective applicants are informed by the MA about the reasons for rejection. | JTS |
| 7. EVALUATION OF PROJECT PROPOSALS: This check is made by the JSC (as appointed by the JMC) against evaluation tables based on the evaluation criteria detailed in the <i>Implementation manual</i> for each Measure. Only proposals that have successfully passed the eligibility and admissibility check are evaluated. Scores are assigned to every project proposal whose quality is being evaluated, according to the single evaluation criteria/indicators. If appropriate, the score can be balanced in accordance with the importance of each evaluation criterion. Eventually, each project proposal is assigned a total score representing its value with reference to all selection criteria and their respective importance. | JSC |
| 8. DRAWING UP THE PROJECT RANKING LIST BY QUALITY EVALUATION: At the end of the evaluation process, the JSC draws up a ranking list based on the score obtained by each project proposal (from the highest score downward). This is the quality ranking of the proposals evaluated. Every project proposal in the ranking list comes with its own score together with the financial request for implementation. Financing requests are examined and a list of ordinary projects is made based on their scores. Hence the selection of the projects that can be financed according to the financial resources of the Call. A ranking list of the proposals to be approved for financing is made according to their quality and sent to the JMC, together with the report that shows the implemented activities and the obtained results. | JSC |
| 9. APPROVAL OF THE RANKING LIST: The JMC receives the ranking list summarising the results of the evaluation process made by the JSC, and verifies the correspondence of the activities carried out and evaluation criteria adopted with the instructions in the <i>Implementation manual</i> . If everything complies with the regulations, the JMC approves the ranking list of the projects meeting the financing requirements. | JMC |
| 10. COMMUNICATION OF ASSESSMENT PROCEDURE RESULTS TO BENEFICIARIES: Through the JTS, the MA informs the LB about the outcomes of the project proposal assessment procedure. As far as rejected project proposals are concerned, the MA explains the reasons for this decision. <i>The lead beneficiaries</i> of the projects that will be financed, are requested to produce the necessary documents to check the requisites requested by the Call and start the contracting procedure foreseen by the <i>Implementing Rules</i> . | JTS |
| 11. FINANCING AND CONTRACTING: After receiving the documents from the subjects approved for financing, the MA prepares the Contracts (Conventions) that are the documents officially allocating the funds. The rules to be followed and the obligations to be fulfilled during project implementation are defined. | MA with the support of JTS |

Fig. 4.2. Ordinary project flow chart (Type A)



The procedure for **strategic projects** is slightly different compared to that for the ordinary ones. The Programme and relating Regulation divide strategic projects into the following categories:

A Strategic Projects selected by calls for proposals (open or restricted):

AI Strategic Projects where the JMC introduces top-down elements to encourage high level cross-border projects. These elements may include:

AII Strategic Projects with a bottom-up approach, where local actors propose specific projects to JMC meetings through JMC members.

In both cases the projects will be selected on a basis of the following two step procedure calls:

- (a) open calls for proposals (encouraging all potential applicants to submit project ideas relevant to Programme priorities);
- (b) restricted calls for project proposals; they:
 - focus on Programme priorities (developing detailed project descriptions);
 - narrow the target group of potential project partners;
 - set specific eligibility and quality criteria on the number and type of partners, activities, etc.

In cases AI and AII, the JMC selects the projects through a call for Expression Of Interest (EOI). Related to the Strategic Projects selected with restricted calls (AII b), the JMC invites the potential beneficiaries than can submit ideas, and then selects the beneficiaries and their ideas. The beneficiaries selected shall submit detailed technical plans. The JSC will evaluate the technical plans received and work out a ranking list about the projects evaluated for the JMC.

B Project described in Article 95 of IPA Implementing Regulation establishing the opportunity to identify, outside call for proposals, joint operations to be funded.

In this kind of strategic projects (B), a pro-active approach is used by the JMC with support from the representatives of the Countries involved in the Programme, which facilitates process interactivity. The topics relating to strategic projects are agreed upon by JMC members, but in this case, potential partners and representatives of the Countries could develop project ideas to be submitted to the JMC together.

The procedures for **strategic projects (types A and B)** are described in the following tables and flow-charts.

Table 4.3. Submission and selection procedure for strategic projects, type A

| Phases | Body involved |
|--|-----------------------------------|
| 1. GENERATION OF THEMES OF RELEVANCE FOR THE ADRIATIC AREA. The JMC (with the support of Local actors in case of bottom-up approach) identifies a list of topics that are considered most relevant for the Adriatic area. | JMC |
| 2. PREPARATION OF THE EXPRESSION OF INTEREST: The MA, with support from the JTS, prepares the Expression Of Interest (EOI) in accordance with the contents of the Programme and <i>Implementation manual</i> . | MA with the assistance of the JTS |
| 3. APPROVAL OF THE EXPRESSION OF INTEREST: The JMC checks the consistency of the EOI and authorises its publication to make known the possibility of using Programme resources. | JMC |
| 4. PUBLICATION OF THE EXPRESSION OF INTEREST: The EOI is published in the web-site and other official channels of the MA and of the States participating to the Programme | MA |
| 5. SUBMISSION OF IDEAS: The applicants timely submit their ideas according to the terms and conditions in the expression of interest's <i>application form</i> . | LB |
| 6. COLLECTING IDEAS: The JTS receives all project proposals | JTS |
| 7. SELECTION OF IDEAS: The JMC selects the project proposals. | JMC |
| 8. REQUEST OF TECHNICAL PLANS: The JMC invites the selected LB to produce detailed technical plans. | JMC thought JST |
| 9. CHECKING ELIGIBILITY AND ADMISSIBILITY OF PROPOSALS: This evaluation is made by the JTS against a <i>check list</i> based on the eligibility and admissibility criteria detailed in the <i>Implementation manual</i> . Only eligible and admissible proposals go on to the next evaluation phase. All the other proposals are rejected and respective applicants are informed by the MA about the reasons for rejection. | JTS |
| 10. EVALUATION OF PROJECT PROPOSALS: This check is made by the JSC against evaluation tables based on the evaluation criteria detailed in the <i>Implementation manual</i> for each Measure. Only proposals that have successfully passed the eligibility and admissibility check go on to quality evaluation. Scores are assigned to every project proposal whose quality is being evaluated, according to the single evaluation criteria/indicators. If appropriate, the score can be balanced in accordance with the importance of each evaluation criterion. Eventually, each project proposal is assigned a total score representing its value with reference to all selection criteria and their respective importance. | JSC |
| 11. DRAWING UP THE PROJECT RANKING LIST BY QUALITY EVALUATION: At the end of the evaluation process, the JSC draws up a ranking list based on the score reached by each project proposal (from the highest score downward). This is the quality ranking of the proposals evaluated. Every project proposal in the ranking list comes with its own score together with the financial request for implementation. Financing requests are examined and a list of strategic projects is made based on their scores. Hence the selection of the projects that can be financed according to the financial resources of the Call. A ranking list of the proposals to be approved for financing is made according to their quality and sent to the JMC, together with the report that shows the implemented activities and the obtained results. | JSC |
| 12. APPROVAL OF THE RANKING LIST: The JMC receives the ranking list summarising the results of the evaluation process made by the JSC, and verifies the correspondence of the activities carried out and evaluation criteria adopted with the indications of the <i>Implementation manual</i> . If everything complies with regulations, the JMC approves the ranking list of the projects meeting the financing requirements. | JMC |
| 13. COMMUNICATION OF ASSESSMENT PROCEDURE RESULTS TO BENEFICIARIES: Through the JTS, the MA informs the LB about the outcomes of the project proposal assessment procedure. As far as rejected project proposals are concerned, the MA explains the reasons for its decision. <i>The lead beneficiaries</i> of the projects that will be financed, are requested to produce the necessary documents to check the requisites requested by the Call and start the contracting procedure foreseen by the IPA <i>Implementing Regulation</i> . | JTS |
| 14. FINANCING AND CONTRACTING: After receiving the documents from the subjects approved for financing, the MA, prepares the Contracts (Conventions) that are the documents officially allocating the funds. The rules to be followed and the obligations to be fulfilled during project implementation are defined. | MA with the support of JTS |

Fig. 4.4. Strategic project flow chart (Type A)

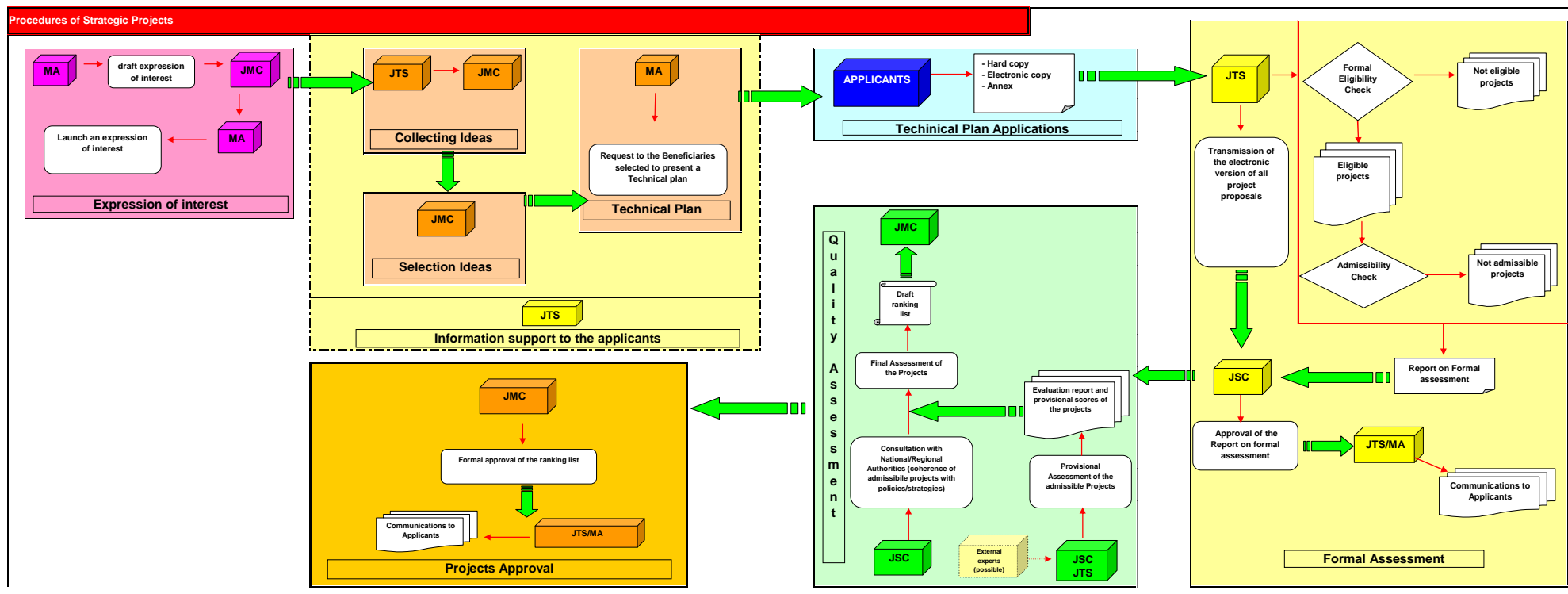
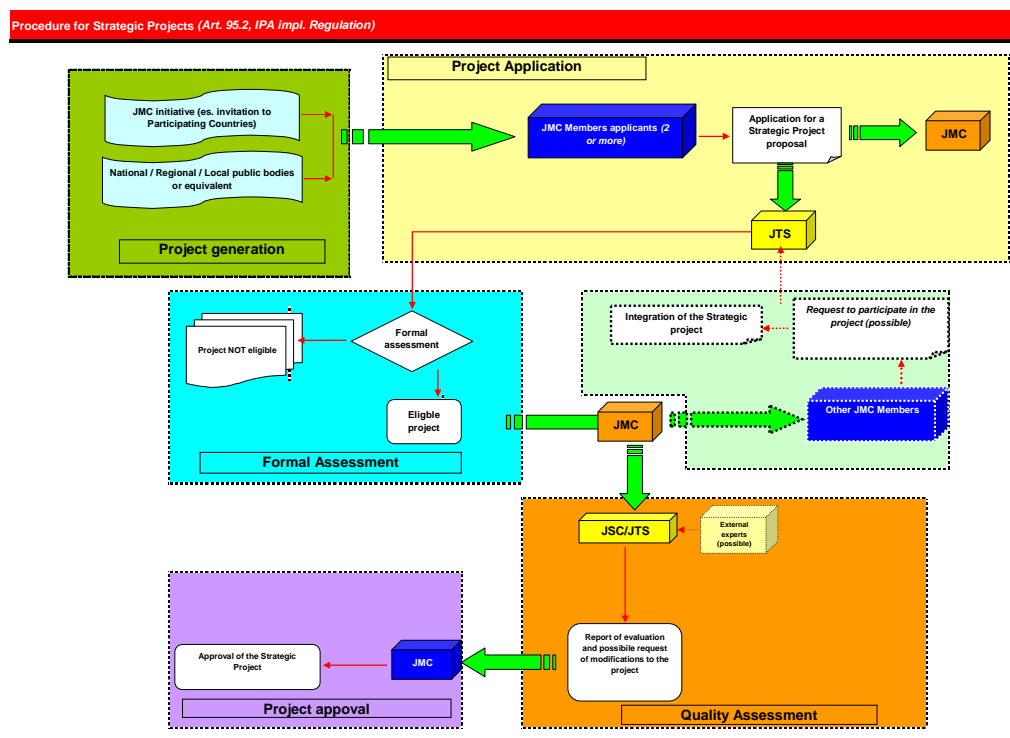


Table 4.5. Submission and selection procedure for strategic projects, type B

| Phases | Body involved |
|---|----------------------------|
| 1. SUBMISSION OF IDEAS: The <i>Participating Countries in the Programme</i> submit through the JMC Members their ideas | JMC |
| 2. SELECTION OF IDEAS: The JMC approves the ideas proposed by JMC Members. | JMC |
| 3. PROJECT PROPOSAL APPLICATION: The JMC invites the LB to submit project proposals. | JMC |
| 4. EVALUATION OF PROPOSALS The JTS and JSC start checking eligibility and admissibility of proposals, and evaluate them. | JTS/JSC |
| 5. FINDING AND ADDING NEW BENEFICIARIES (Possible): Any other State wishing to join in the project idea with new financial resources shall inform the MA and JMC (60 days in advance of the JMC meeting). | MA and JMC |
| 5a. REQUEST OF NEW PROJECT PROPOSALS (Possible): The JMC invites the LB selected to present new project proposals. | JMC thought JST |
| 5b. CHECKING NEW PROPOSALS (Possible): This evaluation has already carried out by the JTS. Now, the JSC only checks if adding new beneficiaries may change project proposals. New drafts of proposal shall be received by the JTS 50 days in advance of the JMC meeting. | JTS and JSC |
| 8. FINANCING AND CONTRACTING: After receiving the documents from the subjects approved for financing, the MA, prepares the Contracts (Conventions) that are the documents officially allocating the funds. The rules to be followed and the obligations to be fulfilled during project implementation are defined. | MA with the support of JTS |

Fig. 4.6. Strategic project flow chart (Type B)



4.3. THE BENEFICIARIES

4.3.1. Characteristics

Project beneficiaries should have the legal status of public or private bodies, as required in the measure list, and:

- have signed the partnership agreement;
- are laid down in the activity forms;
- carry out activities and incur associated expenditures (purchase of tools and equipment, services, salaries, etc.);

- benefit from IPA funds and be responsible for their use;
- be available to cover the co-financing share (beneficiaries of CC/PCC).

The IPA Adriatic CBC Programme will not finance potential applicants that:

- are bankrupt or being wound up, whose are having their affairs administered by a court, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- have been convicted of an offence concerning their professional conduct by a judgement which has the force of *res judicata* (i.e., a judgment that is considered final and bars relitigation on the same matter);
- are guilty of grave professional misconduct proven by any means which the authorities can justify;
- have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the action is to take place;
- have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities' financial interests;
- have been declared to be in serious breach of contract for failure to comply with their contractual obligations in connection with a procurement procedure or other grant award procedure financed by the Community budget;

Applicants are also excluded from participation in calls for proposals or the award of grants if, at the time of the call for proposals, they:

- are subject to a conflict of interests;
- are guilty of misrepresentation in supplying the information required by the European Commission as a condition of participation in the call for proposals procedure or fail to supply this information;
- have attempted to obtain confidential information or influence the evaluation committee or the European Commission during the evaluation process of current or previous calls for proposals.

4.3.2. Type of beneficiaries envisaged in the programme

Only subjects with administrative competence on eligible area or registered office or running an operating base in the eligible area of the Programme for at least the whole duration of the project, are admitted to submit their project proposals and are acknowledged as Final Beneficiaries.

The following categories of Beneficiaries are eligible for funding:

- a) **Public authorities:** National, regional, local authorities or public authorities of other levels such as ministries, regional governments, provinces, municipalities as well as their departments and public agencies;







- b) **Public bodies and Public equivalent bodies:** such as regional development associations, innovation agencies and development agencies and foundations, Universities and public research centres. This means any body:
- established for the specific purpose of meeting needs in the public interest, not having an industrial or commercial character,
 - having legal personality and
 - financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies; or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law;
- c) **Private institutions** including private companies.
- d) **International organizations.**

The calls for proposal will explain the kind of beneficiaries which can apply.

4.3.3. The Partnership¹⁸

As detailed in the OP and already mentioned, a project proposal shall comply with the rules governing the partnership. Projects shall involve at least one beneficiary from a Member State and one from a CC/PCC. Operations involving only Greece/Albania or/and Slovenia/Croatia partnerships are not accepted (other specific cooperation programmes are run for these partnerships). No partnership being covered by other programmes are allowed. Projects not meeting the minimum partnership requirements are not admitted.

Table 4.8. Partnership types allowed and not allowed in the Programme

| Project partnership allowed | | |
|---|---|---|
| Member States (MS) | | Potential Candidate and Candidate Countries (PC/CC) |
|  | |  |
| one or more beneficiaries | + | one or more beneficiaries |
| Project partnership not allowed | | |
|  only beneficiaries from the Thesprotia and/or the Corfu prefectures | + |  only beneficiaries from the Vlore region (districts of Vlore and Saranda) |
|  only Beneficiaries from Obalno–kraška region | + |  only Beneficiaries from the Istarska županija and/or the Primorsko–goranska županija counties |
| one or more beneficiaries of MS | + | No beneficiaries of PC/CC |
| No beneficiaries from MS | + | one or more beneficiaries of PC/CC |
| any other cases not included in the "project partnership allowed" | | |

¹⁸ See para. 4.7 "TYPES AND CHARACTERISTICS OF PROJECTS" IPA Adriatic CBC Programme.

4.3.4. Obligations and Responsibilities

As foreseen in Article 96 of IPA Implementing Regulation, the final beneficiaries of an operation shall appoint a Lead Beneficiary from among themselves and this shall submit the proposal for the operation. The Lead beneficiary shall:

- a) define its relations with the final beneficiaries taking part in the operation, and agree upon with them, among the other things, provisions guaranteeing sound financial management of the funds allocated to the operation, including arrangements for recovering amounts unduly paid;
- b) ensure implementation of the entire operation;
- c) transfer the Community contribution to the final beneficiaries taking part in the operation;
- d) ensure that the expenditure claimed by the final beneficiaries taking part in the operation, has been paid to implement the operation and corresponds to the activities agreed upon;
- e) check and confirm the expenditure claimed by the final beneficiaries taking part in the operation through controllers (First Level Control Office competent for the territory), .

In addition to the requirements of Article 96 of IPA Implementing Regulation, the Lead Beneficiary shall provide Programme authorities with all information necessary for project progress reporting.

Table 4.9. Beneficiaries' responsibilities during project stages

| Project stages | Responsibilities of the Lead Beneficiary (LB) | Responsibilities of Beneficiaries |
|-------------------------|--|---|
| <i>Application</i> | Development and submission of the application form Signs the pre-agreement | The project and the application are jointly developed by the beneficiaries and agreed upon by them. All beneficiaries sign a pre-agreement PCC/CC beneficiaries declare that they are available to cover their co-financing share, if so requested. |
| <i>Selected project</i> | It signs the co-financing statement with the MA. It signs the partnership agreement including provisions for sound financial management and recovery of amounts unduly paid. | Every beneficiary shall sign the partnership agreement |
| <i>Implementation</i> | It is responsible for ensuring project implementation. | Every beneficiary is responsible for carrying out the activities assigned |
| <i>Financing</i> | LB checks that partners' expenditures are eligible and that they have been duly certified by approved 1 st level controllers. | Every beneficiary is responsible for ensuring that its expenditure has been certified by the approved 1 st level controller. |
| <i>Reporting</i> | It is responsible of informing the authorities about the progress status of the project. | Every beneficiary shall send all information on the progress status of the project to LB. |
| <i>Payments</i> | LB receives payments from the Programme and transfers funds to the other partners | |
| <i>Irregularities</i> | Should an irregularity be detected in any beneficiary expenditure, LB has to pay back the Programme immediately. LB recovers these funds directly from the project beneficiary with which the irregularity was detected. If the funds cannot be recovered from the beneficiary, the State where the beneficiary is located remains ultimately responsible. | Every beneficiary is responsible for any irregularities in the expenditure it has declared. |

4.3.5 Eligibility of expenditure¹⁹

In accordance with Article 89 of IPA Implementing Regulation, expenditures are eligible if they have “*actually been paid between the 1st of January 2007 and 31 December of the third year following the last budgetary commitment, for operations or part of operations implemented within Member States, and incurred after the signature of the financing agreement for operations or part of operations implemented within beneficiary countries*”.

To be considered eligible according to EU rules, expenditure shall:

- not be financed by other Community or national Programmes or any public resources;
- be closely connected to the project approved by the JMC;
- be incurred in the period of project admissibility (date of publication of the call for proposal for the projects selected by calls or restricted calls and date of approval of the ideas for the projects selected outside calls for proposals);
- for PCC and CC beneficiaries, eligibility of expenditure starts after project admissibility and after the financing agreement between the Commission and the Beneficiary Country has been signed;

¹⁹ Chap. 7.3.4 “The Eligibility of expenditure” of IPA Adriatic CBC Programme

- fall into one of the expenditure categories included in the financial plan of the project;
- correspond to payments actually (financial outlay) and definitely (written in the balance, without possible recovery) made by the Beneficiaries;
- be registered in the Beneficiary accounting system and clearly identifiable;
- be justified by original expenditure documents bearing exact amount and date;
- comply with the expenditure guidelines;
- comply with the maximum eligible expenditure amount.

Exceptionally, also expenditure incurred by partners located outside the Programme area may be eligible, if the project could only achieve its objectives with that partner's participation (see next paragraph).

Eligible expenditures are expenditures actually paid out and are detailed in the eligible expenditure guidelines. Eligible expenditures can be reduced to the following categories:

- general expenses;
- staff expenses;
- material expenses.
- expenses for infrastructures;
- expenses for dissemination;
- travel/mission expenses;
- other expenses.

Table 4.10. Expenditure eligible under the IPA Implementing Regulation in derogation of Article 34 (3)

| Art. | Para. | Description |
|------|-------|--|
| 89 | 3 | <p>(a) value added taxes, if the following conditions are fulfilled:</p> <ul style="list-style-type: none"> (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. <p>(b) charges for transnational financial transactions;</p> <p>(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;</p> <p>(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;</p> <p>(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;</p> <p>(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.</p> |
| | 4 | <p>In addition to technical assistance for the cross-border programme, the following expenditure paid by public authorities in the preparation or implementation of an operation shall be eligible:</p> <ul style="list-style-type: none"> (a)²⁰ the costs of professional services provided by a public authority other than the final beneficiary in the preparation or implementation of an operation; (b)²¹ 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. |
| | 5 | <p>Without prejudice to the provisions in paragraphs (1 to 4), further rules on eligibility of expenditure may be laid down by the participating countries in the cross-border programme.</p> |

²⁰ The public authority concerned shall either invoice the costs of this paragraph 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.

²¹ The costs of this paragraph shall be certified by means of documents which permit the identification of real costs paid by the public authority concerned for that operation.

Table 4.11. Expenditure not eligible under the IPA Implementing Regulation

| Art. | Para. | Description |
|------|-------|--|
| 34 | 3 | (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. ²² |
| | 4 | Expenditure financed under this Regulation shall not be the subject of any other financing under the Community budget. |
| 89 | 2 | (a) interest on debt; (b) the purchase of land for an amount exceeding 10 % of the eligible expenditure of the operation concerned. |

4.3.6. Location of operations²³

In order to be financed, an operation shall be clearly located within the eligible area of the Programme and shall be referred to a partner participating in a project that can be admitted and financed within the IPA Cross-Border Cooperation Adriatic Programme 2007-2013. Article 97 of IPA Implementing Regulation indicates that what previously set forth can envisage some exceptions. It establishes that: “Community funding may finance expenditure incurred in implementing operations or parts of operations up to a limit of 20% of the amount of the Community contribution to the cross-border programme in NUTS 3 level regions or, in the absence of NUTS classification, equivalent areas, adjacent to the eligible areas for that programme”. Admissible areas mean territorial derogation areas that are included in the Programme. In exceptional cases, expenditure incurred by beneficiaries located outside the programme can be admitted if the project could only achieve its objectives with that partner's participation and the expenditure does not exceed the 10% of total funds assigned to the project.

4.4. THE STATE AID AND THE DE MINIMIS RULE

According to Article 87, paragraph 3 (a) and (c) of the Treaty, the Commission can retain compatible the State Aid granted to foster economic development of certain disadvantaged areas in the European Union with the common market.

This is an aid for the region and is generally destined to investments that support big enterprises. In particular cases, it is an aid for functioning intended for specific regions in view of balancing regional disparities. Aids to investments granted to small and medium-sized enterprises sited in

²² Except Personnel Costs which the Beneficiaries can prove to be for people employed outside the institutional tasks of the project.

²³ Article 97 of IPA Implementing Regulation

disadvantaged regions in excess of what is allowed in other areas, are equally considered aid for the regions.

This aid is meant to compensate for the disadvantages of less-developed regions and promote the economic, social and territorial cohesion of the Member States and of the European Union as a whole. The specifics of the regions are the rationale between aid for the regions and other forms of horizontal aid, such as aid for research, development and innovation, employment, environment protection that pursue objectives of common interest²⁴.

The intensity of the aid varies according to the beneficiary (BE, SME) and the territory receiving the aid²⁵ (zone 87.3.a, zone 87.3.c.). In regions under Article **87, paragraph 3 (a)** the Commission establishes that the intensity of the aid to the regions shall not exceed:

- 30% GGE²⁶ for the regions where the GDP is lower than 75% of the EU-25 average value, for the peripheral regions with the highest GDP and, until 10th of January 2011, for the regions with statistic effect;
- 40% GGE for the regions where the GDP is lower than 60% of the EU-25 average value;
- 50% GGE for the regions where the GDP is lower than 45% of the EU-25 average value.

In the regions under article **87, paragraph 3 (c)**, maximum aid for the regions' objectives shall not exceed 15% GGE. This percentage is reduced to 10% GGE for the regions with a value higher than 100% of the EU-25 average value and an unemployment rate lower than EU-25 average, calculated at NUTS-III level (based on the average level for the last three years, using Eurostat data).

In the case of aid granted to small and medium-sized enterprises. In the cases of small and medium-sized enterprises, the above mentioned maximums can be increased by 20% GGE for small-sized and by 10% GGE for medium-sized enterprises.

Commission Regulation (EC) 1998/2006 establishes that State Aid is not part of the aid under Article 87, paragraph 1, of the Treaty and, consequently, is not subject to notification obligation (*de minimis aid*). That rule was amended relative to the past 2000- 2006 programming period, as follows: (i) the threshold was brought up to 200,000 Euros in 3 years (100,000 for the transport sector), and (ii) it applies only to "transparent" aids (for example, risk and guarantee capital only under determined conditions). The only type of aid excluded from benefiting of the *de minimis* rule is aid to export.

The amount of the aid granted within the IPA OP, will be determined in accordance with the Community legal rules in the field of State Aid to the enterprises.

Grant calculation is based on the division of the investments across a solar year as indicated by the enterprise in its request and in the granting decree. The amount of the contribution will be re-determined upon closure of the investment programme on the basis of actual expenditures, their

²⁴ Guidelines on State Aid for regional objectives 2007 2013 (2006/C 54/08)

²⁵ See http://ec.europa.eu/comm/competition/state_aid/reform/reform.cfm for more information about the State Aid in the Countries (Member States) involved in the Programme

²⁶ The gross grant equivalent is the nominal value of the aid approved (updated in the case of the interest subsidy), expressed in the percentage of the total project admissible cost.

division across the solar year, and actual rate of the implementation. In any case, the amount of the grant finally determined cannot be higher than that determined in the head office for grants.

Beneficiaries must ensure observance of the law about “the State Aide” and “de minimis aid”. This respect will be checked in any time from the authorities.

4.5. APPRAISAL, EVALUATION AND SELECTION OF THE PROJECTS

The phases described below detail the process of appraisal of the projects after the Calls for Proposals. Project proposals shall arrive to the competent structure by the deadline shown in the Call. After the application packages have been received, the projects go through the evaluation process and are eventually brought to the attention of the JMC that, through the JSC, continues selecting the operations to be approved for financing.

Project evaluation consists of the following stages:

- assessment of formal eligibility and admissibility; and
- quality appraisal, that depends on evaluation results based on programme consistency, cross-border importance and on how the project satisfies technical, economic, financial and quality criteria;

The following table shows the eligibility and admissibility criteria and the priority criteria for evaluation/selection of the projects.

The table “Priority and selection/evaluation general criteria for project proposals” also shows the value of the single criteria.

4.5.1. Formal eligibility

Formal admissibility checks are carried out by the JTS. In order to be accepted, proposals submitted shall arrive by the deadline stated in the Call and meet the “complete documents” requirement. In particular, project application packages will not be taken into consideration if they are not complete with following documents: the project form including the financing request, the cooperation pre-agreement entered into by the beneficiaries, and a detailed technical description. In case these documents are not received, the JTS will immediately notify the JMC and the MA that will inform the Lead Beneficiary of the project.

Admissibility of project proposals is checked against the requirements shown below.

Table 4.12a. Formal eligibility criteria for project proposals

- | |
|--|
| <ul style="list-style-type: none"> - Respect of the deadline stated in the Call for submission of project proposals to the JTS - Respect of project presentation modalities (hard copy and electronic version) - Documents to be properly sent in full and in compliance with that requested in the Call - Submission of project proposals in English version - Any additional eligibility criteria specified in the Call |
|--|

If a project cannot be formally admitted, the JTS sends a non-admissibility notice to the JMC/JSC and the MA, and this will relate the Lead Beneficiary which criteria the project proposal did not satisfy.

4.5.2. Admissibility

The JTS checks if information received is complete and exhaustive. A project can be evaluated and routed to the next appraisal stages only if it contains all the necessary technical, economic-financial and procedural information for correct assessment of the initiative. The admissibility analysis of project proposals consists in verifying whether the proposals comply with the requirements requested.

Table 4.12b. Admissibility criteria for project proposals

| |
|---|
| - Meeting of minimum requirements for cross-border partnership as foreseen by the Programme |
| - Respect of the minimum co-financing share |
| - Respect of the project financing limits |
| - Meeting of the Beneficiaries' individual eligibility requirements |
| - Meeting of the Beneficiaries' territorial eligibility requirements |
| - Activities to be located in eligible areas |
| - Consistency of project proposals with the priority/measure envisaged by the Call |
| - No duplicates of already financed projects |
| - No overlapping with other public funds |
| - Respect of at least one implementation procedure provided for in Article 95 (2) Reg. 718/07: joint development, joint implementation, joint staffing, and joint financing |
| - Any additional admissibility criteria specified by the Call |

Once the check is finished, the JTS fills in a form where information about completeness of the elements submitted is summarized, and sends this form to the JSC together with a copy of the proposal package. If the JTS finds out that documents are incomplete, it will inform the JSC of possible missing parts and of consequent non-eligibility of the proposal to the following evaluation stage.

4.5.3. Quality appraisal (General Evaluation Criteria)

Only if a proposal satisfies all formal admissibility requirements, the JSC continues the evaluation process. The selection criteria identified are applied and eventually a score is assigned using which the JTS draws up the ranking list of the projects eligible for the financing.

Evaluation is based on general criteria (common to all published Calls) and specific criteria formulated to better evaluate intervention consistency with measure requirements (specific criteria). Where appropriate, the Call can include additional priority criteria for an increasingly thorough evaluation of project proposals. The JSC assigns a value to each criterion during the quality assessment. The value for each criterion is based on the scoring system shown in the next table.

Quality evaluation takes into account cross-border consistency and importance, and technical economic and environmental qualities. Through the review of the information included in the project form and detailed description, this appraisal aims at examining the elements in terms of:

- consistency with the Programme strategy;
- cross-border character of the intervention;
- financial and management capacity;
- quality of the intervention;
- project budget; and

- bonus criteria.

Table 4.12c. Priority and selection/evaluation general criteria for project proposals

| Criteria | Max Value |
|--|------------|
| a) Consistency with Programme strategy | 24 |
| - Consistency of the project with the strategy, objectives and specific Programme Priorities | |
| - Consistency of the project with the EU policies (Gothenburg/Lisbon, etc.)/programmes/EU directives | |
| - Consistency of the project with national policies | |
| - Consistency of the project with sub-national policies | |
| - Consistency with the transversal issues of the Programme (sustainable development, equal opportunities and non-discrimination, fair competition) | |
| b) Cross-border character of the intervention | 20 |
| - Level and quality impact of the project on the Adriatic area | |
| c) Financial and management capacity | 20 |
| - Experience and capacities of the Lead Beneficiary in cross-border project management | |
| - Technical capacities of the beneficiaries in the project intervention sectors | |
| - Capacity of the beneficiaries for the allocated budget management | |
| d) Quality of intervention | 20 |
| - Objectives and expected results of the project to be clearly defined and pragmatic | |
| - Activities and project timing to be clearly defined; objectives and expected results to be consistent (ready to go) | |
| - Level of operational status | |
| - Balance between the partners (composition and distribution of responsibilities) and justification for the selected partnership | |
| - Project management, monitoring and evaluation systems | |
| - Level of innovative approach of the intervention (process and product innovation) | |
| - Dissemination strategy quality, and how the Adriatic area can make use of the project | |
| - Territorial coverage of the project (number of Beneficiaries from different Countries) | |
| - Follow-up of cooperation activities after conclusion of the project | |
| - Build on cross-border cooperation experiences in the CBC programmes | |
| e) Budget of the project | 16 |
| - Consistency of the budget, partnership and expected results as foreseen by the project | |
| - Project activities and estimated expenditures to be coherent and adequate | |
| Total Evaluation (General Criteria) | 100 |

| Bonus Criteria | |
|---|---|
| - Projects enhancing the results from projects financed during the past period (2000 – to date) | + |

Additional selection/evaluation criteria specified by the Call

Calls can add other selection/evaluation criteria

4.5.4. Quality appraisal (Specific Evaluation Criteria)

a) Specific evaluation criteria for ordinary projects

In order to formulate an evaluation as consistent as possible with the objectives and priorities of the Programme, criteria specific to each priority have been added to general criteria. Specific criteria are included in the calls for proposal.

b) *Specific evaluation criteria for strategic projects*

Due to their characteristics, the strategic projects selected through the expression of interests include specific criteria in addition to general criteria. Such specific criteria are established in the expression of interest.

4.5.5. Closure of examination

The JSC supported by the JTS, draws up a ranking list of the projects evaluated. To be financed by the Programme, a project shall:

- obtain a rating equal or greater than the minimum score entitling a project to be financed (70 for ordinary projects, 80 for strategic projects);
- obtain no less than half the points available in each of the categories considered most important:

| | | Max Value | Min Value Request |
|----|---|-----------|-------------------|
| a) | Consistency with Programme strategy | 24 | 12 |
| b) | Cross-border character of the intervention | 20 | 10 |
| c) | Financial and management capacity | 20 | 10 |
| d) | Quality of the intervention | 20 | 10 |
| e) | Project budget | 16 | 8 |

Projects not meeting both above conditions will not be financed by the Programme. The project ranking list is approved by the JMC and then published according to the procedure foreseen by the Community regulations in force²⁷.

4.6. PRE-AGREEMENT AND AGREEMENT

The pre-agreement is a document which establishes the relation among the participant beneficiaries to the project. The document is presented together with the project proposal and is undersigned by all the partners. Therefore they commit to actively collaborate for the realization of the project once approved and to draw the agreement.

The agreement is the document which is being undersigned by all the beneficiaries of the project financed. The undersigned document shall be sent to the MA immediately after the selection notification to the Lead Beneficiary. If the document is not undersigned by all the beneficiaries the funding decision will be revoked. To ensure that the action runs smoothly, the MA requires all beneficiaries to acknowledge this by agreeing to the principles of good partnership set out below.

- All beneficiaries must have read the application form and understood what their role in the action will be before application is submitted to the MA.
- All the beneficiaries must have read the standard grant contract and understood what their respective obligations under the contract will be if the grant is awarded. They authorise the

²⁷ See Article 62 of IPA Implementing Regulation

LB to sign the contract with the MA and represent them in all dealing with the MA in the context of the action's implementation.

- The applicant must consult with his beneficiaries regularly and keep them fully informed of the progress of the action.
- All beneficiaries must receive copies of the reports made to the MA.
- Proposals for substantial changes to the action should be agreed by the beneficiaries before being submitted to the MA. Where no such agreement can be reached, the applicant must indicate this when submitting changes for approval to the MA.

4.7 STARTING UP OPERATIONS (AFTER JMC DISCUSSION)

JMC decision is communicated to the LB from the MA a copy is sent to the participating countries government representatives In case of approval of the funding, the financial plan composed of IPA share, Cofinancing share and eventual other cofinancing provided by the beneficiaries shall be communicated. If the project is not approved, MA communicates the motivated decision to the LB. The notification can state, if the case and for given typologies of beneficiaries, that the contribution falls within State Aids and/or De Minimis regime. The LB is obliged to communicate as soon as possible the JMC decision to all the project beneficiaries. For the projects approved, the respective LB shall communicate to the MA and participating countries government representatives the start up date of the activities and the eventual IPA prefinancing share.

Implementation period of the projects starts from the date of the financing decision notification. If this time plan is not respected funding can be cancelled and reimbursement request can be also done.

4.8. PROCEDURES AND CONTROL SYSTEM

4.8.1 Managing and Control

Article no. 114 of IPA Implementing Regulation reads:

1. *Participating countries shall be responsible for the management and control of cross-border programmes in particular through the following measures:*
 - (a) *ensuring that management and control systems for cross-border programmes are set up in accordance with Articles 101 and 105 and function effectively;*
 - (b) *preventing, detecting and correcting irregularities and recovering amounts unduly paid together with interest on late payments where appropriate. They shall notify these to the Commission, and keep the Commission informed of the progress of administrative and legal proceedings.*
2. *Without prejudice to the participating countries' responsibility for detecting and correcting irregularities and for recovering amounts unduly paid, the certifying authority shall ensure that any amount paid as a result of an irregularity is recovered from the lead beneficiary. The final beneficiaries shall repay the lead beneficiary the amounts unduly paid in accordance with the agreement existing between them. If the lead beneficiary does not succeed in securing repayment from a final beneficiary, the participating country on whose territory the relevant*

final beneficiary is located shall reimburse the certifying authority the amount unduly paid to that final beneficiary.

In order to comply with Community provisions on managing and control, the MA will create a Programme management software featuring:

- the specific accounts of the Programme, thereby enabling analytical as well as separate monitoring of the expenditures of the various managing structures;
- a data-base of calls for proposals, including a registry of proposals received;
- a data-base of contracts signed with Lead Beneficiaries and a registry of all payments requested and payments made to projects;
- a registry of payment requests to the European Commission and payments received;
- a registry of the recovery procedures issued by the MA.

4.8.2. Lead Beneficiary procedures

As described in Article 96 of 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 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 IPA Implementing Regulation.*

Each final beneficiary, who takes part in the operation, is responsible for the irregularities concerning expenditure declared.

The Beneficiary is responsible for the operation or part of operation of its own competence, for designating executors and coordinating the physical and financial execution of the operation, in compliance with Community and National rules.

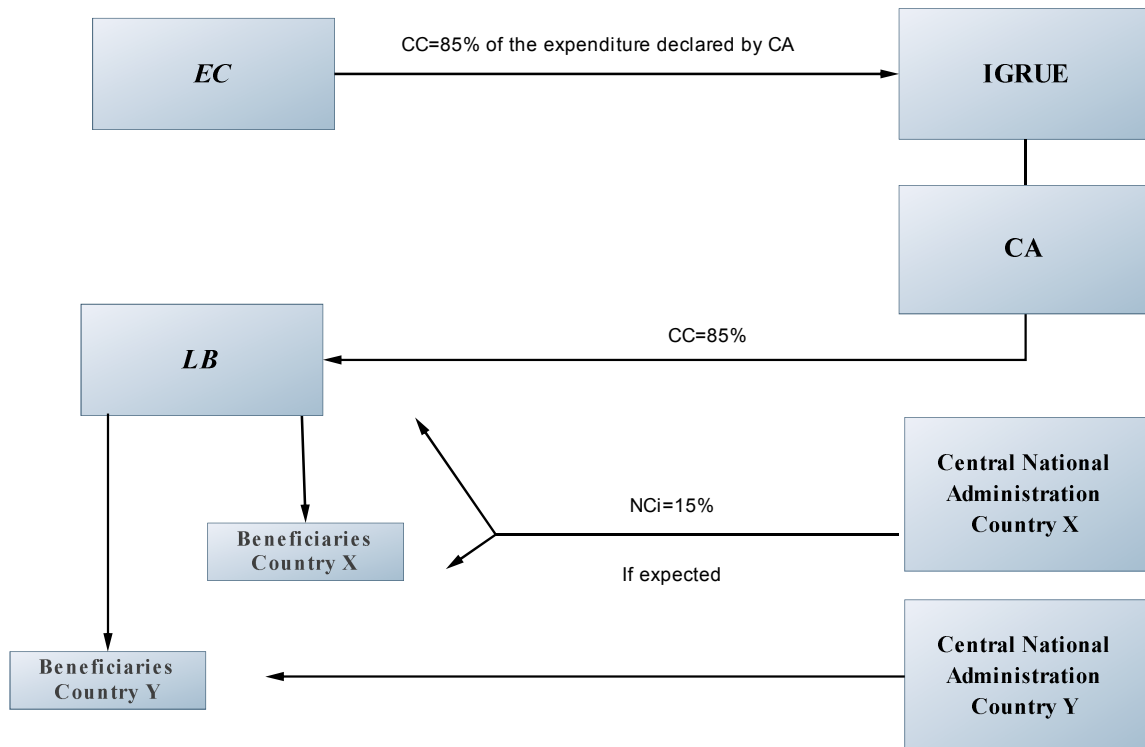
4.8.3. Payment procedures

The Certifying Authority (CA) provides the Lead Beneficiaries with pre-financing, interim and final payments to reach the total amount financed to the project. The CA carries out Independent Evaluations on samples of first level expenditure certifications. It draws up the Application for

Payment (**DP**) composed of Expenditure Declarations validated for each Priority Axis of the Programme, and submits it to the European Commission.

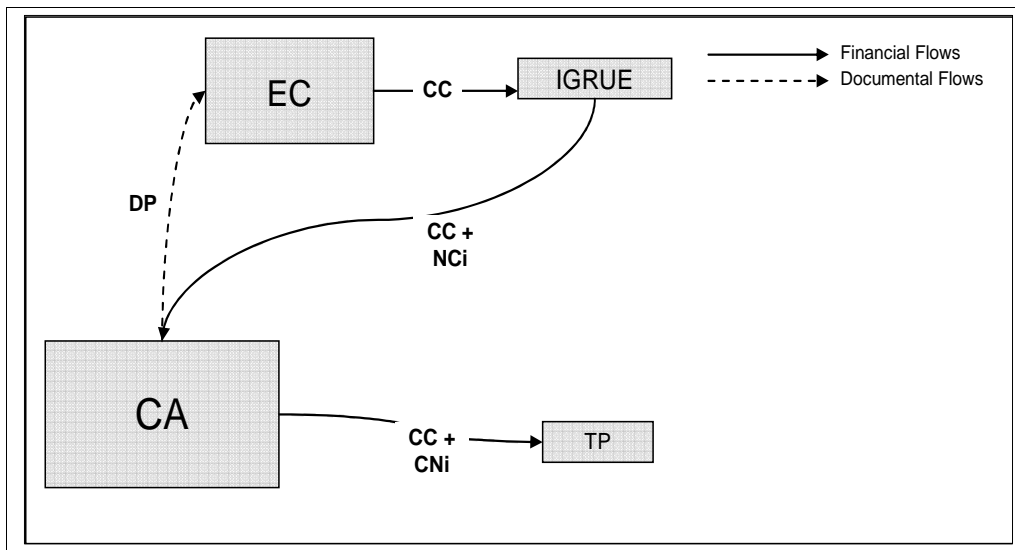
The next figure shows the payment procedure. The EC sends the Community Contribution (85% of the expenditure declared) to IGRUE. Via the CA, IGRUE pays the LB. If due, the Co-financing amount equal to 15%, is paid by each Central Administration to the LB or the Beneficiaries of the same Country. This means, for example, that the Central Administration of the Y Country will pay the Beneficiaries in the Y Country and the Central administration of the X Country will pay beneficiaries in the X Country, and so on.

Fig. 4.13. Payment procedure



After verifying the validity of the Payment Application, the Commission provides for the payment of the Community Co-financing (**CC**) amounting to 85% of the expenditure declared by the CA. IGRUE provides for the payment to the CA of CC and Italian national co-financing (**NCi**) amounting to 15% of the expenditure accounted and certified by Italian Beneficiaries (Fig.4). After submitting the Application for Payment and the certified expenditure of the past six months, the CA receives the Community Co-financing (**CC**) and the Italian National Co-financing (**CCi**). Then the CA repays the Community Co-financing (**CC**) and the Italian National Co-financing (**CCi**) to the Payment Body (**TP**- Treasury of the Programme at the Treasury of the Abruzzo Region, on the bearing account bound by the Programme).

Fig. 4.14. - Financial flows within the EC



The CA communicates to the national authorities of the participating countries that the Repayment of Community Co-financing for certified expenditures has taken place (CCRC), by the opening of National Co-financing.

The Managing Authority (JTS - Financial Management and Monitoring Unit) sends the Repayment Orders of the Lead Beneficiaries (**OR**) to the Payment Body in the amount corresponding to the expenditures of each Beneficiary as related in its own Expenditure Declaration and validated by F.L.C.O.

The Lead Beneficiary supplies the Community co-financing (CC) amounting to 85% of accounted expenditure to non-Italian Beneficiaries and also supplies the national co-financing to Italian Beneficiaries.

Participating Countries, notified by the CA that the repayment of Community Fund has been made and after controlling the regularity of expenditure declarations in cooperation with their own F.L.C.O., transfer the National Co-financing to the beneficiaries in their territory.

Fig. 4.15 - Financial flows to Beneficiaries

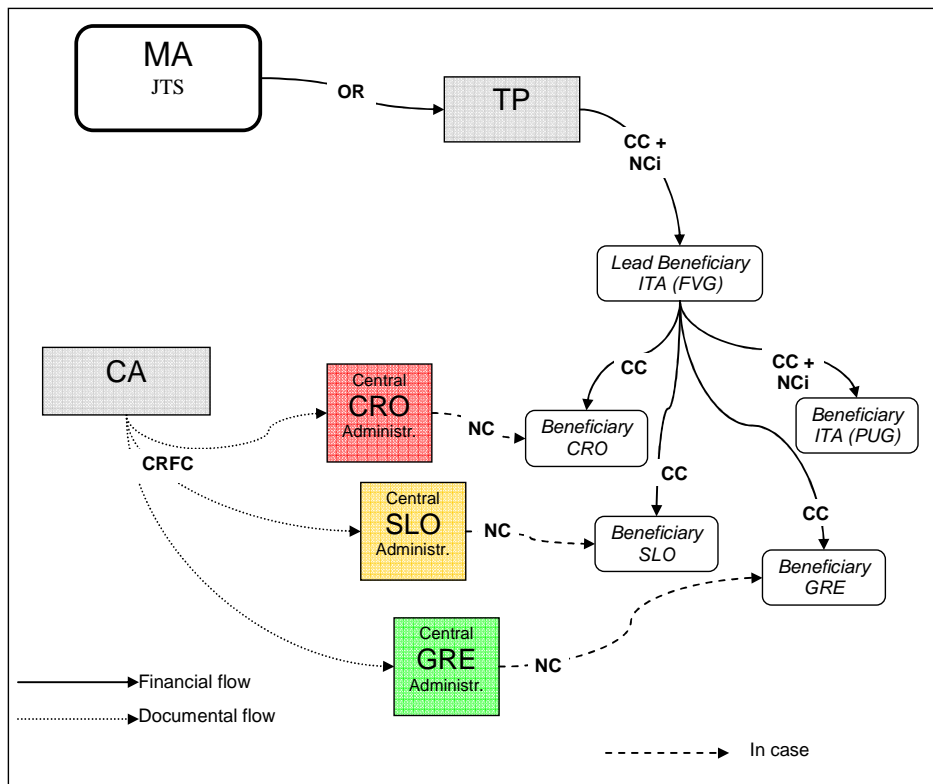
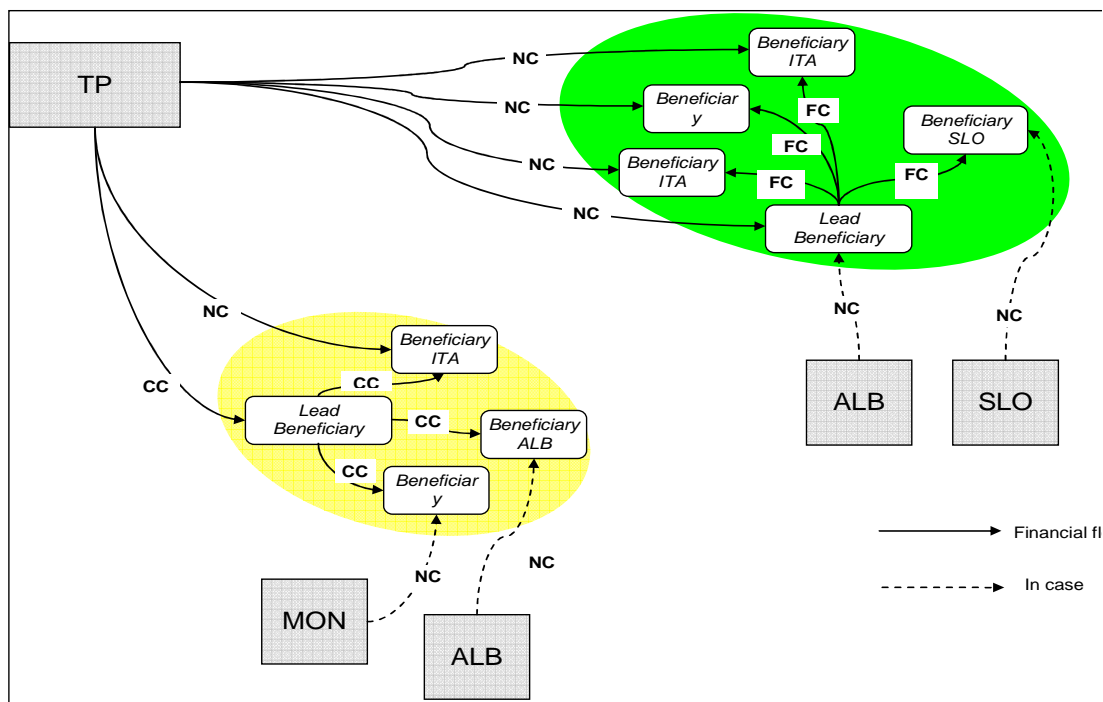


Fig. 4.16 - Operations with non-Italian lead beneficiaries



4.8.4. First level control

IPA Implementing Regulation provides for the establishment of First Level Control Offices in the participating countries, as specified by each state (Article 108: "controllers responsible for verifying the legality and regularity of costs").

A First Level Control Office examines the administrative and accounting documents in relation with all (100%) operations, as reported in the Expenditure Declarations by the Beneficiaries, to verify expenditure eligibility under the following principles:

- 1) principle of effectiveness: to ensure that the expenditure has actually been incurred by the beneficiaries or their partners for project implementation;
- 2) principle of legitimacy: to ensure that the expenditure is in accordance with the EU and national rules;
- 3) principle of the location of the co-financed operation: to ensure that the expenditure has been paid for an operation realized in the eligibility area of the Programme;
- 4) principle of documentary evidence: to ensure that expenditures paid have been proven by means of receipted invoices or accounting documents of equivalent probative value.

The first level control procedure starts with each beneficiary preparing its own Expenditure Declaration (**R**) for the part of the activities of its own competence.

To this end, each Beneficiary shall perform an administrative and accounting self-evaluation on the documentary evidence to its own Expenditure Declaration, and shall register this activity in special self-evaluation check lists.

The E.D. drawn up by the Beneficiary and containing operation references, accounting period, specific items of expenditure and associated support documents, expenditures regularly paid within the accounting period specified, accounting documents of equivalent probative value and the self-evaluation check list will be transmitted to the national F.L.C.O.

The Beneficiary also sends a copy of the Expenditure Declaration (**r**) as sent to the F.L.C.O. but with no expenditure supporting documents attached, to his Lead Beneficiary who shall check the operation of Beneficiary's competence (Art. 96 of IPA Implementing Regulation).

Italians Beneficiaries send copies of their expenditure declarations (**r**), as already sent to the F.L.C.O. but with no expenditure supporting documents attached, to the Regional Monitoring and Spot-Check Office, to allow data input in the computer system.

The Lead Beneficiary sends copies of the Expenditure Declarations produced by all beneficiaries (**r**), as already sent to the F.L.C.O. but with no expenditure supporting documents attached, to the MA (JTS - Contact Point and Project Managing Unit) to control the operations carried out.

Fig. 4.17 Structure of control systems (Article 108 of IPA Implementing Regulation “Control systems”).

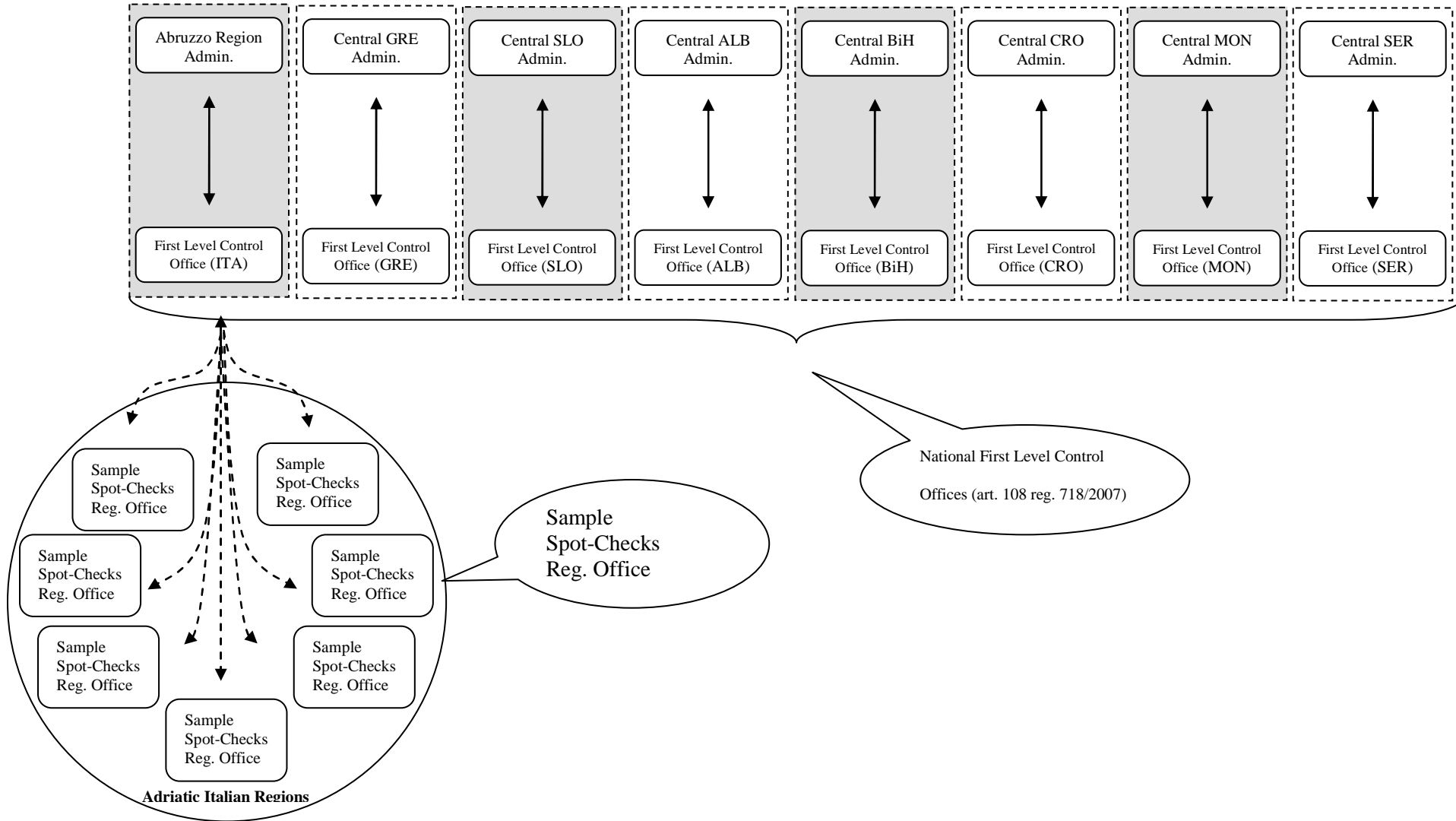
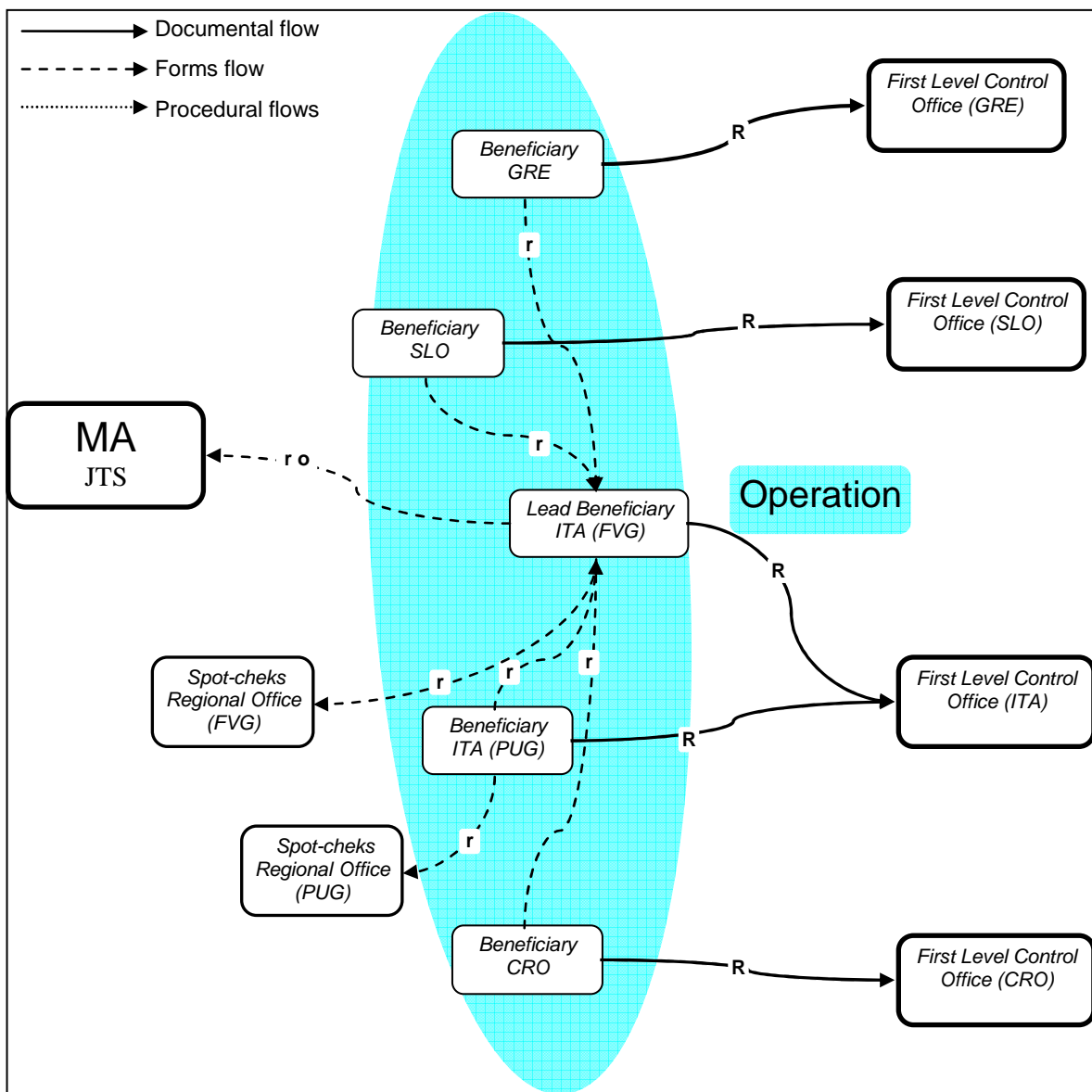


Fig. 4.18 Example of operation with Italian LB



This figure shows the example of an operation with an ITA (FVG) Lead Beneficiary and with the Beneficiaries of the other participating countries and other regions sending Expenditure Declarations to F.L.C.O, to the lead beneficiary, and to regional monitoring and spot-check offices.

The First Level Control Offices shall “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 operations, with Community rules, when relevant, and its national rules (Article 108).

To this purpose, controls shall focus on:

- a) administrative inspection of all expenditure declarations submitted by the Beneficiaries, and
- b) spot-checks on single operations.

The administrative inspection of expenditure declarations is carried out on the entire expenditure (100%) paid by Beneficiaries.

The whole First Level Control Process shall be carried out effectively and timely.

Paragraph 2 of Article 108 establishes that each participating country shall ensure that the expenditure can be validated by the controllers within a period of three months from the date of its submission by the lead beneficiary to controllers.

4.8.5. Second level control

The Audit Authority will select some projects and submit them to a second level control to check whether associated expenditures have been correctly stated in the progress reports. The purpose of these checks is to detect any mistakes in the accounting records of individual projects. This check will help obtain an overall picture about how management and control procedures and document set-up are being applied at Programme level. It will also assist the Authorities in preventing and correcting potential weaknesses and errors. Beneficiaries selected shall cooperate with the Audit Authorities and produce all documents or information requested or necessary to assess correct accounting procedures. To audit purposes, the Beneficiaries must keep the documents in good condition for five years from the last payment received.

4.8.6 Procurement rules

The procurement rules are regulated by the PRAG, according with the MA country law.

5. MANUAL AND FORMS

The Implementing Manual here presented will be additionally amplified during the implementation phase, through the preparation of the documents/manuals in order to provide the rules of management and control necessary to guarantee:

- an adequate information on the procedures and modalities adopted by the different Authorities of the Programme management;
- the uniformity of the actions of the different bodies involved in the Programme implementation and the exact definition of the technical and administrative interrelations that must characterize the management and the control of the financial initiatives.

With that aim, it is foreseen the preparation of the following documents:

- A. Guidelines for applicants. It will define regulations/procedures/modalities to be followed by bodies that will propose the projects to be financed by the Programme. The criteria of eligibility, the evaluation procedures, the admissible costs, the project presentation form (grant application form), the budget form, pre-agreement form and the agreement form, standard grant contract, etc will be presented in detail.
- B. The Call for Proposal. Document used to collect project proposals from different beneficiaries, referring to the strategic projects and ordinary projects. The Call for Proposal will contain information about:
 - the legal framework;
 - the kind of interventions to be financed;
 - the list of potential beneficiaries;
 - the eligible expenditures;
 - the general and, if request, the specific evaluation criteria;
 - the way and the forms to submit a project proposals with the documents related;
 - how the financial provision will be paid to the LB;
 - the responsibilities of beneficiaries;
 - any other necessary information.
- C. The Project Management Manual. It is the document that will provide, the financial beneficiaries of the programme that will implement the proposed initiatives, the essential elements to guarantee correct, efficient, effective and punctual implementation of the projects financed by the Programme.

The main issues to be addressed by the manual regard:

- modalities and procedures of the project management and responsibilities of the Lead Partner and other project beneficiaries;
- modalities regarding the information input to the monitoring system by the lead beneficiaries and its the relations with the single beneficiaries;

- modalities of the expenditure documents transmission by the lead beneficiary to the MA and the collecting of the documents regarding the expenditure by the lead beneficiary from the single beneficiaries. With that aim, the admissible expenditures and the accounting documents as proof of the expenditure sustained are indicated in the Manual; as well as the procedures for the audit of the expenditures;
 - the layout of the timetable to be followed regarding the content of the OP and relevant Community regulations; modalities for setting up a chronogram for the implementation of the single interventions during the presentation of the projects and during the project implementation monitoring will be explained in detail;
 - the specification of the reporting activities that the LB will respect in order to provide an adequate information on the project progress to the MA; as well as the obligations of the LB regarding the informing and publicity;
 - regulations to be respected by the beneficiaries (Lead and the other beneficiaries) during the closing of the Programme.
- D. The Manual of the procedures for the Programme management. It represents an operational instrument as a support for the programme implementation, prepared by the JMA and agreed upon by the JMC in order to define the regulations to be respected in order to guarantee transparency, efficiency and efficacy of the Programme implementation.

The beneficiaries of the Manual will be the parties involved in the Programme management (MA, JMC, JSC, JTS) that will use the document as the main reference for their internal functioning and for the definition of the information flow among the different bodies. Also, the Manual can be consulted by the project beneficiaries in order to understand better the roles of different bodies with which they will be in contact during the various stages of the project implementation(the manual for the management of the Programme is intended to be the integration of the manual for the project management and it may exclude duplications and overlapping).

For each body the manual will set up the objective to:

- specify and articulate the functions;
- illustrate the organizational structure;
- define the individual procedures of the implementation;
- describe the flow of information among the different subjects.

The Manual will also describe in detail the functioning of the management and control system, financial circuits and Programme management information.

- E. The Manual of the I and II level control. It will contain modalities, procedures and measures that the audit related to the level of the Programme will have to follow in order to guarantee the congruity of the activities carried out during the management phase with the provisions of the Programme and the implementing regulations of the Community legislation.