



**European Territorial Cooperation
Programme Med**
European regional development fund

**MED OPERATIONAL PROGRAMME
2007-2013**

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Acronyms

AA	Audit Authority
CA	Certifying Authority
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CIP	Competitiveness and Research Framework Programme
CSG	Community Strategic Guidelines
EAFRD	European Agricultural Fund for Rural Development
EFF	European Fisheries Fund
ENPI	European Neighbourhood and Partnership Instrument
ERA	European Research Area
ERDF	European Regional Development Fund
ESDP	European Spatial Development Perspective
ESF	European Social Fund
ESPON	European Spatial Planning Observation Network
FP7	Seventh Research Framework Programme
ICT	Information and communication technologies
IPA	Instrument for Pre-Accession Assistance
ISPA	Instrument for Structural Policies for Pre-Accession
JTS	Joint Technical Secretariat
MA	Managing Authority
NSRF	National Strategic Reference Framework
PHARE	European assistance programme for central and eastern European countries
SAPARD	Special Accession Programme for Agriculture and Rural Development
SEA	Strategic Environmental Assessment
SME	Small and Middle size Enterprises
SSS	Short Sea Shipping
SWOT	Strength, Weakness, Opportunity, Threats

Introduction

The programming period 2007-2013 is characterised by a significant shift in European structural policy. The Lisbon agenda clearly indicates that Europe should become a strongly competitive space, based on the knowledge economy. Its economic potential and attractiveness should be strengthened since European countries are insufficiently innovative to face international competition.

Countries in the Mediterranean area should stand up for themselves in front of other European regions, and use the exceptional opportunity that the Mediterranean Sea represents for international connections of European markets and for a better use of Med space potentials.

This aim implies that conditions of cooperation and intervention which have been favoured during the 2000-2006 period are reassessed.

It is now a matter of ensuring priority to projects with a strong strategic value in line with Lisbon and Gothenburg objectives, and which will have a direct and significant impact on the competitiveness of local, regional, national and transnational economic systems of the Med space.

More than ever, the transnational dimension of projects is an essential prerequisite to success. Beyond establishing international partnerships, should be realised objectives which differ because of their clear transnational dimension from those pursued through Convergence and Regional Competitiveness and Employment Objectives.

Apart from the specific issues outlined in this document (innovation, environment, accessibility, sustainable urban development), the Med operational programme pays particular attention to the programme's implementation conditions (quality of partnerships, integrated and strategic nature of projects).

This approach should guarantee the optimal use of funding within a restricted budgetary framework whilst enabling the respect of key conditions related to the sustainable development of Med space (respect and protection of the environment, territorial cohesion, polycentrism).

To achieve the Med operational programme, the Member states with the EU Commission set up beginning of 2006 a Task Force which met seven times between May 2006 and April 2007.

Its work was based first on two specific working groups responsible of proposing strategic orientations and implementation procedures for the Med programme.

During the year 2006, groups of independent experts were associated to the drafting procedure, taking in charge the elaboration of the socioeconomic diagnosis, the SWOT analysis, the indicator system, the ex-ante evaluation and the Strategic environmental assessment.

Till March 2007, 4 intermediary versions of the Med operational programme have been drafted both in English and French languages. These versions have been used by the Task Force members to make consultations and have given the opportunity to numerous national and regional actors to examine the OP and to give their contributions. In May 2013 the OP was subject to modification of the financial plan. An additional 560 000€ was integrated to the ERDF budget following the accession of Croatia to the European Union expected on the 1st of July, 2013. As the programming period was coming to the end, and the enlargement of ERDF budget and eligibility space was relatively small in proportion of the whole programme, no modifications were made to the socio-economic analysis.

I. STRATEGIC FRAMEWORK AND TRANSNATIONAL PRIORITIES

Med's specificity is related to the fact that it includes European regions, while open to the rest of the world through the Mediterranean coast, are "peripheral" within the European Union.

Southern Europe struggles compared to the dynamism of the northern metropolitan areas (London, Paris, and Frankfurt). Mediterranean countries are specifically characterised by geographical splintering due to a particularly long coastline that does not facilitate exchanges.

Even taking advantage from its exceptional historical heritage, Med space should make use of new resources to make its economy more dynamic, to create jobs and to remain an attractive area for all types of population.

The Med programme should allow to progress in such a way, building on the main orientations of the new programming period (particularly the Lisbon and Gothenburg agendas) and on the experience stemming from previous programmes (especially MEDOCC and Archimed)

The development of a high quality programme is encouraged, by means of an efficient implementation of projects improving their governance and applying new monitoring, implementation and result indicators.

I.1. Aims and context

a) New directions for the 2007-2013 period

Following the Lisbon (2000) and Gothenburg (2001) Councils, the European Union has set political objectives that aim at strengthening the dynamism of European competitiveness whilst ensuring social cohesion and sustainable development objectives.

However, the European Council in Brussels (22 and 23 March 2005) stated that the Lisbon objectives were not completely met. Consequently, it adopted a strategy that re-focused priorities on competitiveness, innovation, growth and employment, whilst reasserting that the three objectives of the Lisbon strategy – economic, social and environmental- should act in a balanced way.

New European priorities for cohesion are defined by the "Community Strategic Guidelines for cohesion" (CSG)¹ and have been determined by taking the Broad economic policy guidelines and the European employment strategy (EES) into account.

The aim is to strengthen economic and social cohesion so as to favour a harmonious, balanced and sustainable development of the European Community. Community action aims at addressing issues linked to economic, social and spatial disparities, to the acceleration of economic restructuring and to the ageing of populations.

In July 2006, the Commission approved the final regulations concerning the reform of European cohesion policy for the period between January 1st 2007 and December 31st 2013².

308 billion euros are allocated to actions that comply with the three new objectives: Convergence; Regional competitiveness and employment; European territorial cooperation.

In this framework, the aim of European territorial cooperation is to strengthen economic and social cohesion through the cooperation at the cross-border, transnational and interregional level, building on

¹ Communication from the Commission, Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines 2007-2013 COM(2005) 0299

² Regulation (EC) N° 1080/2006 of the European Parliament and the Council of July 2006 on the European; Regional Development Fund; Regulation (EC) N° 1081/2006 of the European Parliament and the Council of July 2006 on the European Social Fund; Regulation (EC) N° 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (EGTC); Regulation (EC) N° 1083/2006 of July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund; Regulation (EC) N° 1084/2006 of 11 July 2006 establishing a Cohesion Fund.

the previous INTERREG initiative. It is funded by ERDF³.

b) European trends concerning transnational cooperation

In terms of transnational cooperation, ERDF regulations stress four priorities:

- Innovation: creation and development of scientific and technological networks, and the enhancement of regional R&TD and innovation capacities, where these make a direct contribution to the balanced economic development of transnational areas.
- Environment: water management, energy efficiency, risk prevention and environmental protection activities with a clear transnational dimension.
- Accessibility: activities to improve access to and quality of transport and telecommunications services where these have a clear transnational dimension.
- Sustainable urban development: strengthening polycentric development at transnational, national and regional level, with a clear transnational impact.

c) Eligible areas

Between 2007 and 2013, transnational cooperation in Med programme will essentially be based on previous cooperation areas, drawing Medocc and Archimed areas together.

Following the Commission decision of 31 October 2006 drawing up the list of eligible regions and areas for the transnational strands of the European territorial cooperation objective, the Med programme covers the following NUTS II areas⁴:

- **Cyprus**: the entire country
- **France**: 4 regions – Corse, Languedoc-Roussillon, Provence Alpes Côte d'Azur, Rhône-Alpes
- **Greece** : the entire country
- **Italy** : 18 regions : Abruzzo, Apulia, Basilicata, Calabria, Campania, Emilia-Romagna, Friuli-Venezia Giulia, Lazio, Liguria, Lombardy, Marche, Molise, Umbria, Piedmonte, Sardinia, Sicily, Tuscany, Veneto.
- **Malta**: the entire country
- **Portugal** : 2 regions – Algarve, Alentejo
- **Slovenia**: the entire country
- **Spain**: 6 autonomous regions and the two autonomous cities – Andalusia, Aragon, Catalonia, Balearic islands, Murcia, Valencia, Ceuta and Melilla
- **United-Kingdom** : 1 region of economic programming – Gibraltar
- **Croatia**: the entire country

Beyond these regions, the participation of non eligible Med areas is possible but limited. In addition, the Med programme is inviting **Mediterranean candidate and potential candidate countries**, but interested countries will have to participate with their own funds coming from the Instrument for Pre-accession Assistance (IPA).

Croatia, Montenegro, Bosnia-Herzegovina and Albania gave a positive answer and joined the programme with IPA funds (from the date of its adhesion, Croatia does not use IPA funds anymore but ERDF). The modalities of their participation are regulated by Article 86(4) of IPA Implementing Rules

³ERDF: European Regional Development Fund

⁴ Commission decision of 31 October 2006 drawing up the list of regions and areas eligible for funding from the European Regional Development Fund under the cross-border and transnational strands of the European territorial cooperation objective for the period 2007 to 2013 (2006/769/EC)

(regulation No 718/2007) and the Financing Agreements between the concerned countries, the Commission and the Managing Authority.

Besides, according to Article 21(2) of ERDF regulation, in the context of transnational cooperation and in duly justified cases, the ERDF may finance expenditure incurred by partners located outside the area participating in operations and up to 20% of the ERDF total budget requested by the whole of the EU partners of a project. This expenditure must be targeted and must be for the benefit of the regions of the Med area.

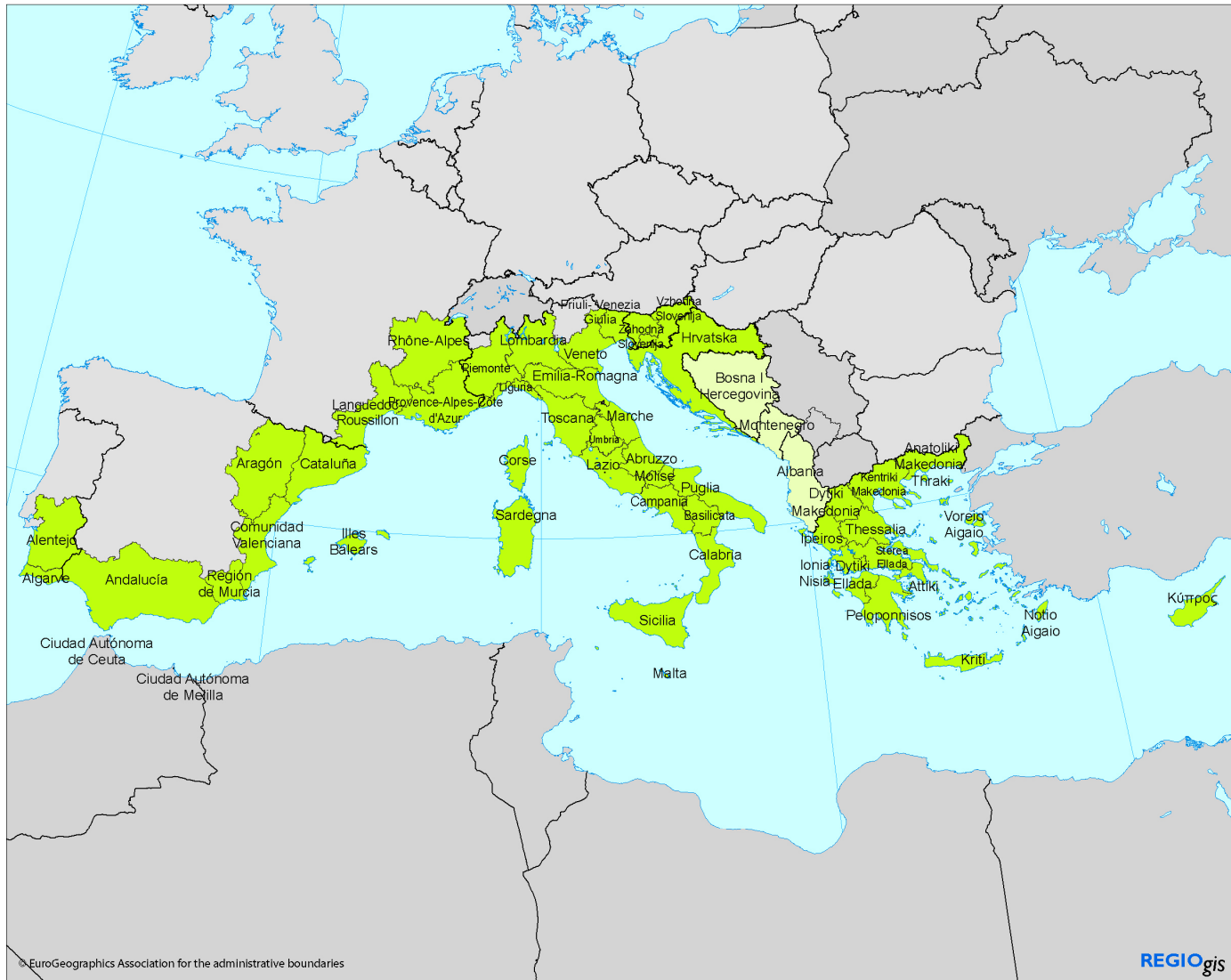
As well, according to article 21(3), the ERDF may finance expenditure incurred in implementing operations or parts of operations on the territory of countries outside the European Community and up to 10% of the ERDF total budget requested by the whole of the partners EU of a project. The funds allocated under this 10% flexibility option must be targeted and must be for the benefit of the regions of the Med area.

Rates of 20% and 10% are applicable at project level in order to avoid the use of this possibility for only a small number of projects.

The Monitoring Committee will decide to use (or not) this possibility and will specify, if necessary, its implementation terms. Nevertheless, funds allocated under these possibilities must be used under the responsibility of a partner located in an EU Med country in order to ensure proper audit and control procedures.



Structural Funds 2007 - 2013: Transnational Cooperation Mediterranean



- EU28 Cooperation areas
- Other cooperation areas

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I.2. Situation of the Med area and development perspectives

The socio-economic diagnosis and SWOT analysis of the Med area aims at providing the reader with a “snapshot” of the situation of the programme area. In this respect it aims particularly at visualizing’ disparities within the eligible regions as well as the differences between the Med programme and its surrounding areas.

The diagnosis and SWOT analysis highlight the main characteristics of the area so as to identify, within the Med programme, the most important issues on which sustainable development actions could be based for the coming years.

As such, they refer to the strategic orientations of the European Union presented in the Strategic Community Guidelines and in the EU regulations developed around four main topics, on which will be based the strategy of the Med programme: socioeconomic development and innovation; environment and heritage; territorial accessibility; territorial development, polycentrism and culture.

a) The context of the Med programme area

Landscape characteristics

The Med programme area is characterised by a **very diversified and very sensitive landscape**, consisting of a very long coast line, mountainous regions (Alps, Pyrenees, Pindos etc.), numerous rivers and lakes, very large and fertile plains, forests and many islands, two of which are new member States (Malta and Cyprus).

For this reason, the area does face **difficulties in communication and access** between countries, regions (east west connections, Islands) and with surrounding areas (with northern Europe notably).

Furthermore, the **geographically fragmented aspect** of the Med area does not facilitate as well the setting up of transnational **coordinated development strategies** between Member states, between regions or between the main metropolitan areas. Administrative borders are often characterised by significant **physical borders** which necessitate strong cooperation systems to coordinate policies in strategic fields like environment, natural risks, maritime safety or economic development.

On the other hand, the Mediterranean countries and particularly the Mediterranean Sea, maintain – since ancient times - **important roles as super-highways** of transport, allowing for trade and cultural exchange between the peoples of the region, their hinterlands and other continents (Africa, Middle East and Asia).

The history of the Mediterranean is important in understanding the origin and development of the western civilization. Much of this **history and cultural heritage** is still to be found in the Med countries’ cities. Some of them are quite **strong economic centres** of growth (e.g. Barcelona, Valencia, Marseille, Lyon, Milan, Turin, Roma, Athens). History, culture and favourable climate generate a **strong attractiveness** which boosts the **tourism industry** but are as well a source of pressure on cultural and natural heritage.

Concerning the environment, the Med area is home to considerable bio-diversity. This area has been designated as a **biodiversity hotspot**, because of its rich biodiversity and its’ threatened status. This hotspot includes the sea, large wetlands and rivers, mountainous regions, forests and plains. It is home to a number of plant communities which vary with rainfall, latitude and soils.

In some regions of the Med area, the over exploitation in combination with faulty exploitation of natural resources have led to severe **degradation of the natural environment**. For these reasons, the protection of the territorial heritage –nature and landscape- represents a strong issue for the future.

In the field of **agriculture**, the Mediterranean regions have been characterized by historians as “the

olive zone”, which may be the crop that separates the (natural) identity of the area from its northern hinterland. However, several other plant crops, mainly cereals and fruits – as well as livestock - are produced. With forestry, they contribute to the local and national economies of the region (export of food products mainly). In the same time, **fishing** still constitutes an important industry for some regions and has to be managed in connection with natural environment protection and prevention of maritime pollutions.

In times of global **climate change**, the Mediterranean regions are very sensitive to **natural hazards** such as draught, forest fires and floods. The **lack of water** resources constitutes a strong preoccupation in islands and regions in connection with urban pressure and intensive agricultural activities.

Demography⁵

The countries around the Mediterranean Sea have a population of 430 million inhabitants⁶ (2003 figure, Eurostat), of which approximately 183 million live in EU member States. 66,9% of the population of the northern shore of the Mediterranean Sea live in urban areas⁷.

In 2006 a total of approximately 110 million persons lived in the eligible Med regions, equalling 22% of the total EU27 population. The regions covered a total area of approximately 800.000 km², nearly 20% of the total EU territory (18,86%) – see appendix 1.

The distribution of the population of the Med regions shows **important disparities**. Where the average population density of the whole programme area comes to 137 persons per km² (the EU27 equivalent is 116), this figure is for Malta 1.280 persons per km², for the two Portuguese regions 32 persons/ km² and for Gibraltar regions only 4 persons/ km² ⁸.

The Med space regions are **popular places of living**. The Eastern coast of Spain, the two Mediterranean regions of Portugal, the southern coast of France and the coastal areas of Northern Italy as well as both Cyprus and Malta, have all experienced **population increase** of an average of about 12 persons per 1000 inhabitants between 2000 and 2005. The coastal areas of Greece and Southern Italy have experienced a weaker population increase – in some regions of the countries even a decline in the population has been checked⁹.

As for many European regions, the increase in population is not due to natural increase, but mainly to **migration** from abroad (extra-EU as well as intra-EU). The natural population change is even negative in Slovenia and in Greece, whereas in the other Mediterranean countries the situation is more balanced.

Additionally, the population of the northern shore of the Mediterranean Sea has aged, so that in 2005, a percentage of 22,1% was above 65 years of age.

Whereas the young age dependency is clearly below the EU average in Spain, Italy, Slovenia and Greece, the tendency is also there in France, Malta, Cyprus and the Portuguese regions. Reversely the old-age dependency rates in these countries (Greece, Spain, Italy, Slovenia, French Mediterranean regions and Portuguese regions) are well above the EU average, with only Cyprus and Malta with an old-age dependency rate slightly below the EU average¹⁰.

⁵ Source: www.statistics.gr, www.ypes.gr, www.insee.fr, www.citypopulation.de, www.mof.gov.cy/cystat, www.nso.gov.mt, www.stat.si, www.forum.europa.eu.int/irc/dsis/regportraits/info/data/en

⁶ Non-member states of the West Balkans are not included in this figure. Out of the total population, 64,1% lived in urban areas (2000)

⁷ Source: Plan Bleu: Demography in the Mediterranean Region. Situation and projections. Isabelle Attane & Youssef Courbage, English version of 2004.

⁸ For more details, see appendix 1. The corresponding figure for Slovenia is: 99 persons per km², for Cyprus 130, for Greece: 83, for the French regions 121, for Spain: 115 persons, and for Italy 184.

⁹ Forecasts of the urban population in Mediterranean coastal cities tell that on the northern shore the urban population is expected to increase by 6 million between 2000 and 2025, from 129 million to 135 million. On the southern shore these figures are quite different: the forecast tells that the population in urban centres will increase from 145 million in 2000 to 243 million in 2025 (+68%).

¹⁰ See appendix 2

Economic performance and structure of the economy

In 2003, **32 regions out of the 48 in the Med area** had a GDP per capita (PPS) **bellow the EU average** and 13 had a GDP per capita equal or bellow 75% of this average. Within this area the **situation is very contrasted** with almost 10 regions approaching or exceeding 120% of EU average (regions of northern Italia, Catalogna and Balearic islands in Spain, Sterea Ellada in Greece, Rhone Alpes region in France)¹¹.

In parallel, Mediterranean countries show **growth rates** that exceed those of the average of the EU in the period between 2000 and 2005. However, **there are quite big discrepancies** between the Mediterranean countries in the growth pattern of the GDP.

Between 2000 and 2005 Italy, Malta and Portugal exhibit some instability in the growth rates, while Greece, Cyprus and Slovenia feature a more dynamic evolution. In 2005, the GDP of these three countries exceeded 3%. On the contrary, Italy and Portugal were close to or below 0% of annual growth rate¹².

Generally, despite structural difficulties and a low level of GDP per capita in many regions, a relatively dynamic growth rate shows a **process of convergence** between northern and southern European countries over the first 5 years of the 3rd millennium. However, at a regional or infra regional level, **economic disparities are still very significant** and even tend to increase in the poorest areas.

From a sectoral approach, national Gross Value Added in the Med area derived in 2005 mainly from the sectors of **trade and transport, business activities and financial services** and other services. In all of the Med countries, these sectors generate between 67 and 77% of the GDP. However, the services sector relies much more on **traditional branches. Knowledge economy and new economy activities** (design, media, communication, marketing, fashion...) represent however a **strong potential** in the most developed regions and should be strengthened as facing international competition

In parallel, the traditional sector of **tourism**, although very dynamic, nevertheless could be especially strengthened in those sectors promoting sustainable development principles: in particular protection and management of the environment as well as **agriculture and fishery activities** which are still important in the Med area as compared to other European regions. Whereas the agriculture sector contributes within the EU 25 to an average of 1,9% of the gross value added, within the Med area this figure is ranging from 2,2% in France to 5,2% in Greece (2005)¹³.

This shows a still important position of **traditional economic sectors** which are based on the activity of a **high percentage of fragmented SMEs** with often low added value. These sectors and enterprises will require modernization, partnership and diversification to better compete on national and international markets.

Employment

In 2004, the EU 25 **unemployment rate** came to 9,1%. Greece, Spain, France and Slovenia all featured national averages of unemployment above this level (Greece: 10,5%, Spain: 10,6%, France: 9,6% and Slovenia: 18,2%). In contrast, though, Cyprus, Italy, Malta and Portugal features rates well below the EU 25 average (Cyprus: 4,6%, Malta 7,4%, Portugal 6,7% and Italy 8%).

In the southernmost region of Portugal (Algarve), in most of the Spanish regions, in the South-western Italian regions, in some of the Central Greek regions, in Slovenia and in Malta, the unemployment rates decreased up to 1%. However the situation is difficult in most of the Greek regions, the Northern and eastern Italian regions as well as in Cyprus where the unemployment rate increased from 0.2% to above 2% between 2003 and 2004.

¹¹ Source Eurostat 2006. See appendix 3 and appendix 4

¹² See appendix 5 and appendix 6

¹³ Source: Eurostat – Agricultural Statistics. Data 1995 – 2005

Concerning **labour productivity** the Mediterranean countries presents a varied picture. Being fairly high in Southern France and Northern and central Italy, the Central part of Greece and Attiki, Greece, it is low to very low in the rest of the regions¹⁴.

In the period 1998 to 2003 productivity grew in Greece and Cyprus by between 10 – 20%. In the remaining regions, with only a few exceptions in Spain and France, the regional productivity growth rate was below 5% if not negative, as it was in Malta and in some north Italian regions.

Concerning the employment rate in 2004, only Cyprus, Portugal and Slovenia had an rate exceeding the EU average of 63,8% (Cyprus 68.9%, Portugal 67,8%, and Slovenia 65,3%). Indicatively, national employment rate in Spain comes to 61,1 % in France to 63.1% in Italy to 57.6%, and in Greece to 59,4%.

b) Innovation in the Med programme area

Education

During the period 2000 – 2003 four of the Med countries spent **above the average** of the EU on education (France, Cyprus, Portugal and Slovenia). Greece, Spain, Italy and Malta all spent less, when measured as a % of the GDP. For all countries though, the spending increased during the years 2000 – 2003¹⁵.

Even the number of science and technology graduates in Med countries is in general below the EU 25 average, enterprises and industries can rely on a **skilled labour force** and on young people with **high education level**.

The fact that the number of Science and Technology graduates increased in all the Med countries is a sign of an **increasing recognition of the importance of human capital** as an engine of growth. Also this is definitely the basis for introducing innovative activities in Mediterranean regions.

Although countries like Greece, Cyprus and Slovenia show figures below the EU average, (ranging from 4,2 to 9,3 graduates per 1000 persons aged 20 – 29 years) these figures must be put into perspective as many young people (particularly from Cyprus and Greece) do not graduate in their home country, but abroad.¹⁶

Research and development

Science, Technology and Innovation form one of the cornerstones of the EU policies. In 2000 and 2006 the EU governments agreed to increase the R&D spending to 3% of the GDP by 2010. In 2005, when the Lisbon strategy was reviewed, this policy received more attention. The EU average GDP expenditure on R&D (GERD) was in 2004 at 1,86% of the total GDP¹⁷.

Within the Med countries, only France reaches a level of expenditure above the EU average. All other Med countries' expenditure is **well below the average**. The encouraging trend though is that **expenditure on R&D is increasing** in the Med space countries, with the exemption of France and Greece. The general picture remains though, that the **Med regions are lacking behind in R & TD activities** in comparison to other EU regions.

¹⁴ In these regions the productivity measured as GDP/Employment in euros ranged from 50.000 to above 60.000. The rest of the Mediterranean regions feature productivity between 20.000 to 50.000 Euros.

¹⁵ The spending on education as a % of GDP was in the EU 15 in 2003 at 5,21%. The Med countries expenditure on Education ranged that year between 3,94% (Greece) and 7,36% (Cyprus). See appendix 7

¹⁶ An example from Greece: Approximately 75% of all young people aged 20 – 24 receive education at highest level (Universities) which in comparison with other European countries is rather high.

¹⁷ Source: Eurostat 2007

Most of the activities are financed by the public sector and **to a much lesser degree by the private**. If Universities and public research centres participate well in the R&TD activities, on the other hand, the trend in expenditure on R&D financed by industry is varying between countries.

Between 2000 and 2004 the expenditure of R&D funded by industry decreased by approximately 1% in France and Spain. In Greece, the decrease came to about 4,8% (period 2001 – 2003). On the other hand the same kinds of expenses rose in Cyprus between 2000 and 2004 by 1,4%, and in Slovenia during the same period it rose by 5,2%. In Portugal the figure rose by 4,7% between 2000 and 2003.

Also, the share of R&D personnel as a percentage of persons employed is for most of the regions well below the EU average which in 2003 was 1,44%. Within the countries of the Med area, only the Rhone-Alpes region in France exceeds this average by more than 2%.

In spite of the fact that the R&TD activity in the Med space countries is not at a too advanced level, the **existence of higher level education institutions and public research centres** do provide focal points for future furthering of these activities.

Patents and export of high-technology products

The recent increase in patent application has enhanced their economic importance and the interest of policy makers. They are an indication of the innovativeness of regions. In 2003, the EU15 average number of applications made to the European Patent Office was 161.393 per 1.000.000 inhabitants.

Within the Med countries this figure varies a lot: In France it came to 153.74 applications and in Spain it was only 30.58. In Portugal this figure was only 7.497 applications. (In comparison, the figure for Germany was that year: 311.714 applications)

What is common for all countries is that there **is an increase in the number of applications**, which does indicate that the existence – or recent establishment of research centres and institutes do provide **a basis for furthering the R&TD activities**.

Employment in high tech industries and knowledge intensive services lies within the EU 25 at around 6,9% of the total employment (year 2004). To this end most of the regions of the Mediterranean Space countries have **less than 5%**¹⁸.

In terms of exports of high tech products the situation seems to be reflecting that Malta and France do well, as their share of exports of high-tech products as a share of total exports is at the EU 25 level (France – 20% the whole country) or well above this average (Malta, 56%).

In Greece, Spain, Italy, Cyprus, Portugal and Slovenia this share of exports lies at very low levels in comparison to the EU 25 average. For example: In Greece and Italy high-tech exports accounts for 7%, in Spain for 8%, in Cyprus for 16%, in Portugal 8% and in Slovenia 5%.

E-society

The investments in telecommunications and IT are linked to the e-society, which is **emerging rapidly**. The e-society can become instrumental for better **social cohesion** and future **economic development** within the Mediterranean space.

In terms of developing e-government on-line availability, most of the Med countries are **levelling or exceeding the EU average**, with the exemption of Greece and Cyprus.¹⁹

The business communities of the Med countries use the e-government facilities to an extent that equals or extends the EU average. In 2005, 57% of the EU 25 enterprises used internet for interaction with

¹⁸ Only Malta, few regions in Spain – of which one is within the Med Space, and some of the Northern Italian regions are above the EU average that year, in fact reaching 7,5%.

¹⁹ In 2006, the EU25 average of online public services was 50. In Greece it was 30, in Cyprus 35, in France 65, in Italy 58, in Malta 75, in Portugal it was 60, in Slovenia it was 65 and in Spain it was 55. The figure for Gibraltar is not known, but taking the figure for UK it was 71. Source: Eurostat.

public authorities, in Greece this figure came to 81%, in Spain 55%, Italy 73%, Cyprus 40%, Malta 68%, Portugal 58% and Slovenia 72%²⁰.

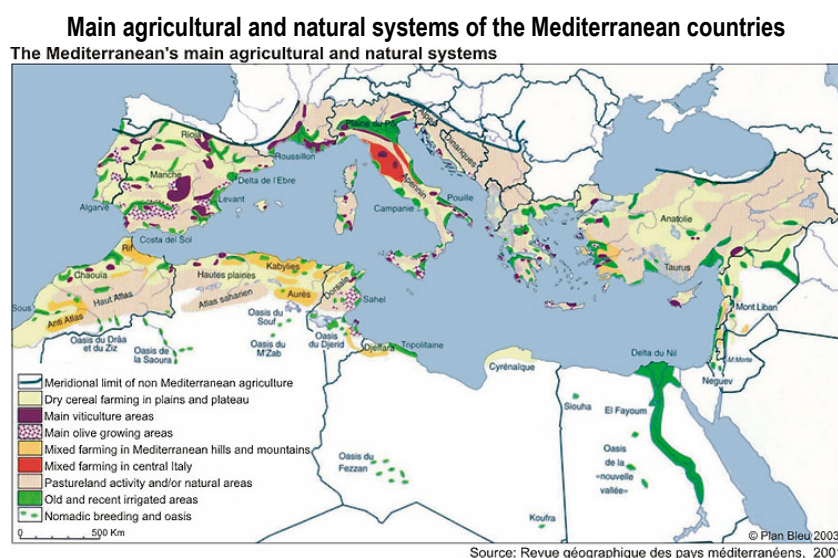
However, the impact of ICT on business development is as well depending on the level of **internet access of households** which is in general **lower** than the average of the EU25²¹.

c) Environment in the Med programme area

Natural resources – Biodiversity

Natural resources are much diversified within the Mediterranean countries and include large areas of forested and agricultural land, mountainous areas, rivers and coasts with specific landscapes like lagoons, deltas, dunes and wetland areas. **They represent a very rich and sensitive asset for Med regions.**

There are also substantial differences within the Mediterranean countries as to what regards the present state of the environment and the scale of the problems existing. The prevailing common issue amongst the Mediterranean regions is the challenge of **managing coastal zones**, **land- and water- use**, **protected areas**.



Source: Plan Bleu

There are severe problems in terms of **degradation of the environment and growing vulnerability to natural disasters**. The causes of these problems are to be found in weak connections between the Mediterranean societies and their environment, forests, **industrial and agricultural activities**, **coastal over-development**²², traffic and **intensive tourism**²³. Un-controlled land use, inefficient **energy use**, and non-integrated management plans have a global impact on the natural resources available.

Protected areas throughout the region remain **fragmented**, usually consisting of smaller isolated drops

²⁰ See appendix 8

²¹ In 2006 the average % of households in the EU25 that had access to Internet was 52%. In Greece it was 23%, in Spain 39%, in France 41%, Italy 40%, Cyprus 37%, Portugal 35% and in Slovenia 54%.

²² Approximately 40% of the total coastline is considered to be built-up – urbanization and artificial coasts.

²³ In the EU the total protected areas for biodiversity cover 12,1% of the total EU 25 areas. Most of the Mediterranean countries have more than that average of protected areas.

In 2005 16,4% of the Greek area was protected areas (Habitat directive) and in Spain this figure came to 22,6%. In France it came to 6,9% and in Cyprus 5%. Malta's protected areas came to 12,5% of the total land area and in Portugal the figure was 17,4%. In Slovenia the corresponding figure came to 31,4%.

in the landscape. In many cases very valuable ecosystems are to be found in border areas, such as the rivers that form natural borders or the Mountainous ranges.

Very **valuable ecosystems** can be directly submitted to human activities through **intensive agriculture**, faulty methods of farming or **urbanisation** like in delta rivers areas.

Thus, integrated management of **urban waste** has not yet been implemented widely throughout the Mediterranean regions. Also there are severe problems in terms of processing and **managing industrial and dangerous waste**. This problem is particularly visible in abandoned industrial areas.

The problems relating to soil resources have resulted into the **degrading of the soil systems** because of erosion, deforestation and hence less productive soils and dangerous **degradation of underground waters**.

Attention must be paid to the management of natural resources, taking into account the impact on the environment and the social and economic consequences for the local communities. The right balance between preservation and the exploitation of the coastal and the mountainous areas has to be found in order to minimise and avoid the loss of ecological balance.

Urban environment and pollution

In urban areas, the environmental, economic and social dimensions meet most strongly. As many environmental problems are concentrated in cities; the quality of life of the citizens is directly influenced by the state of the urban environment.

The environmental challenges facing cities have significant consequences for human health, the quality of life of urban citizens and the economic performance of the cities themselves. Most cities in the Med region are confronted with a common core set of environmental problems such as:

- pollution (air quality, high levels of noise, emissions of greenhouse gas) caused by high levels of traffic and congestion, heating, some industries;
- poor-quality built environment;
- derelict land and brownfield areas;
- green house gas emissions;
- urban sprawl;
- generation of waste and waste-water.

For example, although the EU member states have agreed to an 8% reduction in its greenhouse gas emissions by 2008 – 2012, **the total emissions in the Med Countries do not seem to decrease**. Between the year 2001 and 2004, and measured against the base year 1990, the indexes for the Med countries with the exception of France and Slovenia, rose. In the EU 25 the volume of emissions fell by 7,3 points, in Greece it rose by 23.9, in Spain by 47.9, in Italy by 12,1, In Cyprus by 48,2, in Malta by 45,9, in Portugal by 41. Only in France and Slovenia the volume decreased in both countries by 0,8²⁴.

Water management

Water management is a strong issue within the Med area because of **limited resources** and important human activities which increase water consumption and affect the **quality of water resources** (household discharges, industrial production, farming methods and animal husbandry). Water abstraction of both ground and surface water is in general increasing in the Mediterranean Space countries²⁵. In addition, pollution of rivers, lakes and ground water resources is becoming a

²⁴ Source: Eurostat

²⁵ Data for the water abstraction and water consumption are very limited and not really comparable – over time and between regions. However the general trend is that the total water abstraction per capita increases. For example: Over a 5 year period (1992 – 1997) the water abstraction per capita in Greece rose from 778,9 to 809,3 m³. In Slovenia the volume rose from 153,2 m³ in 2000 to 450,9 m³ in

preoccupation in each Med region.

In most of the Med countries, treatment of urban waste water is limited at least considering the % of the national populations that are connected to waste water systems. In Spain and France the % of population connected to such systems are 89% (2002) and 79% (2001) respectively whereas in Greece and Italy the corresponding figures come to 56% (1997) and 63% (1995) respectively. The figures are 35% in Cyprus, 42% in Portugal, 33% in Slovenia (1997) and 13% in Malta (1997).

Energy

In spite of the possibilities existing to produce energy / electricity using renewable sources of energy, these possibilities are still **not fully used** in the Mediterranean countries. Practices for saving resources have in general not yet been adopted. Where the figure for energy production using renewable energy sources on the average in the EU 25 comes to 12,7% of the energy production (biomass, hydro, geothermal, wind and solar energy), the similar figures in the Mediterranean countries are very low.

In Med countries, the main production of renewable energy comes from biomass and hydropower. Solar energy and wind are progressing but still represent a low percentage of the global energy production.

Sources of the renewable energy primary production within the Med countries (1000 toe, 2004)

	Solar	Biomass	Geothermal	Hydro	Wind
Greece	108	953	1	402	96
Spain	62	4,853	8	2,713	1,341
France	19	12,007	130	5,179	49
Italy	19	3,145	4,888	3,671	159
Cyprus	92	5			
Malta					
Portugal	21	2,877	78	849	70
Slovenia		470		352	

Source: Eurostat 2007

The production of solar energy (measured in 1000 toe²⁶, 2004) was in the EU25 an average of 743. The corresponding figure for the Med countries was in Greece 108, in Spain 62, in France and Italy 19, in Cyprus 92, and in Portugal 21.²⁷ (No data for Malta and Slovenia available).

Concerning energy intensity²⁸ the EU 25 came to an average of 204,89 in 2005. In comparison, only France and Italy among the Med countries show a better result while Cyprus, Malta and Slovenia exceed 250. For comparison, the corresponding figure for Denmark was 120,32 in 2004. This means that the efficient use of energy could definitely be improved.

2002. In France for the same to years the volume remained at the same level (556,9 m³ in 2000 and 558,8 m³ in 2002). In Cyprus the corresponding figures were: 263,4 and 289,8 m³ respectively. On the other hand the figures for Spain show a decreasing trend as in 2000 the volume came to 925,6 m³ in 2000 and to 908,6 m³ in 2002. Also Malta featured a decrease in abstraction of water as in 1995 the volume came to 54,9 m³ and in 2000 it came to 44,9 m³. For Italy and Portugal the figure for the year 1998 (only year for which data are available) was 737,7 m³ and 1097,0 m³ respectively. The increasing trend in water abstracted for public water supply is similar to the trends for total water abstracted. Data are likewise problematic. Source: Eurostat.

²⁶ Toe : ton of oil equivalent

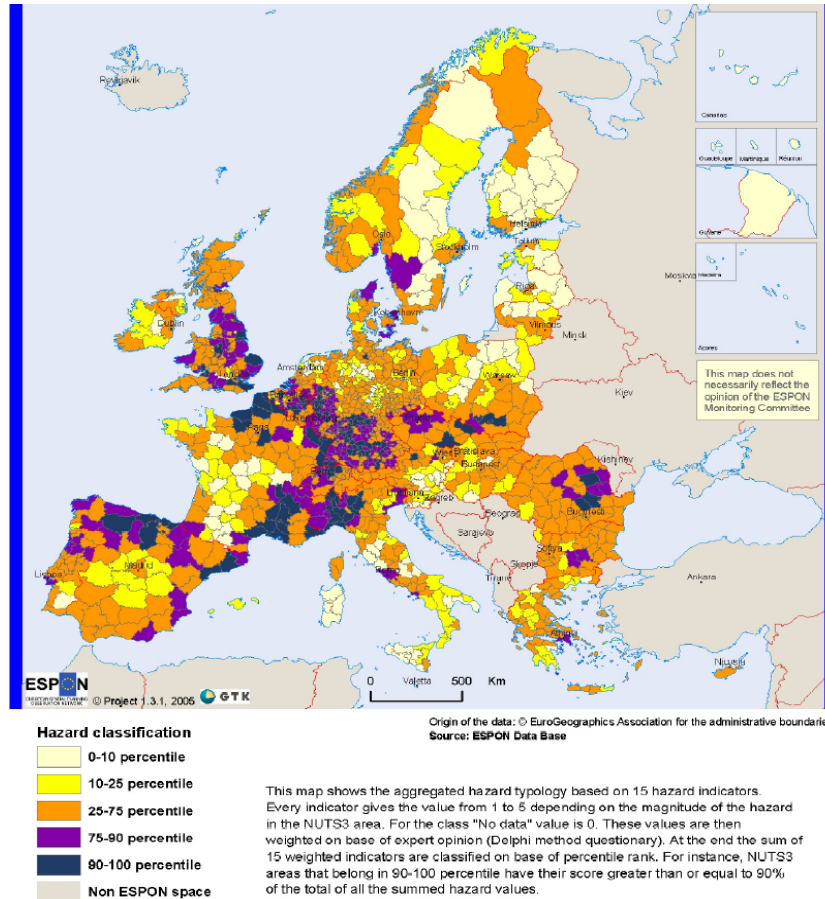
²⁷ Source: Eurostat

²⁸ Energy intensity: the ratio between gross inland consumption of energy and the GDP. It measures the energy consumption of an economy and its' overall energy efficiency. The gross inland consumption of energy is calculated as the sum of the gross inland consumption of five energy types: coal, electricity, oil, natural gas and renewable energy sources. The GDP figures are taken at constant prices.

Natural risks

The Med regions are very **sensitive to natural hazards**. The dangers of **draught and fires** are particularly worth attention, especially concerning forests management. According to ESPON²⁹ studies, the Mediterranean areas have been classified as main cluster threatened by forest fires and droughts in Europe³⁰.

Natural hazards in Europe



But not only do fires and droughts threaten the natural environment of the Mediterranean Space. There are other natural hazards too: earthquakes mainly in Italy and Greece, floods (northern Italy, south of France, Slovenia) etc.

The aggregated map of natural and technological hazards reveals that particularly the Central and Western Mediterranean coastal regions are endangered by hazards.

Maritime environment

As mentioned earlier, the Sea is the biggest asset of the Med programme area. Characterized by some very narrow straits as entrance or exit points for the Maritime traffic (the Strait of Gibraltar, The Sea of Marmara, The Suez Canal), the Mediterranean Sea is **particularly vulnerable and exposed to maritime accidents**.

Estimations of REMPEC³¹ state that within the Mediterranean Sea there are about 2.000 merchant

²⁹ ESPON : European Spatial Planning Information Network

³⁰ Source: ESPON: project 1.3.1. Natural Hazards, final report April, 2006

³¹ REMPEC: Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea

vessels over 100 Gross Registered Tons at sea any moment³². Of these vessels, 250 – 300 (that is more than 10%) are oil tankers. The Mediterranean Sea is the major route for transportation of crude oil from the fields in the Middle East and Northern Africa, to the European and Northern American centres (this significant volume of traffic that transits the Mediterranean Sea rarely enters any of the Mediterranean Ports). Between 1990 and 2000 a total of 199 accidents in the Mediterranean Sea were recorded, of which 91 caused oil pollution.

Additionally the Maritime environment is also endangered by the transportation of solid hazardous products (chemicals) which are being transported in large bulk quantities.

d) Accessibility in the Med programme area

The transport sector **contributes to the development** of any region, no matter at what scale. The continuous improvement of the road infrastructure has contributed to the provision of better **accessibility** and better **territorial cohesion** between centres and the regions. The existence of large islands that are depending on the air and sea transportation facilities poses the issue of **developing integrated and multimodal transportation systems**.

Multimodality is a key component of its competitiveness and sustainable development, facilitating efficiency in the transport of persons and goods, as commonly agreed by former Meda partners³³. Also, in view of the increased mobility, efficient transport infrastructure is needed to **minimize the environmental effects** and simultaneously to **increase safety**³⁴.

Road transport and road networks

Regions with a high development of road infrastructure of motorways and major roads do in general have a competitive advantage over others. In the Mediterranean countries, there are **fairly good road infrastructures** and a well developed regional network.

However, the density of motorways expressed in kilometres of motorway per 100 km² still lags behind as compared to the European average. This is mainly a difficulty concerning **east-west connections** within the Med space.

The Coastal regions of Spain, France and Italy are catching up with the higher levels in Central and Northern Europe, but in the Eastern part of the Mediterranean regions the situation is that some catching up still has to be done. Due to the terrain of the Med countries that are connected to Northern Europe, there are still difficulties in terms of connecting the region on an east – west axis.

However, the lack of accessibility from the coast to the internal zones and the high traffic density in the main corridors and most urbanised areas cannot be solved only by developing road infrastructures. An **integrated approach** is required with the adaptation of existing transport means and with the development of multimodal/intermodal transport systems (**road-rail connections**).

³² Source: REMPEC: "Protecting the Mediterranean against Maritime Accidents and Illegal Discharges from Ships", 2005. Note: There is a general lack of reliable data concerning the traffic patterns and density in the Mediterranean.

³³ Meda programme: programme based on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro_+Mediterranean partnership. Cf. in the Blue Paper: Towards an integrated Euro-Mediterranean Transport System - November 2005.

³⁴ In Algarve for example the death rate per million inhabitants came in 2003 to a high of 318. Increase of car ownership in combination with improper road infrastructure is also causing increasing death rates, particularly in larger urban areas.

Motorway network evolution



Source: "Transport networks and networks: Territorial trends and basic supply of infrastructure for territorial cohesion.", ESPON Final Report, Project: 1.2.

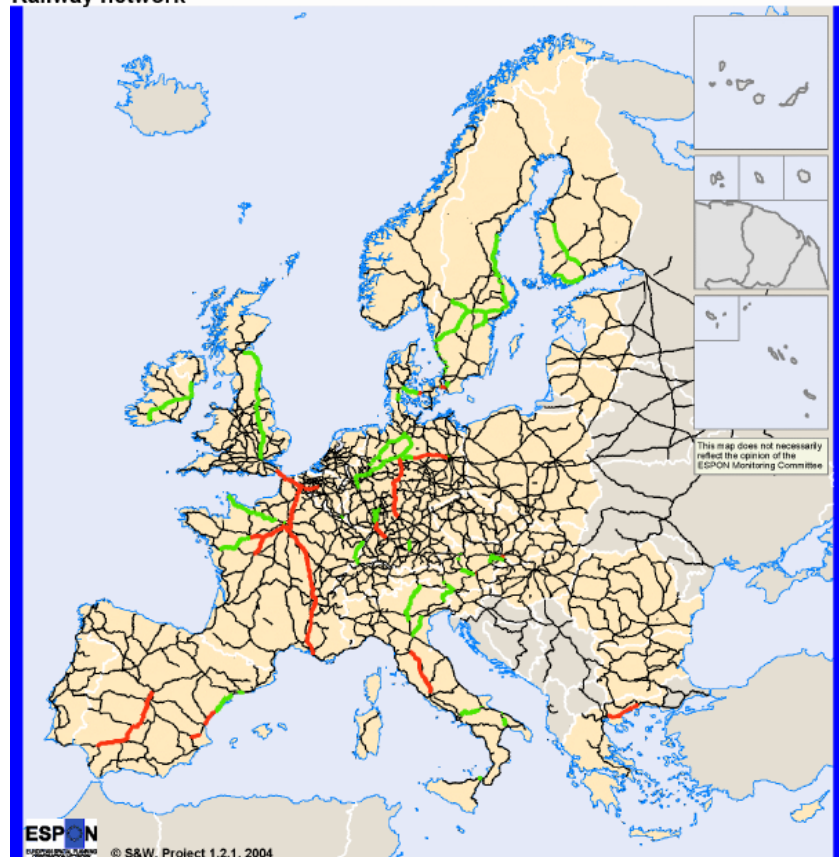
Rail transport

In general the Mediterranean Space regions can be characterized by the fact that the **density of railway is much less than that of the Northern and Central European Countries**. Furthermore the existence of high-speed rail networks is not yet completely efficient and in some cases totally inexistent. In France this system has been developed satisfactorily. In other countries, - were railway networks do exist – the development of high speed – or upgraded – lines are limited to connections between main cities.

Furthermore there are regions within the Med space, **where railway networks do not exist at all**: Cyprus and Malta are the striking examples, but also several of the large islands – not to mention at all the smaller ones – do not have well organised railway systems.

In those regions where railway networks do exist, these are often very poorly connected to the road networks. Very often the main terminals of the railway networks are situated in inner-city areas, which are in any case not easily accessible by car. This again confirms the **need for developing multimodal/intermodal transport systems and multimodal transportation nodes**.

Railway network



Railway network
— High-speed rail line
— Upgraded high-speed rail line
— Main conventional line

© EuroGeographics Association for the administrative boundaries
© IRPUD for the network database

Source: "Transport networks and networks: Territorial trends and basic supply of infrastructure for territorial cohesion.", ESPON Final Report, Project: 1.2.

Maritime transport

Maritime transport is **extremely important** in the Mediterranean Sea. The Mediterranean Sea is the carrier of international trade between the EU and the Mediterranean countries and Asia, representing around 75% of the total trade and presenting an annual increase of 6% in the late 1990s and early 2000.

In 2004, the Sea transport of goods in the Med space countries reached 40,8% of the total sea transport of goods in the EU³⁵.

Some of the international freight goes by road or by air. **Short-Sea-Shipping is seen as one of the main pillars in the White Paper for transport**³⁶ ("European Transport policy for 2010: time to decide") as a flexible option to absorb a constantly increasing demand on the road system.

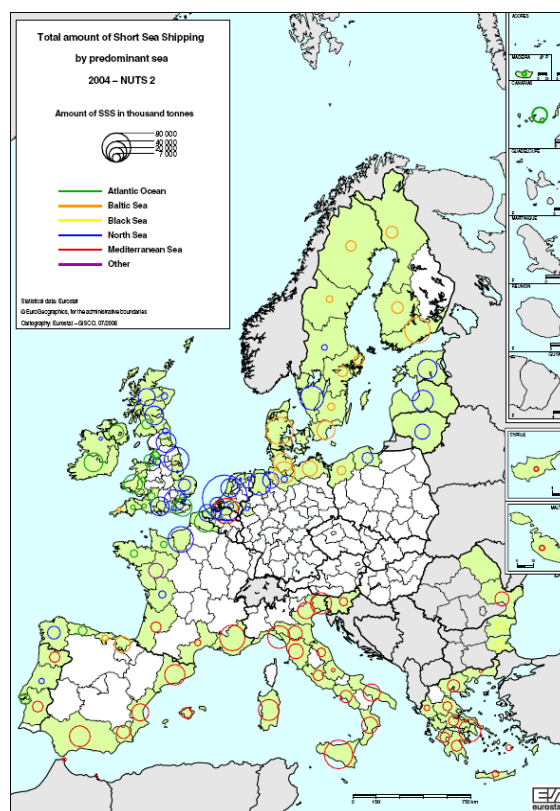
In combination with the creation of **Motorways of the Sea**, the aim is to develop an **integrated transport system between different transport modes** and to offer alternatives to the road-only transport. There is a rather large potential for the Mediterranean countries to develop Short-sea shipping further. For example, only Sicily reaches volumes of short-sea-shipping that can compare with regions in northern Europe³⁷

³⁵ Source: Eurostat 2007

³⁶ White Paper: *European Transport policy for 2010: time to decide*, European Commission, 2001.

³⁷ See Eurostat: "Regions: Statistical year book 2006. Data 2000 – 2004. Map 10,3., October 2006

Total amount of short sea shipping, 2004, Nuts II



Source: Eurostat: Regions: Statistical yearbook 2006.
Data 2000 - 2004, map 10.3., October 2006

Air transport

The air transport system is **fairly well developed** between the main Mediterranean urban centres, but improvements can be made both in terms of regional airports in the Mediterranean regions and in terms of connecting these to the hub-airport and other forms of transport, in particular connecting routes on an east-west axis.

However, the density of regional airports within the Mediterranean regions is not as close as the one of Northern and Central Europe, while air transportation of goods and passengers is expected to become evermore important.

The Med countries already experience large volumes of travellers because of their tourism economies. In 2005, the number of air passengers within the EU 25 came to 705 Million (1,5 passenger per inhabitant). This means an average of 28,2 million passengers for each country. In Greece, Spain, France and Italy the figure of air passengers exceeded that: 31 million in Greece; 144 million in Spain; 108 million in France and 88 million in Italy³⁸.

In the regions of Algarve, Corsica, Crete, Cyprus and Malta, this number of incoming and out bound travellers is between 6 and 12 per inhabitant. In Rhodes, and in the Balearic Islands, the corresponding figure is more than 12 passengers per inhabitant.

Investments in ICT³⁹

Information and Communication Technologies are instrumental in **generating accessibility** and **promoting territorial cohesion**. Not only do these technologies facilitate the everyday communicative interactions, they also support the development and safe functioning of multimodal transport systems,

³⁸ Source: Eurostat

³⁹ ICT: Information and Communication Technologies : Telecommunication, Hardware, equipment, software and other services,

as they also facilitate mass transportation.

In general the Med programme regions have invested much in ICT technologies over the last years, but have still **not reached** a level that come close the EU25 average.

During the period 2003 – 2005, the average EU 25 investment in IT was around 3% of the GDP annually. Only in France the annual expenditure as % of the GDP was above this level (by 3,3% in 2003 and 2004 and 2,4% in 2005.). The rest of the Med space countries' investments in the ICT sector were well below this level, and they were stagnating.

In spite of the fact that most of the Med space countries have invested more than the EU average in order to improve their telecommunications systems, investments in information technology infrastructure and use thereof still lacks behind. As an example, and in spite of an increasing trend, the civil society is still not using e-government services offered to a comparable level with the EU25 average. In terms of use of ITC, **most of the Med regions are lagging behind**⁴⁰. Only few regions in northern Italy and Spain and in southern France perform at high or average level in comparison to the Central and Northern European regions.

Multimodality/intermodality is though an issue for future development

The Mediterranean regions that are eligible for the Med Programme 2007–2013 programme present a **fairly good transport infrastructure**, although there is still some 'catching up' to done, in order to meet safety and quality standards equalling that of the northern and central European countries. This could mainly be improved in terms of **islands accessibility**.

In those regions where rail networks do exist, these are relatively modern, but could be up-graded further. The road transport prevails over the rail transportation in all Mediterranean regions. What needs improvement is **connecting the maritime, road and rail systems** where they do exist, in order to make collective forms of transportation more appealing.

The regions of the Mediterranean present a well-developed network of ports, which in any case **could be modernized and linked to other transport nodes**. Maritime freight transport is important throughout the Mediterranean Sea and there are good potentials further short-sea-shipping activities.

A common feature for all regions of the Med area is a **very weakly developed system of multi-modal transportation**. Also the short-sea-shipping system could be developed further, by strengthening links between ports and other transportation nodes AND between ports and their hinterlands.

Such a positioning has to go through strengthening and modernising the institutional dimension of transport system, ensuring the development of **multi-modal/intermodal** transport, including logistics and ports and their **upgrading** along side the active promotion and adoption of **safety measures**.

e) Polycentric and integrated development in the Med programme area

Mediterranean cities and territorial development

Cities are very **important nodes for socioeconomic development**. These nodes generate a large share of the GDP of a nation. In the EU context the Mediterranean cities, however, do not generate as much activities as they possibly could. Apart from a small group of strong international cities (Barcelona, Lyon, Turin, Milan, Rome, Athens, ...), the **city network is fragmented** and competes with difficulties on international markets. The geographical configuration of the Med area **doesn't facilitate transnational territorial cooperation**.

The settlement structure in the eligible regions of the Med space programme, present a **very varied picture**. Very large urban areas that are functioning as magnets for further developments (often

⁴⁰ Source : ESPON project 1.2.3. "Identification of Spatially Relevant Aspects of the Information Society", pg. 14 ff., May 2006

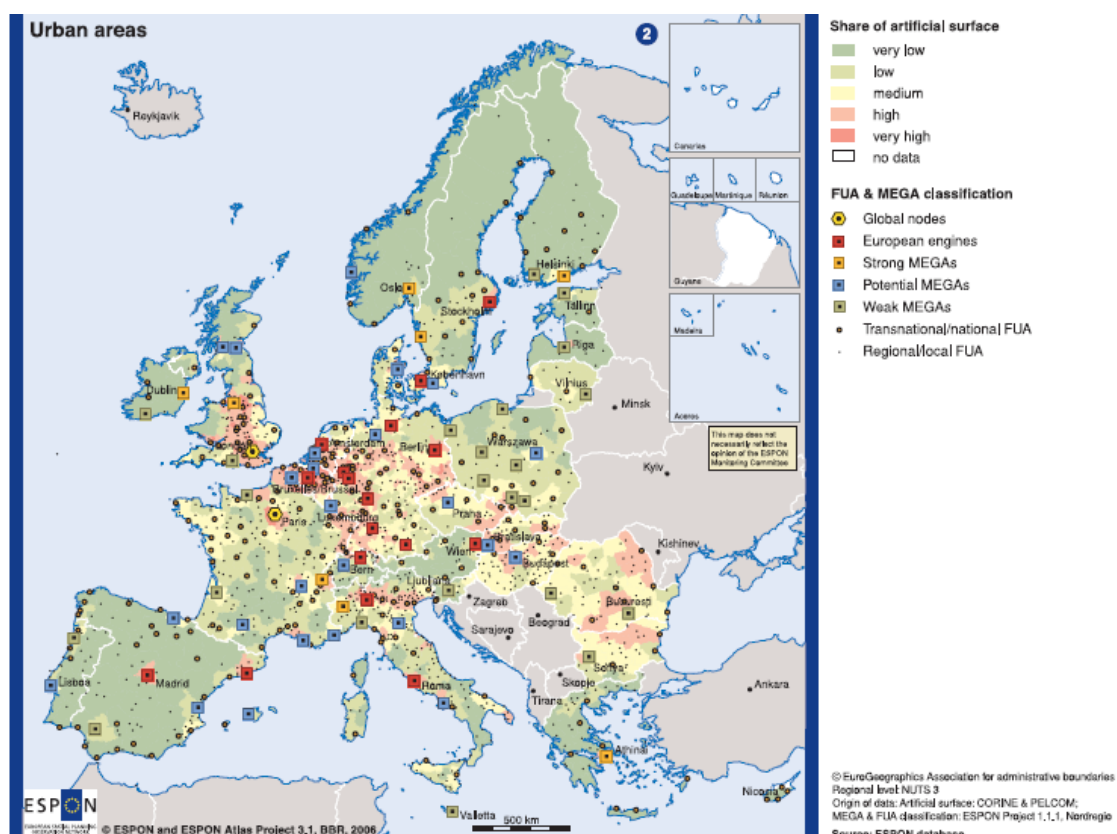
characterized as urban sprawl and urbanization of the coastal zones) exist along side areas that are characterized by the existence of very many but also small settlements. Cities could however play a stronger role in the setting up of transnational management, governance or development strategies in relation with rural areas.

The very large cities in the Med space region are the homes of most of the population of the respective regions. As an example, 72% of the Greek population lives in Athens, Thessalonica, Piraeus and Patras. The situation can be even more accurate in islands as in Malta which presents the highest population density in Europe with 1280 inhabitants per sq km (92% of urban population).

The most characteristic element though is that mainly the Northern parts of the eligible area of the Med space programme, namely Slovenia and Northern Italy, can be characterized by the existence of a **polycentric system** of urban development, whereas in the areas further away from Central Europe, the urban development can be characterized by the existence of large urban areas that function as **magnets for development**, in a drop wise and often un-controlled way.

Dynamic cities and urban regions are recognized as vital assets in regional and economic development. In this respect it is **necessary to take into account the linkages between cities and their hinterland**, meaning the functional links between the urban core and the area around it, which is economically connected with the centre⁴¹.

Differing in size and functions the functional urban areas of the Med space stand weaker in relation to Central and Northern Europe. However, there are several areas that possess potential to further the development of a **polycentric urban system**. Amongst these areas are, for example, Montpellier and Marseille in France, Athens in Greece, Barcelona in Spain and Rome and Naples in Italy.



⁴¹ ESPON ATLAS 2005

Mediterranean cities and cultural identity

In the year 2000 the population density in the coastal areas of the Mediterranean was 128 persons pr. Km². This figure is foreseen to reach 156 in 2025. Most of the urban areas around the Mediterranean coast could be called the pearls around the Sea.

The **cultural heritage** of the Mediterranean territories is invaluable to the world. Tradition, history and culture are all very powerful common denominators and can provide an important strand of **economic development** for the future. The cultural heritage of the Mediterranean Sea is to be found indeed in the urban historic centres.

However, the increasing population in the coastal zones and the demographic growth in urban centres are **leading to degradation** of the quality of urban life (traffic congestion and urban pollution problems), difficulties in provision of access and services, increasing pressures on the environment, on agricultural areas and forests and particularly on the coastal environment. Good examples for illustrating such problems are the Marbella – Malaga region in Spain, the French Riviera or Halkidiki in Greece as well as a significant part of the Southern Italian coasts.

In this context, it is necessary to improve the management of the urban development and the overdevelopment of coastal zones with the setting up of cooperation strategies not only taking into account functional development of the urbanized territories, but also considering the cultural heritage as an important strand of the economic development.

SWOT analysis of the Med programme area

Society and Economy	
<p>Strengths:</p> <ul style="list-style-type: none"> ▪ Some large and competitive international urban poles ▪ An international gateway/crossroads for maritime trade ▪ A strong tourism economic sector ▪ Many natural and cultural resources ▪ Skilled labour force available ▪ Young people with a at high education level 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ▪ Peripheral location within Europe ▪ Strong regional disparities ▪ International competition for labour-intensive industry ▪ Regional GDP below the EU average ▪ Weakness of intermodality/transport system compared to Northern Europe ▪ Weakness of ports activities compared to Northern Europe ▪ Productivity of the work force bellow the EU average ▪ Very small sizes of the businesses ▪ Unemployment above EU average ▪ Insufficient integration between tourism products ▪ Insufficient diversification of traditional industry activities
<p>Opportunities:</p> <ul style="list-style-type: none"> ▪ Cultural and natural resources that are factors of economic innovation and attractiveness ▪ Increased demand for alternative/thematic forms of tourism ▪ Integration of immigrant people in the economy ▪ Improved relations between different areas and different regions in Southern Europe 	<p>Threats:</p> <ul style="list-style-type: none"> ▪ Stagnation in traditional industrial and tourist activities ▪ Persistent position in a low added value economy ▪ Dynamic entrance of new competitive markets ▪ Ageing population and burdening of the social security system

Innovation	
<p>Strengths:</p> <ul style="list-style-type: none"> ▪ Some regions amongst the top regions in Europe in terms of Research and Development ▪ Some regions feature balanced levels of ITC infrastructures in comparison to the EU average levels ▪ Med regions' business society using e-government at same level than EU average 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ▪ Lack of IT services ▪ Poor level of use of innovative technologies ▪ Small endowments to universities and Research Centres compared to the EU average ▪ Insufficient links between businesses and research ▪ Low public and private investment in R&TD and low number of patents ▪ Small share of high tech products produced and exported
<p>Opportunities:</p> <ul style="list-style-type: none"> ▪ Regions performing well in terms of attracting new investments could behave as 'locomotives for neighbouring regions ▪ Continuous technological development of digital means 	<p>Threats:</p> <ul style="list-style-type: none"> ▪ Lack of absorption capacities of funds and grants targeting new technologies ▪ Loss of markets because of lack of innovation capacities ▪ Increase in the out flux of scientists of high level abroad

Environment

Strengths:

- Mediterranean space hosting significant natural resources (biodiversity, landscapes...)
- Existence of cooperation in the domain of restoring regions and rural areas, protection and upgrading of the environment
- Local demand of provision of quality services and increase of awareness concerning natural resources and heritage

Weaknesses:

- Degradation of fragile zones (reserves, small islands, coasts, natural areas...)
- Pollution of air and water resources due to concentration of population in urban areas
- Intensified use of land and wrong use of natural resources
- Scarce water resources
- Weak energy efficiency in comparison with the EU average
- Insufficient taking into account of renewable energy

Opportunities:

- Development of measures for monitoring and protecting the environment
- High potential for use of renewable energies

Threats:

- Pollution of environment due to increased demand in tourism, fertilizers and urban waste
- Insufficient instruments for monitoring land use (new constructions particularly in coastal zones)
- High risk of natural disasters (floods, draught)
- High risk of Maritime incidents due to increasing volumes of fluid and solid goods being transported through the Mediterranean Sea
- On going desertification of areas

Accessibility

Strengths:

- Fairly good road infrastructure
- Important network of port cities with adequate facilities for goods and passenger handling
- Strategic positioning for trade between East and West, Europe and Africa (Gibraltar, Suez, Black Sea access)
- Satisfactory airport infrastructure

Weaknesses:

- Geographic splintering and isolation of many areas (islands, peninsulas, rural areas, mountains)
- Weak connections between coasts and inland
- Prevalence of road over rail and sea transport. Road congestions in border points
- Lack of coordinated endo-mediterranean communications system
- Weak density of rail network
- Delays in creation of inter-modality and in restructuring of operators
- Weak development of coastal navigation and short-sea shipping
- Lack of intra-Mediterranean connections

Opportunities:

- Positioning of the Mediterranean regions and islands as nodes for tourism and trade on the Asian route
- Promotion of intermodal transport (logistics centres)
- Promotion of multimodal transport systems
- Development of Rail where already existing (high speed)
- Strong potential development on port infrastructures for international freight

Threats:

- Competition from Northern European ports, airports
- Loss of markets because of a lack of accessibility for maritime transports
- Accentuated isolation of some areas due to a lack of accessibility routes

Sustainable urban development

Strengths:

- Reinforcement of the metropolitan centres and port cities
- Existing networks of small and medium cities and rural regions
- Dynamic urban agglomerations hosting functions of modern services
- International Metropolitan areas and urban areas that can act as centres for future development
- Mediterranean space hosting a multicultural heritage
- Strong historic and cultural cohesion

Weaknesses:

- Lack of integrated territorial development strategies between major cities and their hinterland
- Uncontrolled urban development particularly in coastal zones
- Non-satisfactory urban infrastructures / Technologies in some regions
- Important urban areas weakened by badly consolidated metropolitan functions
- Lack of natural and cultural heritage preservation/conservation

Opportunities:

- Enhancement of the competitiveness of the spatial system via promotion of urban-rural relations
- Improvement of economic and territorial development through partnerships and development of common strategies
- Possibility of sharing high level functions in strategic sectors

Threats:

- Decrease of available funds for equipment and infrastructure/urban technologies
- Increased competition from strong urban areas in Northern and central Europe
- Failure to display the objective of polycentric urban development

Situation and development perspectives of the Med area according to the SWOT analysis

The Mediterranean area has some strong international development poles (Barcelona, Valencia, Marseille, Lyon, Milan, Roma, Naples, Turin, Athens) which represent an important basis for transnational development. The presence of the Mediterranean Sea, a large network of ports, and transnational connections with Africa and Asia constitute a traditional and strong mean of exchanges and economic growth.

The transnational development strategies for the next years can take benefit of these advantages to promote innovation and competitiveness, to improve the position of the Mediterranean regions as gateways for the European economy and to generate territorial economic dynamism with hinterlands and more peripheral areas. In this context, traditional economic sectors like tourism or agribusiness, innovative sectors of the new economy, numerous dynamic SMEs, a very rich natural and cultural environment as well as existing city networks represent an opportunity to improve economic activities and territorial cohesion.

However, the Mediterranean area is showing strong economic and territorial discrepancies with lower productivity and competitiveness in comparison with the EU average. The lack of investments in R&D, the insufficient cooperation between SMEs and with research institutions don't facilitate the development of backward regions and the competitiveness on international market. On the other hand, the potential represented by the natural and cultural heritage is threatened by economic activities and urban development in numerous Mediterranean regions.

For the years to come, the challenge consists in supporting existing innovation potential, modernising traditional activities by improving partnerships between economic operators, research institutions, and public authorities (local, regional and national). These objectives are closely related to sustainable development principles which represent a strong social and economic challenge throughout the Med area.

I.3. Strategy of the Med programme

The Med programme allows carrying out transnational actions taking into account Community Strategic Guidelines on cohesion, Member States' National strategic reference frameworks, specificities, needs and specific potentialities of the Med space as well as the results of the ex-ante evaluation. These elements, as well as the diagnosis, the SWOT analysis and the ex-ante evaluation, represent the basis of the strategy of the programme.

The identification of the Mediterranean space related issues allows to define programme objectives through a dynamic methodology. This methodology traces the logical framework of the programme and represents the starting point for the elaboration of its structure. This should be consistent with the objectives and take into account specific issues of the Mediterranean space.

a) General objectives of the Med programme

Main orientation of Lisbon and Gothenburg Agendas as well as the conclusion of the diagnosis and of the SWOT analysis lead to the following general objectives for the Med programme:

to make the whole Med space a territory able to match international concurrence in order to ensure growth and employment for the next generations. Support territorial cohesion and actively intervene in favour of environmental protection in a logic of sustainable development.

These various issues cannot be tackled efficiently, neither at the regional nor at national scale: they require a significant effort in terms of transnational coordination and consultation.

b) Definition of Axes and objectives

Following the definition of the general objectives of the Med programme and according to the orientation given in the EU regulations, **four priority axes** have been identified for the Med programme.

PRIORITY AXIS I : Strengthening innovation capacities

According to the general objective of the Med programme, to the revised Lisbon strategy and to the Community Strategic Guidelines, **economic growth** and **employment** are key objectives and should be supported by encouraging **entrepreneurship, innovation, research and the knowledge economy**.

In the Med area, these fields of action are even more important, since Southern Europe was hit by **globalisation** later than Northern Europe and is scarcely prepared to face the consequences of **global competition** and the **restructuring of economic sectors**. A significant effort must be made in this field so as to avoid a widening of existing gap between the Med space and north European regions on which most of the investment related to innovation and research is concentrated.

In this context, **the first priority axis of the Med programme aims at strengthening innovation capacities**, taking the specific situation of the Med space into account : the area is home to a high number of dynamic and creative SMEs that do not have the critical mass required to enhance their growth potential.

Strengthening innovation capacity first requires a stimulation and a better dissemination of **innovative technologies and know-how** at the regional, national and transnational scale. This objective implies a strengthening of organisations that can support businesses, improved cooperation

between clusters, improved links between businesses and applied research...

Such a dissemination of technology and know-how can however not be efficient on the medium and long term without a coordinated approach and a **strengthening of strategic cooperation between economic development stakeholders and public authorities** at various spatial levels.

This objective requires the setting up of wide-ranging partnerships in which businesses, clusters, science and research poles, local and regional public authorities, state services or financial institutions etc. are involved.

PRIORITY AXIS II: Protection of the environment and promotion of a sustainable territorial development

The Community's strategic orientations and the Gothenburg agenda lay great emphasis on the need to promote sustainable development in countries and regions of the European Union. This concern, which also appears in the general objectives of the Med programme, has a specific dimension when applied to the Mediterranean area insofar as the latter is faced with environmental threats which are often higher than what would be the case in most other European regions : rich but fragile natural resources and heritage ; pressure on sensible areas ; insufficient use of renewable energy ; climate change; regular threats in terms of water supply ; terrestrial and maritime pollution ; high levels of natural risks...

Priority Axis II of the Med programme is clearly related to this context since it considers sustainable development, associating social, economic and environmental aspects, and more specifically its territorial dimension, as being one of the main priorities in the years to come.

As such, **protecting and enhancing natural resources, heritage and their cultural dimension** is part of the main objectives of Priority Axis II. Amongst these resources, water is a major issue in the Med area and should be subject to better management and wiser use in order to safeguard resources that are currently under threat. The Med programme must encourage the implementation of the Water Framework Directive which is establishing a legal framework to guarantee sufficient quantities of good quality water across Europe.

According to this Directive, "Further integration of protection and sustainable management of water into other Community policy areas such as energy, transport, agriculture, fisheries, regional policy and tourism is necessary. This Directive should provide a basis for a continued dialogue and for the development of strategies towards a further integration of policy areas. This Directive can also make an important contribution to other areas of cooperation between Member States"⁴².

Besides the Water Framework Directive and the objective to achieve by 2015 good water quality –as stated in the Thematic Marine Strategy- the Operational Programmes is encouraging actions supporting the application and implementation of the instructions of the Guide for the establishment of the Natura 2000 network in the marine environment (Directive 92/43/EEC and 79/409/EEC).

More generally, the environmental issue requires coordinated initiatives at the transnational scale to reduce sources of pollution at an early stage, whether they are urban, industrial or agricultural. It is important to ensure that sensitive areas are actively protected and that the economic potential of the territorial heritage is enhanced (through strategic spatial planning, sustainable tourism, protecting biodiversity and natural heritage, landscape...).

Coastal areas, because of land pressure, of the urban density and the presence of the Mediterranean require paying a specific attention to coordinated management as it is specifically stipulated by the European authorities⁴³.

⁴² Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy

⁴³ Recommendation of the European Parliament and of the Council of 30 May 2002 concerning the implementation of Integrated Coastal Zone Management in Europe (2002/413/EC)

Promoting renewable energy and improving energy efficiency falls within this priority aiming at reducing greenhouse gas emissions and limit climate change. This objective is not specific to the Mediterranean area but it is both a necessity from an environmental point of view and an opportunity in terms of economic development. Transnational initiatives that favour technological innovation and renewable energy use (solar, geothermal) should be supported. Actions that aim at changing behaviour should be coordinated to as to reduce consumption and diversity supply sources (evolution in terms of building materials, diversification of energy production systems at the local level...)

The Mediterranean Sea is in itself a major transnational issue with a number of environmental implications. This area is characterised by high levels of maritime and industrial activity. These are both a significant potential for economic development and a source of pollution and risk. Such a situation requires that a number of specific actions be undertaken particularly in favour of **maritime risks prevention and strengthening of maritime safety**. These initiatives concern notably the elaboration of transnational and integrated strategies and the setting up of prevention and intervention systems that are coordinated between regions and states. It is necessary to note the implication of the Civil Protection services which play a crucial role and whose actions can benefit from strengthened cooperation measures within the Med space⁴⁴.

Apart from industrial risks, it is essential that Mediterranean regions demonstrate a high level of **prevention with regards to natural risks** which are higher in this area than in many others in Europe. Such prevention requires, amongst other aspects, an effort in terms of cooperation (observation, interventions etc.), the evolution of shared techniques and standards between regions and the Member States.

PRIORITY AXIS III: Improvement of mobility and territorial accessibility

The principle of territorial cohesion as set out by the European Union and reiterated in the Med programme's general objectives, along with the specific geographical context of the Mediterranean area, has led to the definition of a priority axis which aims at **improving mobility and spatial accessibility**. This objective, which is related to physical connexions and to the exchange of virtual data is twofold – its dimensions are mutually complimentary.

First, the Med area is made up of a high number of isolated areas, particularly islands. The main objective in terms of territorial cohesion means that exchanges between mainland and islands and also among islands are supported so as to increase their development potential and reduce disparities. **Promoting maritime accessibility** and connection with logistics hubs on land also regards economic activity in Mediterranean Sea ports to able them to strengthen their position as gateways to the European continent.

At a wider scale, some transnational Mediterranean corridors have an insufficient relation with their territories to support development and to favour economic and territorial integration of the entire Med area (east-west links, large corridors, outside maritime links...). Initiatives that allow raising awareness amongst political actors should be supported, so should actions that favour exchange and decision-making in terms of adapting or developing strategic transport axes (**improving transit capacities**). The objective consists notably in attracting and organising flows of people and goods in support of sustainable regional development strategies. This strategy should as well help to adapt and strengthen economic activities and services related to transports.

This, however, implies that the major environmental concerns highlighted in the Med programme's general objective be central to the approach. The improvement of spatial mobility and accessibility requires that the **promotion of multimodality/intermodality** (piggy-back transport, short sea shipping,

⁴⁴ Council Decision No 2001/792/EC, Euratom of 23 October 2001 establishing a Community mechanism to facilitate reinforced cooperation in civil protection assistance interventions OJ L 297, 15.11.2001, p. 7–11 concerning maritime pollution.

logistics ...) and clean transport are made a priority.

Such complexity means the transport system must be considered in its institutional dimension, ensuring the definition of integrated strategies to support sustainable development.

Information and communication technology is a further opportunity for developing this strategy: enhancing services, economic activity and the information society despite issues stemming from a lack of physical accessibility. More generally, these technologies are an asset to promote innovation (businesses, public services), to promote social cohesion and to facilitate coordination between partners in strategic fields (metropolitan cooperation, transport policy, maritime flows, risks, pollution...)

PRIORITY AXIS IV: Promotion of a polycentric and integrated development of the Med space

As stated in the diagnosis, the Mediterranean area is relatively fragmented from a geographic, economic and institutional point of view. Despite the existence of large development poles, the distribution of growth is still uneven. Different regions are struggling to develop coordinated strategies and actions to strengthen the competitiveness of the whole area and to ensure its cohesion.

In such a context, the **transnational coordination of development policy and the improvement of governance between the different spatial levels** (metropolitan areas, medium sized towns, rural areas...) are matters of strategic importance.

Following an integrated approach, collaboration should take into account the interactions between cities and rural areas, between sea ports and their hinterlands so as to promote polycentric and environmentally friendly development.

Collaboration should also consider the economic, environmental, social and territorial implications of specific patterns of Mediterranean urban development i.e. the intertwinement of permanent and seasonal occupancy.

Promoting cultural identity and heritage resources can also lead to a better integration of the Med area. This objective aims at favouring cooperation between regions and better enhance common resources that are of significant interest at the transnational scale. Cooperation actions can, in particular, be related to developing services and innovative activities in the cultural field and in heritage management. Enhancing these resources should allow the vision of a culturally diverse area with shared issues of development to be strengthened.

Cross-cutting themes:

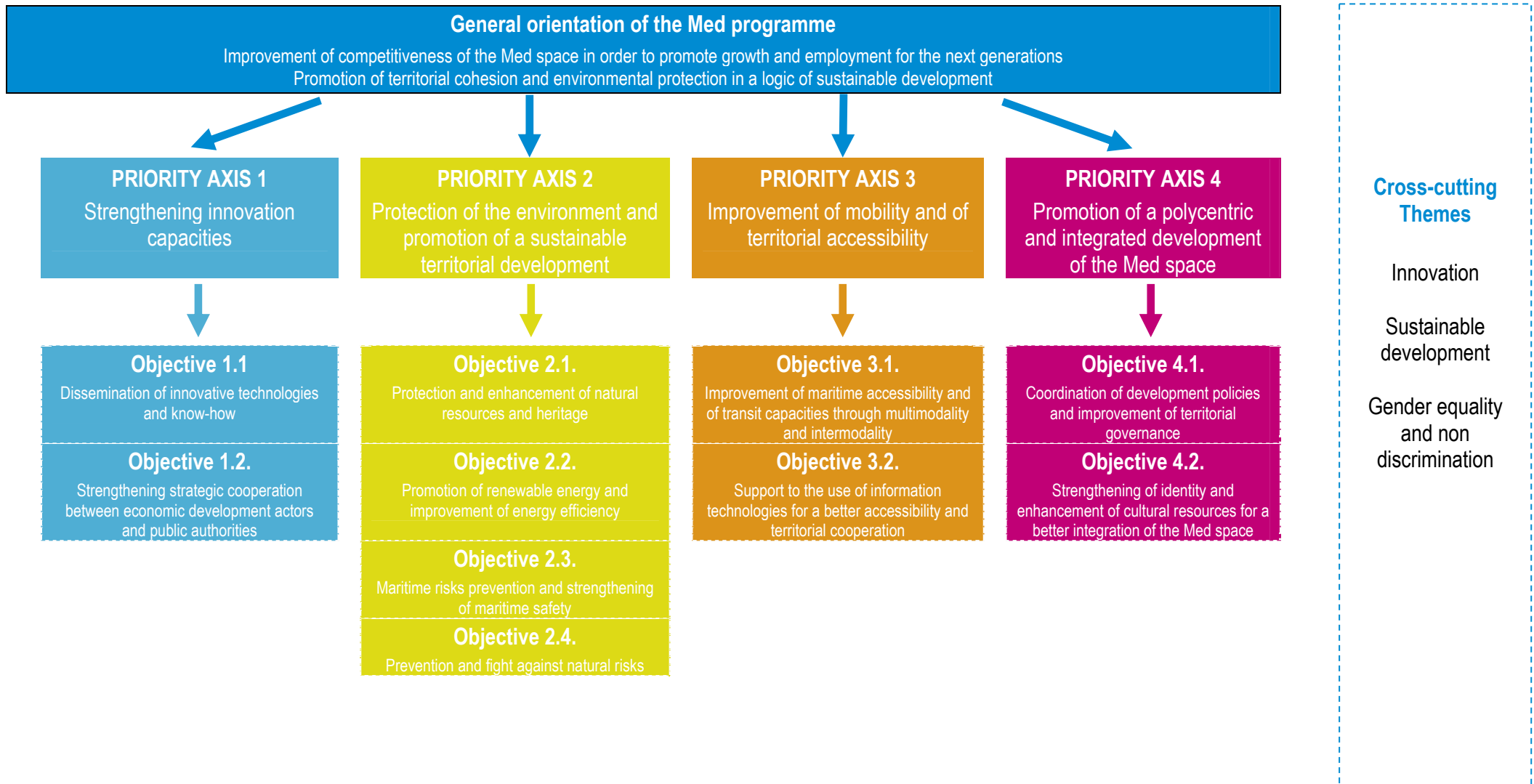
Because of their importance during the 2007-2013 programming period, some themes shall be taken into account in all proposed projects.

First of all, **innovation** –intended as a process of improving systems by introducing new approaches- is central to the Med programme. It should be a main concern for all Lead partners, whatever their field of action may be. Innovation can be understood in the wider sense of the word. It is related to technological (products and processes) as much as to non technological progress (e.g. modes of governance, of cooperation and of organisation...)

Sustainable development –implemented through an integrated approach- constitutes a general principle of intervention for structural funds (art. 17 of regulation 1083/2006) to which all the Med objectives refer. For this reason, it must be a permanent concern for the implementation of the programme and of the projects.

The principle of **gender equality and non discrimination** should be respected at all stages of the implementation of the programme and of projects

Structure of the MED operational programme



c) Presentation of the indicator system

According to article 12 of Regulation (EC) No 1080/06, the specific targets (i.e. objectives) of the priority axes have to be quantified by a limited number of indicators for outputs and results. Furthermore, pursuant to the definitions included in the European Commission's Working Document No 2 "*Indicative guidelines on Evaluation methods: Monitoring and Evaluation Indicator*", the following indicators' typologies have been considered for the purpose of monitoring the achievements of the Med programme: financial, output and result indicators.

Following WD No 2, **financial indicators** are a key element for appraising programme progress, particularly when such progress is not measurable in physical terms, i.e. at the beginning of the programming period. Therefore, data on financial commitments and payments will be periodically collected and related to the eligible costs at action, objective and priority axis level.

As regards the measure of Med programme's physical progress, two sets of indicators have been adopted: the **core indicators** for transnational cooperation programmes included in ANNEX I of the WD No 2 and a **set of indicators (output and result indicators)** relevant to the specific contents of the Med programme.

Physical indicators for monitoring and evaluating the Med programme have been chosen with a view to ensure their specificity, measurability, availability, relevance and time-frame, i.e. taking into account the need for objective verifiable indicators integrating quality, quantity and time dimensions.⁴⁵ Integrating the time dimension means, first of all, to establish when and how data should be collected within the programme monitoring system.

From a methodological point of view, indicators are linked to the programming levels identified in the Med programme and are aimed at measuring whether the expected achievements of each priority axis, objective and action are met in the framework of the 2007-2013 programming period. With this view and considering the description of the contents of the programming levels, result indicators have been linked to the objectives and output indicators to the actions. Particular attention has been paid to results, since they represent a strategic element for managing the programme.

Result indicators could be summarised in the following typologies stemming from the output indicators' aggregation:

- **Common strategies, initiatives and tools:** joint strategies, initiatives, tools and standards developed, resulting from Med transnational projects' activities.
- **Permanent networks established or strengthened:** one of the main added values of cooperation programmes is the creation of networks/partnership among different actors coming from various European countries. By aggregating output indicators, that stem directly from Med actions, this result indicator could be valuable to measure the increased sustainability of networks - established or strengthened - which become "permanent".
- **Participation in transnational initiatives/projects:** creating or strengthening networks/partnerships is one of the main added values of European Territorial Cooperation initiatives. This indicator could be useful to monitor the composition of networks/partnerships and, consequently, to measure the participation in transnational initiatives/projects

It has to be brought out that, even though the result indicators' typologies are always the same, the result indicators become specific simply comparing them with the themes of each priority axis.

⁴⁵ These concepts are detailed in INTERACT Secretariat « Study on Indicators for Monitoring Transnational and Interregional Cooperation Programmes », June 2006.

Besides, the indicators' system presented in the following pages put forward the links among different indicator typologies (i.e. which outputs contribute to the achievement of a specific result), leading to understand the positioning of indicators in a specific typology.

Pursuant to the available information, the following targets have been calculated for the purpose of measuring the achievements of Med programme.

Target values can be lower than baselines since each of these values correspond to the implementation of actions related to two different programming periods. In some fields of intervention the number of actions foreseen for 2007-2013 is higher than the number of actions realized during the previous period. In some other cases, this number will be lower because of a shift in the priorities and because of a different amount of finance available.

Ex ante quantification of projects at priority axis level

Priority axis	Indicators	Unit of measure	Target value* (2007-2013)	Baseline
1	Projects on strengthening innovation capacities	No	47	2
2	Projects on protection of the environment and promotion of a sustainable territorial development	No	55	92
3	Projects on improvement of mobility and territorial accessibility	No	32	42
4	Projects on promotion of a polycentric and integrated development of the Med space	No	16	46
1,2,3,4	Projects integrating different OP priorities	No	30	0

**This value has been calculated by comparing the average amount which could be allocated to Med projects (approx. EUR 1.600.000, corresponding to around EUR 1.200.000 of ERDF contribution) to the ERDF contribution available for each priority axis.*

Ex ante quantification of core indicators

Typology	Description	Unit of measure	Baseline	Target values **
Projects	on water management	No	11	3
	improving accessibility	No	42	32
	on risk prevention	No	28	14
	developing RTD and innovation networks	No	0	48

***These values have been calculated on the basis of the No of projects which could be financed within priority axes, e.g. "No of Projects improving accessibility" should correspond to "No of Projects on improvement of mobility and territorial accessibility".*

"Target values" which are suggested correspond to an evaluation for the whole 2007-2013 period

Ex ante quantification for output and result indicators for priority axes

Priority Axis 1 – Strengthening of innovation capacities

Codes for priority theme	Output indicators	Target value ***	Result indicators	Baselines ****	Target values
01, 03, 04, 05, 09	No of transnational co-operation networks including research centres, economic operators and training centres/universities for facilitating technology transfer and the dissemination of innovative practices and know-how	15	No of permanent networks/ agreements established or strengthened	-	3
	No of transnational studies/ plans/ strategies developed for facilitating innovation capitalisation and dissemination among resource, innovation and entrepreneurship centres	15	No of SMEs/ R&TD centres involved in activities resulting from Med projects	-	10
	No of SMEs involved in exchanges of experiences and technology transfer	20			
	No of transnational structures for disseminating common standards for enhancing regional policies and innovations capacities	2	No of common strategies adopted	-	2
	No of projects for supporting innovation processes in the Med space	18			

Priority Axis 2 – Environmental protection and promotion of a sustainable territorial development

Codes for priority themes	Output indicators	Target value ***	Result indicators	Baselines ****	Target values
39, 40, 41, 42, 43, 45, 48, 49, 51, 53, 54, 56	No of studies/planning guidelines/plans/methods/tools strategies realised/tested concerning <ul style="list-style-type: none"> - environmental maritime cooperation and safety - improvement on energy savings involving Med countries <ul style="list-style-type: none"> - non-state actors - public authorities - authorities/bodies project partners but not being beneficiaries 	15	No of common strategies, standards, innovative tools / systems, and new technologies adopted	-	5
	No of transnational management plans developed in the space on natural risks and hazards	5			
	No of awareness-raising activities/initiatives carried out/promoted in the space on <ul style="list-style-type: none"> - natural resources and heritage - energy use - maritime, coastal and island issues - climate change 	5			
	No of transnational projects on integrated coastal management involving Med countries: <ul style="list-style-type: none"> - non-state actors - public authorities - institutions in charge of coastal protection 	15	No of Participants in transnational initiatives/projects	760	740
	No of transnational seminars and forums on water management involving Med countries <ul style="list-style-type: none"> - non-state actors - national and regional maritime authorities - qualified authorities/agencies (i.e. ports authorities, agencies/institutions for maritime pollution, public/private bodies for ship control) 	15			
	No of transnational partnerships/collaborative networks, organised in the space, aimed to <ul style="list-style-type: none"> - protect the landscape, natural resources and heritage system (e.g. water management, cultural heritage) - prevent natural risks - enhance maritime cooperation - exchange information and management methods on renewable energies use and energy consumption reduction - enhance integrated territorial development and sustainable tourism involving in different countries <ul style="list-style-type: none"> - non state actors - public authorities - authorities/bodies project partners but not being beneficiaries 	40	No of permanent networks/ agreements established or strengthened	-	5

Priority Axis 3 – Improvement of mobility and of territorial accessibility

Codes for the priority theme dimension	Output indicators	Target value ***	Result indicators	Baselines ****	Target values
11, 12, 13, 14, 26, 27, 28, 30, 31, 32	No of projects on : - innovative maritime traffic management systems - accessibility of islands	5	No of common management systems / intervention strategies and methodologies implemented / strengthened	-	2
	No of projects promoting transnational initiatives/ strategies for the use of: - multimodal platforms - intermodality - existing networks (sea, road, rail)	5			
	No of projects developing transnational on line services and particularly addressed to develop digital services in isolated territories	5	No of permanent networks/ agreements established or strengthened	-	2
	No of databases, electronic archives, monitoring and analysis systems for water management and risk prevention	5			
	No of projects to promote multimodal transport systems (particularly environmental-friendly ones) involving: - local, regional and national authorities - institutes and agencies for territorial development	5	No of participants in transnational initiatives /projects	315	307
	No of networks supporting the use of ICTs involving: - territorial administrations - civil society (association of users) - economic actors (companies specialised in ICT services)	10			

Priority Axis 4 – Promotion of a polycentric and integrated development of the Med space

Codes for the priority theme dimension	Output indicators	Target value ***	Result indicators	Baselines ****	Target value
25, 58, 59, 60, 61, 81	No of transnational networks involving different territorial systems (towns, metropolis, etc.) for supporting the management of cultural poles	5	No of permanent networks/ agreements established or strengthened	-	1
	No of bodies involved in good practices exchange for - planning tools - cultural innovation	10			
	No of projects/ reports/ comparative analysis involving Med large urban areas for building integrated territorial development strategies on - environmental/energy policies - ports and transports - economic development	5	No of common planning tools and strategies developed	-	1
	No of protection plans implemented through projects on - historical heritage - cultural resources (material and immaterial)	5			
	No of cooperation initiatives involving: - towns - metropolis - rural areas	15	No of participants in transnational initiatives/ projects	399	389
	No of isolated areas - involved in project activities - reached by dissemination of good practices - involved in new territorial development strategies	5			

Priority Axis 5 – Technical Assistance

Codes for the priority theme dimension	Output indicators	Target value ***	Result indicators	Baselines ****	Target value
85, 86	No of submitted operations, No of eligible operations, No of financed operations	600 450 150	% of approved operations compared with submitted operations	24% ⁴⁶	25%
	No of meetings held at transnational level	30	% of people reached by dissemination activities compared to the total inhabitants of the Med area	-	10%
	No of project websites built	150			

*** These values have been calculated taking into account the No of projects foreseen for each priority axis (see table on "Ex ante quantification of projects at priority axis level).

**** Baselines for selected result indicators are not always available since the suggested information on permanent networks established or on common strategies adopted beyond cofinancing could be detected only after the end of the programmes currently running under 2000-2006 round of Structural Funds. Baselines could be set, instead, for the participation to Med projects. These values have been calculated on the basis of the data available for Archimed and Medocc programmes; such data have been decreased in a percentage corresponding to the decreased ERDF amount attributed to the Med programme compared to the sum of the ERDF contributions assigned to Medocc and Archimed programmes.

d) Categories of projects for the implementation of the operational programme

For the new programming period, **the type of projects must evolve** in order to strengthen their **transnational dimension** and to ensure **concrete and measurable outputs and results**. Transnational projects can't be based only on the objective to create knowledge and exchange experiences between partners. They must be based on strategies aiming to bring a concrete contribution to the realisation of the programme and Axes objectives.

Indicative types of project activities for the implementation of the Med programme⁴⁷:

- **Setting up and development of transnational strategies for institutional networks**
- **Setting up and development of common systems and common operational tools**
- **Setting up of transnational networks ensuring coherence and coordination of public policies**
- **Dissemination of technologies, processes, know-how, innovative management systems at transnational level**
- **Elaboration of pilot projects and experimental tools with a transnational dimension**

e) Identifying Strategic projects

For the programming period 2007-2013, specific themes are identified by the Monitoring Committee as being particularly important for all European regions of the Med space. Corresponding to these topics, the Monitoring committee launches targeted calls for proposal aiming to elaborate "Strategic projects" whose implementation procedure is specified in part IV.4. of the OP.

Strategic projects shall allow for the building of large partnerships around key actors in each specific field of intervention: there must be a strict relation between project objectives and institutional and administrative competences of partners. As such, they require a coordinated and formal commitment of the partners for the achievement of expected results.

Strategic projects must contribute to achieve the Med programme's key objectives (competitiveness, innovation and sustainable development), whilst showing a clear transnational added value. They must be

⁴⁶ This value includes only data related to INTERREG IIIB Medocc. Information related to INTERREG IIIB Archimed is not available at the time of the drafting of the Med operational programme.

⁴⁷ A more detailed version of this list is available in the *Implementation Guide of the Med operational programme*

forward-looking, and have a long-term impact on the Med space.

f) Principles to strengthen governance and generate good quality projects

Transnationality, concentration and partnership

The programme's limited budget, the new orientation of the European Union and the specificities of the Mediterranean area require that certain fundamental implementation principles be respected in order to guarantee the Med programme the maximum efficiency.

Mediterranean regions are characterised by a fragmented physical, economic and institutional context. **Transnational cooperation**, which is a key aspect of the Med programme, should be strengthened, with regards to the themes of environment, transport, maritime activity, risks and communication...

Transnationality can however not be limited to the building of partnerships between actors in different countries. It should be based on the will to **reach common and shared objectives**. These objectives should demonstrate a high and quantifiable transnational **added value**. As a transnational programme, Med should allow to carry out actions that would otherwise be difficult to implement through other community programmes.

According to the **concentration principle**, actions that are undertaken should clearly focus on the programme's priority axes and have a significant impact⁴⁸. To achieve this, **partnerships** built for implementing measures should bring together **key actors** who are likely to strengthen the financial, institutional and political dimensions of actions (private actors, regional and local authorities, State services, socioeconomic actors...). **Public/private partnerships** should thus be encouraged.

The transnational dimension of projects, their impact and durability particularly depends on the capacity to mix **horizontal partnerships** (between territorial actors) and **vertical partnerships** (between different levels of local, regional and national authorities).

Particular attention should be paid to the way these actions fit into **existing public policies** (at the local, regional, national and European levels) in order to generate synergies and to ensure that these actions are not isolated initiatives that do not have real impact. **Studies or exchange of experience** are no longer a priority and can no longer be considered as ultimate and sufficient outputs. Besides, partners are invited to **make use of studies and projects which have been realised during the former programming period**.

If studies are carried out, they must be integrated into strategies that aim at **achieving concrete objectives**.

Partners are invited to build their project **in relation to other programmes or other European Union sectoral policies**. Projects of the Med programme can be particularly useful in stimulating transnational actions that can be implemented within other European programming instruments⁴⁹.

The JTS, in connection with the national bodies in charge of the programme in Member States, and eventually with the assistance of technical transnational working groups, will support the Managing Authority for the setting up of partnerships and the elaboration of projects associating the **main public and private actors**. The involvement of **national and regional authorities** will make easier the constitution of large projects with long lasting effects.

This approach reflects the will to ensure that the **durability of Med programme projects** exceeds the time required for their implementation. Partnerships should plan ahead in terms of project continuity and impacts through other ongoing or forthcoming actions. To achieve continuity in projects, partners should work on **capitalisation** and **dissemination** in order to be able to pass on experience and results to others

⁴⁸ As financial limits don't allow heavy investments (infrastructures, equipments...), these kind of projects could be accepted only for limited pilot projects

⁴⁹ For example, setting up partnerships to elaborate transnational projects implemented under other community policies or under transnational strand of "convergence" and "regional competitiveness and employment" objectives.

(management methods, good practice, networks that have been built, new activities generated...).

A **two steps selection procedure** allows for the selection of projects which correspond best to these criteria.

Particular effort should be paid to transnationality, concentration and partnerships in terms of achieving **integrated projects** that address all three issues. Their **territorial integration** should be secured: economic, institutional, political, social and cultural specificities of the Med space should be taken into account throughout project development and implementation.

*Which partners for Med projects?*⁵⁰

The efficiency of the Med programme's implementation depends on good governance and partnerships between all the territorial and socioeconomic actors concerned. As was the case during the previous programming period, **elected local and regional bodies** are invited to play a key role due to their direct involvement in issues specific to the Med area.

Cities and metropolitan areas are important actors because of their socioeconomic weight, of their impact on the environment, of their potential in terms of growth and innovation.

Promoting integrated transnational projects that have a real and lasting impact requires paying greater attention to other **key actors**, particularly **state bodies**. These should be able to offer expertise and resources for priority projects (economic development, environment and spatial planning...). Their involvement should allow to improve the **coordination of projects with current public policy** and to **generate synergies** that will increase the impact of projects.

The 2007-2013 programming period tends also to **foster the participation of private bodies**, insisting particularly on the opportunities given by the setting up of **public-private partnerships**. This means, among others possibilities, to strengthen transnational cooperation actions between "**economic operators**"⁵¹ and **research institutions**.

Cooperation projects between universities can be considered if they are focused on the realisation of concrete objectives with the participation of other types of partners. In the field of research, participating institutions are invited to develop their initiatives as much as possible in connection with the 7th framework programme.

Concerning the implication of **small and middle size enterprises** in the Med programme, the key partners are essentially SMEs cooperation structures⁵² in order to promote strategic approaches and to guarantee that partnerships have a sufficient critical mass.

Non profit organisations can take part in projects partnerships as long as they offer a significant contribution to the transnational project⁵³.

In any case, the Lead partner must have sufficient institutional, administrative and financial resources to efficiently manage and implement the project, but it can't be an economic operator. The eligibility of the different kinds of Lead partners is appreciated according to national rules applicable in each country.

⁵⁰ An indicative list of project partners is available in the *Implementation Guide of the Med operational programme*

⁵¹ According to the article 1(8) of EU Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts, is considered as « economic operator » any natural or legal person or public entity or group of such persons and/or bodies which offers on the market, respectively, the execution of works and/or a work, products or services. As such, competition rules don't depend on the legal status of each institution involved (public or private) but on the nature of the activity realised.

⁵² Cooperation structures can be public, public equivalent bodies, private or non profit organisations. Their objective is to assist enterprises in their development phase and to create synergies between actors to promote innovation and competitiveness (clusters, scientific and technical centres, incubators, resource centres, ...)

⁵³ A non-profit organization (abbreviated "NPO", or "non-profit" or "not-for-profit") is an organization whose primary objective is to support an issue or matter of private interest or public concern for non-commercial purposes. Non profit organisations can make benefits but these benefits must be reinvested in its activity.

Information concerning the involvement of “economic operators”

For each project, partners can participate as **associated partner** or as **beneficiary**. The associated partner contributes to the implementation of the programme but don't get any ERDF financing. The beneficiary is getting ERDF financing⁵⁴.

Each project which will include the participation of an « economic operator » as a beneficiary will have to guarantee the respect of competition rules.

As private contributions are not taken into account as national counterparts, Lead partners have to ensure that a public contribution is foreseen to complete each ERDF contribution allocated to an economic operator.

Moreover, public procurement rules must be adhered to in case of service provision by such enterprises for the implementation of project-related activities. Considering possible conflicts of interest, a company (e.g. a consultancy) participating in a project as partner cannot contract for service provision to project partners.

If the allocation of public funds to economic operators is strictly limited, these operators can however benefit from aids or advantages **within the limits of exemption regulations** about “de minimis aid”, aid to SMEs, aid to training activities or national regional investment aid⁵⁵.

Economic operator can get public aid in each Member State of the Med area on the basis of specific national aid measures notified and accepted by the European Commission.

If necessary, and when exemption regulations are not sufficient, a specific notification procedure can be set up during the programming period to answer to specific needs and limits encountered in partnership building and project implementation.

In each case, aid possibilities are not meant to support activities of isolated actors. They can be allowed only for the realisation of collective and transnational actions of common interest. These aids can be especially interesting for cooperation structures whose function is to support partnership building, development of institutional frameworks, transfer of technology, of know-how and knowledge...

g) Lessons from former programming period (Medocc and Archimed)

For the elaboration of the Med operational programme, it was not possible to use the final evaluation reports of Medocc and Archimed programme which were not drafted yet. However, intermediary evaluation reports of the Medocc and Archimed programmes as well as some specific analysis have been studied⁵⁶.

In these documents are identified difficulties related to the objectives of the programme, to the nature of the programme and of the project partners, and to the integration of the programme in a broader environment.

Objectives of the programmes

The Medocc programme, in its first priority Axis, was seeking to improve the cohesion of the programme's area with a better cooperation between all the regions, including regions of non European countries. At the European level this objective was very ambitious and could not easily be achieved without the setting up of a specific programme.

For the 2007-2013 period, the previous approach changed with the creation of the European neighbourhood and partnership instrument (ENPI). As a result, the Med programme focused more its objectives on the revised Lisbon strategy.

⁵⁴ Some institutions like European agencies can take part to the projects as associated partner but can't receive ERDF financing (European Environment Agency; European maritime safety agency; European railway agency; European Space Agency...).

⁵⁵ More information concerning the Community exemption regulations is available in the Implementation Guide of the Med operational programme.

⁵⁶ - Rapport d'Evaluation Intermédiaire du Programme d'Initiative Communautaire INTERREG IIIB espace Méditerranée Occidentale, 2004.

- Community initiative programme Interreg III B Archimed, Mid-Term Evaluation, December 2003; Updating of the Mid-Term evaluation of CIP Interreg III B Archimed, first report, December 2005.

- Bilan et perspectives de la coopération transnationale au sein de l'espace méditerranéen, ADERGES, Université de Toulouse le Mirail, avril 2006

From a thematic point of view, innovation and competitiveness are new strong orientations and cannot take benefit from implementation experiences from the last programming period.

From their part, environment and culture have been major fields of intervention of the period 2000-2006. In the Med programme, environmental issues are still quite important, concentrating more than 30% of the global budget. However, it is essential to make more progress toward innovation and competitiveness, keeping in mind that protection of cultural heritage and spatial planning are not any more major priorities.

Concerning accessibility, few projects have been realised with the Medoc programme. This field remains however a priority, taking into account the specific situation of the Med space (east-west transit, islands accessibility, weak intermodality,...).

With regards to the Archimed programme, no project had been selected when the interim assessment took place. However, some information can be drawn from the programme's orientations and its implementation process.

As was the case with the Medoc programme, Archimed lays great emphasis on supporting the Barcelona process and on implementing orientations determined by the European Spatial Development Perspective (ESDP).

However, cooperation with non Member States is better integrated in the various intervention themes and is not subject to the development of a specific axis as was the case for Medoc. Archimed takes into account the issue of immigration which does currently not fall within the scope of the Med programme.

Moreover, the ESDP's influence still allows a wider-ranging approach to territorial cohesion by associating agriculture, tourism, the environment, culture, urban/rural linkages. Economic operators, SMEs, innovation and research are a mean in the Archimed programme to encourage the development of isolated areas.

Partnership and governance

Concerning the programmes implementation, the experience of Medoc and the orientations taken by Archimed shows the necessity to improve the quality of projects. This necessitates a better financial concentration on strategic issues and a better coordination with European and national sectoral policies.

On this point, the Capitalisation plan elaborated within the Communication plan plays a key role to improve governance and better define the orientation of the Med programme.

Thus, given the high number of projects which have been focused on local development objectives with the Medoc programme, it is necessary to remind the transnational dimension of the Med programme. This means setting up strong partnerships having a clear transnational dimension and clear transnational objectives.

Then, identification of potential partners has been difficult for the Medoc programme. For this reason, the Med programme is proposing a clearer view of the types of institutions that can participate.

Lead partners are asked to associate the more relevant public and private bodies in order to make easier project implementation and to improve their coordination with other running projects or public policies (ministries, states departments, specialised public bodies...). The connection with European sectoral policies, which has been insufficient with the Medoc programme, must as well be improved as stipulated in the Med programme.

With regards to the Archimed programme, one of the problems was related to the balance in partnerships found in the first applications: Greece and Italy were widely represented, unlike Cyprus and Malta. Such a situation can be explained by differences in terms of eligible population throughout these countries. It will therefore be necessary, at the Med space, to ensure that geographical representation is as balanced as possible in the various projects.

When compared to the Medoc and Archimed programmes, the Med programme does not consider cooperation with non Member States as an objective per se. Similarly, territorial cohesion is still a main concern, but economic competitiveness and innovation have become strategic priorities even

though attention is not only focused on lagging areas.

The Medocc and Archimed programmes have greatly emphasised network-building as well as exchange of information and experience. Although these types of actions are still possible, the Med programme focuses more on the need to implement projects realizing objectives which have a concrete and quantifiable impact on site.

Concerning the implementation of the programme, previous experiences show the necessity to improve the quality of projects. The Med programme is insisting on this point by proposing new modalities for the selection of projects, by increasing targeting efforts and by strengthening support to partnership building.

1.4. Coordination of the Med programme with European and national orientations

a) Compliance with Community Strategic Guidelines

Community Strategic Guidelines, adopted on October 6th 2006 by the Council of the European Union⁵⁷, form the basis of the 2007-2013 period to elaborate national strategic frameworks and operational programmes⁵⁸.

The CSG have identified 4 main themes/directions for the 2007-2013 programming period :

1. Making Europe and its regions more attractive places to invest and work
2. Improving knowledge and innovation for growth
3. More and better jobs
4. Territorial dimension of cohesion policy

European programmes, depending on their specificities, focus on particular aspects of these directions.

In terms of transnational cooperation, CSG insist on the need to strengthen transnational cooperation between States in fields that are important from a strategic point of view, for example: physical and virtual interconnections between different areas; natural risk prevention; water management; integrated maritime cooperation; promoting sustainable urban development and R&D/innovation network development.

These fields of intervention are all reiterated in the Med operational programme's four axes. It sets out a hierarchy of objectives depending on the priorities identified according to the Mediterranean context and to the level of available funding.

More generally, CSG draw attention to the fact that, as required both by the integrated guidelines for growth and jobs⁵⁹ and by the revised Lisbon agenda, operational programmes should focus their resources on :

- Knowledge, research and innovation ;
- Sustainable development and synergies between its economic, social and environmental dimensions

These two points are the two main axes of the Med operational programme.

The territorial dimension of the CSG is clearly present throughout the Med programme due to the nature and areas of cooperation (accessibility, the environment, natural risks...) and due to the will to promote integrated development projects that involve the key actors of the affected areas (businesses, local and regional authorities, State services...). Amongst other objectives, the Med programme aims at promoting cooperation between territorial systems (metropolis, cities, rural areas...) to coordinate development policies (economy, transport, environment...) and spread growth to less prosperous areas.

This concern follows the aim stated in the CSG, i.e. the improvement of governance and of the range of projects in order to optimise the impact of funding. Part of the Med operational programme is devoted to the cross-cutting principles that Lead partners should respect to reach these objectives (transnationality, partnership, concentration, sustainability, capitalisation...) ⁶⁰

In a similarly cross-cutting way, the CSG emphasise equality between men and women and non-discrimination which should be taken into account at all stages of the programme/projects implementation even when they are not areas of specific intervention.

b) Coherence with national strategies

Partner states of the Med space have jointly contributed to elaborating the axes and objectives of the

⁵⁷ Council decision of 6 October 2006 on Community Strategic Guidelines on cohesion (2006/702/EC)

⁵⁸ Cf. table "comparison between CSG, ERDF regulation, Med OP and NSRF" at the end of part 1.4.

⁵⁹ 2005/600/EC: Council Decision of 12 July 2005 on Guidelines for the employment policies of the Member States

⁶⁰ I.3.f ; Principles to strengthen governance and generate strategic projects

programme and have ensured that they are consistent with the directions taken by national reform programmes and with national strategic reference frameworks.

Some states have included a chapter specifically dedicated to European territorial cooperation in their NSRF (Greece, France, Italy, Portugal...). In such a case, it is possible to make a direct comparison between the operational programme and national directions in the « transnational cooperation » section of the NSRF.

For other countries, comparisons are based on the NSRF' general orientations and on possible additional information made available in terms of territorial cooperation⁶¹.

Generally speaking, concerns related to economic development, innovation, protecting the environment and sustainable development are reflected in fairly similar ways in the various Member States.

Some States lay greater emphasis on reducing territorial disparities and on rural development within the context of their economic development policy. Similarly, Cyprus, Greece, Italy, Malta or Portugal emphasise the promotion of culture, the protection and enhancement of the heritage as well as the preservation of the natural environment. This orientation is found in Axes n° 2 and 4 of the Med operational programme; the need to promote integrated and innovative actions is emphasised.

In national strategies, the issue of employment, of social inclusion, of training and enhancement of human capital are important but are more relevant in the context of programmes funded by the ESF.

Similarly, in the field of accessibility, some Member States insist on the development of transport and telecommunications infrastructure (Malta, Cyprus) that will nevertheless be taken into account as priorities in the light of the convergence objective. The Med programme aims at enabling access to transport and communication rather than developing heavy infrastructure.

In the field of « sustainable urban development », the will to promote cooperation actions between different territorial systems and different territorial scales appears in all national strategies. These strategies also emphasise the socio-economic dimension of sustainable urban development (regenerating depressed areas) which fall within the regional convergence and regional competitiveness and employment objective due to their social dimension (EFS funding) and to the amount of investment required in terms of urban renewal.

For these reasons, the coordination between the Med programme and **Regional operational programmes** requires exchanges between the Managing Authorities of the different programmes. The Monitoring Committee can specify the activities which can be implemented to promote this integration at the level of the programme (ex: organization of specific meetings with Managing Authorities of other programmes). The level of coordination between the programmes is one of the elements which are taken into account in the monitoring and evaluation system of the Med programme.

In addition, the partners must take into account the public policies and programmes existing at local, regional, national and European level to avoid implementing similar projects and to promote capitalisation of experiences and initiatives.

Regional operational programmes generate many projects with important financings. They can be a strong source of work and inspiration for the definition and the implementation of Med projects. The contributions must come from both sides emphasising exchanges of know-how, of good practices, of innovative actions. It is about using other resources to promote new approaches and avoid duplication of similar initiatives in different programmes.

Regional operational programmes can as well be used as a support to prolong actions initiated by the Med programme. It is essential that Lead Partners have a good knowledge of existing Regional operational programmes so that they can capitalise experiences, initiatives, and produce more efficient projects with larger impact.

This aspect will be part of the selection criteria of the Med programme to assess the projects submitted by the Lead Partners.

⁶¹ Cf. table "comparison between CSG, ERDF regulation, Med OP and NSRF" at the end of part 1.4.

c) Coordination with other European programmes

The Med programme will look closely to the complementarity between its projects, the orientations of Convergence and Regional competitiveness and employment objectives, and with other specific instruments.

Complementarity should exclude double funding and projects which would have contradictory aims with other community programmes.

1. Coordination with « Convergence » and « Regional competitiveness and employment » objectives

The Med programme is based on the orientation of the Lisbon - Gothenburg agenda which constitutes the main reference for the “Convergence” and “Regional competitiveness and employment” objectives.

As such, the Med programme doesn't show strong differences with the intervention fields of these objectives but seeks to adapt them to the specificities of the Med area. More important is that the Med programme is exclusively focused on a transnational projects.

Thus, with each Axis or objective of the Med programme, it is possible to implement coordinated interventions with Convergence and Regional competitiveness and employment objectives. Moreover, taking into account the limited budget of the Med programme, Lead partners are invited to promote actions which could be further implemented or developed with more important financial means through these two main objectives.

2. Transnational and cross-border cooperation

In the light of the European territorial cooperation objective, the Med programme must specifically ensure that its interventions are coordinated with other **transnational and cross-border cooperation** programmes partly or wholly included in the eligible Med area, including cooperation programmes co-funded by ERSF and the IPA instrument.

3. Initiative « Regions for economic change »

The European Commission's will to boost innovation in the Member States and to help regions make the most of experience and best practice has led it to suggest a new initiative called « *Regions for economic change* ».

The objective is to encourage regional networks in implementing the revised Lisbon strategy agenda through actions of economic modernisation. These networks select a development theme that is of particular interest for them amongst those defined by the European Commission⁶². These themes largely refer to the content of the Community Strategic Guidelines on which the objectives of the Med programme are also based.

This new initiative is particularly interesting in terms of implementing the Med programme since it aims at improving governance and increasing private sector involvement in partnerships in a cross-cutting way. This objective reflects the rationale underpinning the Med programme : it emphasises the need for strong partnerships and the development of integrated projects from a territorial point of view (associating horizontal and vertical partnerships, involving key actors from the public and private sectors)

Actions carried out in the context of the Med programme can be based on cooperation and coordination with projects stemming from this new initiative.

4. 7th research framework programme (FP7)

The 7th research framework programme, which runs from 2007 to 2013, will allow the European Union to make sure its research policy meets its economic and social ambitions by consolidating the European Research Area (ERA). For this period, four main objectives have been identified. They match four specific programmes that should structure European research activity: a « Cooperation » programme, an « Ideas » programme ; a « People » programme ; a « Capacities » programme.

⁶² Working document of the EU Commission published with the Commission communication “Regions for economic change » SEC(2006) 1432.

Amongst these, the « cooperation » and « capacity » programmes are the ones which are most likely to generate actions that are coordinated with projects of the Med programme.

The objective of the « cooperation » programme is to stimulate cooperation and to strengthen the links between industry and research in a transnational context. European leadership should be strengthened in the various key aspects of research.

The terms of intervention largely reflect the specific issues that have been highlighted for Mediterranean areas: agriculture and biotechnology; information and communication technology; nanosciences, nanotechnologies, materials and new production technologies; energy; environment (including climate change); transport (including aeronautics); security. These fields are also of interest for Axes n°1, 2 and 3 of the Med programme.

The « capacities » programme aims at investing in research infrastructure in regions whose performance lacks in efficiency, in creating regional research poles and in research for SMEs. This objective is quite closely related to the types of actions foreseen in the context of the Med programme's Axis N°1.

Using the « Capacities » and « Cooperation » programmes, coordinated actions can clearly be undertaken between the 7th research framework programme and the Med programme.

5. Competitiveness and research framework programme (CIP)

For the 2007-2013 period, a Competitiveness and research framework programme has been adopted to address the objectives of the revised Lisbon strategy and to stimulate growth and employment in Europe.

The CIP includes three specific sub-programmes: the entrepreneurship and innovation programme; the ICT Policy Support Programme; the Intelligent Energy-Europe Programme. Eco-innovation will be a transversal theme of the whole programme.

It draws on the Med programme's priority axes in promoting industrial competitiveness and innovation and in paying particular attention to the environmental sector (eco-innovations, eco-technologies). In this field, the Intelligent Energy-Europe programme aims at speeding up the realisation of objectives in sustainable energy. It supports the improvement of energy efficiency, the adoption of new and renewable energy, a better marketing of these products, the diversification of energy and fuel sources, an increase of the share of renewable energy.

6. Complementarity with the European Social Fund

Supporting employment and improving economic and social cohesion are amongst the main objectives of the Lisbon agenda. The ESF is the main intervention tool in this field. It aims at improving employment and work quality and productivity, helping disadvantaged persons in getting a job and reducing national, regional and local disparities in terms of employment⁶³.

The ESF also supports transnational and interregional actions, most by sharing information, experience, results and best practice and by developing complementary approaches and coordinated or joint actions⁶⁴.

These types of actions can also fall within the scope of the Med programme, which, according to the ERDF regulation, can contribute to « creating and safeguarding sustainable employment »⁶⁵.

More specifically, programmes funded by the ERDF can contribute to encouraging (...) the integration of cross-border job markets, local initiatives related to employment, equal opportunities, training and integration, as well as sharing human resources and infrastructure for research and development.

With regards to the Med programme, social and employment related issues are indirectly dealt with through the will to support innovation and economic competitiveness on the one hand, through the promotion of coordinated spatial development on the other.

⁶³ Article 2 of EU Regulation 1081/2006

⁶⁴ Article 3(6) of EU Regulation 1081/2006

⁶⁵ Article 2 of EU Regulation 1080/2006

Amongst the measures that primarily fall within the FSE field, training actions can be integrated into Med projects insofar as they directly contribute to the implementation of the project or are essential in reaching project objectives.

7. Information on complementarity with measures financed by the EAFRD and those financed by the EFF

The European Agricultural Fund for Rural Development (EAFRD) is the only funding instrument for rural development policy. This fund should assist the implementation of three objectives that match the three axes defined at the Community level in terms of rural development:

- Improving the competitiveness of agriculture and forestry by supporting restructuring ;
- Improving the quality of the environment and rural space by supporting spatial management ;
- Improving quality of life in rural areas and encouraging the diversification of economic activities.

The Leader+ programme became the Leader Axis of EAFRD whose mission is to finance cooperation projects between rural areas.

Within the Med programme, the development of rural areas is not a priority axis. It is more approached in its interaction with development areas (towns, development poles) and in its environmental dimensions.

The Med programme is linked to the former Leader+ programme with the priority given to the strengthening of networks and partnerships in order to promote cooperation projects and integrated territorial development.

The Med programme is as well in line with the third heading of the EAFRD fund when supporting diversification of economic activities, encouraging sustainable tourism and promoting protection, enhancement and good management of natural heritage.

The main difference between the Med programme and EAFRD eligible actions is about the range and the profile of the operations. The majority of the projects financed by EAFRD programmes are implemented at the local or regional scale for the benefit of local actors (farmers, land owners, economic operators).

For the transnational cooperation projects financed by EAFRD programmes, the initiative is coming from the local level (called Local Action Group), when for the Med programme, the initiatives and ideas are more based on a general approach of the Med area.

In the field of fisheries, the European Fisheries Fund (EFF) also acts in specific areas, to support a particular economic sector, favour its restructuring and reduce its environmental impact. Partnership-based and strategic actions are preferred (partnerships between scientists and fishermen, diversifying and strengthening economic development in depressed areas...), they differ from the Med programme which does not specifically support fisheries, but considers it as an economic sector which should contribute, amongst other objectives, to that of sustainable development (aquaculture, wise resource management...).

8. Coordination with non Med institutions

The European Neighbourhood and Partnership Instrument (ENPI)

The constitution of an integrated economic space with other Mediterranean countries was one of the priorities of the Medocc programme. This has been modified for the 2007-2013 programming period because of the creation of a specific cooperation instrument in the Mediterranean area, the *neighbourhood and partnership instrument* ENPI-CBC. In this context, the Med programme is less focused on cooperation with these countries than what was Medocc whose first intervention axis was to ensure a better cohesion of the Mediterranean basin. In the context of the Med programme, the aim is more in ensuring that interventions are consistent with the new neighbourhood instrument.

In connection with transnational cooperation programmes, this instrument will allow to carry out flexible actions with regards to specific themes such as the environment, energy, telecommunications and transport network integration which match the directions of the Med programme to a high extent (priority Axes 2 and 3).

The Instrument for Pre-Accession Assistance (IPA)

From 2007 on, PHARE, ISPA, SAPARD⁶⁶ and the pre-accession instrument for Turkey merged with the CARDS instrument⁶⁷ within a unique instrument for pre-accession assistance (IPA). This one benefits the candidate countries (currently Former Yugoslav Republic of Macedonia and Turkey) as well as potential candidates (other countries of western Balkans). Through its component II, the IPA instrument is supporting, inter alia, cross-border cooperation at terrestrial and maritime borders between EU countries, candidate and potential candidate countries. Moreover, article 86(4) of IPA Implementing Rules (regulation No 718/2007) provides the possibility to these countries to use their IPA funds to participate to ERDF transnational cooperation programmes (Med and SEE programmes).

IPA countries have the possibility to participate to the Med programme. The terms of participation are specified by the EU Commission in connection with the Monitoring Committee (Cf. I.1.c “eligible areas”).

d) Coordination with sectoral policies of the European Union

Concerning the operational programme and its projects, a specific attention is paid to the complementarity with European sectoral policies.

Some projects can be especially elaborated to be further developed and implemented within one of these sectoral policies.

- Policy of research, technology and development ;
- Trans-European transportation networks ;
- Environment and sustainable development;
- Equal opportunities ;
- Energy ;
- Enterprises ;
- Fisheries and maritime affairs ;
- Information society;

Compliance of operations with community policies is examined during the projects selection process and at the intermediary evaluation. Mechanisms aiming to ensure that there is no double funding are implemented for operations co financed by structural funds.

Comparison between CSG, ERDF regulations, Med programme and NSRF

Community Strategic Guidelines	ERDF Regulation	Med programme	NSRF of Member States
4.2.1. Increase and better target investment in RTD	Innovation Creation and development of scientific and technological networks,	Priority Axis 1 : Strengthening innovation capacities 1.1. Dissemination of innovative technologies and know-how 1.2. Strengthening strategic	Cyprus : Strengthening the productive base of the economy and supporting enterprises; promoting research, technological development and innovation; improving competitiveness of the tourism sector;
4.2.2. Facilitate			France : Promoting innovation and

⁶⁶ PHARE: European assistance programme for central and eastern European countries; ISPA: Instrument for structural policies for pre-accession; SAPARD: Special Accession Programme for Agriculture and Rural Development

⁶⁷ CARDS: Community assistance for reconstruction, development and stabilisation

<p>innovation and promote entrepreneurship</p>	<p>and the enhancement of regional R&TD and innovation capacities</p>	<p>cooperation between economic development and public authorities</p>	<p>competitiveness through the setting up and development of scientific and technologic networks ;</p>
<p>4.2.4. Improve access to finance</p>			<p>UK (Gibraltar): Diversifying the economy and encouraging enterprise via innovation and the development of information technology.</p>
			<p>Greece: Promoting innovation, research and entrepreneurship, as well as links between them; supporting the knowledge economy.</p>
			<p>Italy : Enhancing research and technology and promote innovation as a key factor for restructuring Italian economy and transition to the knowledge economy.</p>
			<p>Malta : Supporting enterprises ; mobilizing investment in RDT ; promoting innovation and enhance human resources;</p>
			<p>Portugal: Promotion of technology and innovation integrated in the Factors of Competitiveness Agenda to stimulate the qualification of the productive basis, through innovation and technological development, with the mix of instruments for economic incentives and public policy support.</p>
			<p>Slovenia: Promotion of entrepreneurship, innovations and technological development; Improvement of the quality of educational system and research-development activities; Balanced regional development.</p>
			<p>Spain: Promotion of innovation and competitiveness by supporting the creation of scientific networks and innovative entrepreneurship associations. Support to the knowledge economy.</p>

Community Strategic Guidelines	ERDF Regulation	Med programme	NSRF of Member States
4.1.2. Strengthen the synergies between environmental protection and growth	<p style="text-align: center;">Environment</p> <p>Water management, energy efficiency, risk prevention and environmental protection activities with a clear transnational dimension</p>	<p style="text-align: center;">Priority Axis 2 : Protection of the environment and promotion of a sustainable territorial development</p> <p>2.1. Protection and enhancement of natural resources and heritage</p> <p>2.2. Promotion of renewable energy and improvement of energy efficiency</p> <p>2.3. Maritime risks prevention and strengthening of maritime safety</p> <p>2.4. Prevention and fight against natural risks</p>	<p>Cyprus : Protecting the environment, biodiversity and coastal areas; improving energy efficiency and promoting alternative forms of energy; improving quality of life for inhabitants; highlighting cultural assets and strengthening cultural infrastructures;</p>
4.1.3. Address Europe's intensive use of traditional energy sources			<p>France : Ensuring protection of the environment and management/prevention of natural and technological risks (maritime safety, water management, flooding prevention) ;</p>
5.3. Cooperation Maritime cooperation			<p>UK (Gibraltar): Ensuring efficient use of natural resources and promoting environmental protection and maritime pollution prevention.</p>
			<p>Greece: Manage environment in a sustainable way (soil systems, water resources, climate change, risk management, ...); developing environmental friendly energy forms and improving energy supply;</p>
			<p>Italy : Sustainable and efficient use of environmental resources for development ; development of natural and cultural resources to boost appeal and development;</p>
			<p>Malta : To ensure environment protection and risk prevention ; to promote energy efficiency and renewable energy sources; to reach stability in energy supply; to sustain the tourism industry and promote culture ;</p>
			<p>Portugal: Agenda for the Territorial Enhancement includes action to increase attractiveness of the territories and territorial cohesion, among others through the support of actions contributing to the increase of value and environment protection.</p>
			<p>Slovenia: Ensuring conditions for growth by providing sustainable mobility, improving quality of the environment and providing relevant/appropriate infrastructure ; Balanced regional development.</p>
			<p>Spain: Ensuring efficient water management. Prevention of risks. Protection of the environment, of biodiversity with a special focus on Natura 2000 areas.</p>

Strategic community guidelines	ERDF regulation	Med programme	NSRF of Member Stats
4.1.1. Expand and improve transport infrastructures	<p style="text-align: center;">Accessibility</p> <p>Activities to improve access to and quality of transport and telecommunications services where these have a clear transnational dimension</p>	<p style="text-align: center;">Priority Axis 3 : Improvement of mobility and of territorial accessibility</p> <p>3.1. Improvement of maritime accessibility and of transit capacities through multimodality and intermodality</p> <p>3.2. Support to the use of information technologies for a better accessibility and territorial cooperation</p>	<p>Cyprus : Improving accessibility and developing transport infrastructures ; strengthening port infrastructures and sea transport; promoting a knowledge society; developing applications in information society; improving urban transports;</p>
4.2.3. Promote the information society for all			<p>France : To promote accessibility and improve sustainable transport systems (intermodality, interoperability, connection to TEN-T – surveys, analyses, forecasts, observations, experiments);</p>
5.3. Cooperation : maritime cooperation			<p>UK (Gibraltar): Improve accessibility via the development of a knowledge based society and maritime cooperation.</p>
			<p>Greece: Investing on sustainable infrastructures and using information and communication technologies effectively towards digital convergence of the country</p>
			<p>Italy : promoting the development of strategic territorial platforms; ensuring transport networks and nodes oriented to development and coherent with the environmental and tourist feature; ensuring intermodality, integration and synergy among existing networks at different levels;</p>
			<p>Malta : Improving accessibility and expanding the transport infrastructure ; promoting E-society;</p>
			<p>Portugal: Agenda for the Territorial Enhancement includes actions to enhance the attractiveness of the territories of productive direct investment, as well as the living conditions of its populations, by promoting stronger international connectivity and mobility and supporting networks, infra-structure and equipment for stronger territorial cohesion.</p>
			<p>Slovenia: Promotion of entrepreneurship, innovations and technological development ; Ensuring conditions for growth by providing sustainable mobility, improving quality of the environment and providing relevant/appropriate infrastructure ; Balanced regional development.</p>
			<p>Spain: Promotion of accessibility with a special attention to sustainable transport systems. Finalising the connectivity of the Spanish system with European networks.</p>

Community Strategic Guidelines	ERDF Regulation	Med programme	NSRF of Member States
5.1. The contribution of cities to growth and jobs	<p align="center">Sustainable urban development</p> <p>Strengthening polycentric development at transnational, national and regional level, with a clear transnational impact</p>	<p>Priority Axis 4 : Promotion of a polycentric and integrated development of the Med space</p> <p>4.1. Coordination of development policies and improvement of territorial governance</p> <p>4.2. Strengthening of identity and enhancement of cultural resources for a better integration of the Med space</p>	<p>Cyprus : promoting urban revitalization; improving attractiveness of urban and rural areas;</p> <p>France : to strengthen territorial cooperation and networking (towns, urban agglomeration, metropolis, university networks, rural areas...);</p> <p>UK (Gibraltar): Support sustainable urban development by promoting urban revitalisation, restoration and creating job opportunities which contribute to growth.</p> <p>Greece: Developing broader and more competitive spatial entities; promoting the establishment of a balanced and polycentric urban system with focus on urban – rural interface; promoting culture as a vital factor of economic growth.</p>
5.2. Support the economic diversification of rural areas, fisheries areas and areas with natural handicaps			<p>Italy : Strengthening the polycentric development; enhancing cities potential (culture, research, innovation and environmental protection, economic development); improving urban development management; encouraging attractiveness, growth and balanced development of cities;</p> <p>Malta : To promote integrated urban regeneration policies and projects; to address Gozo's regional distinctiveness in the development of the Country;</p> <p>Portugal: Agenda for the Territorial Enhancement includes actions to enhance the attractiveness of the territories of productive direct investment, promoting among others policies and actions of urban development and inter-city networks and cultural infrastructure and activities.</p> <p>Slovenia: Balanced regional development</p> <p>Spain: Strengthening urban and rural development strategy through integrated actions</p>

I.5. Ex ante evaluation – Conclusions and recommendations

a) Recommendations of the evaluation already adopted by the OP

The evaluators established a constructive and fruitful cooperation with the Task Force and with the consultants involved in the elaboration of the programming document. In this context, most of the recommendations of the evaluation included in the previous draft reports have been adopted and included in the programming document.

The above mentioned recommendations dealt mainly with the following issues:

- Analysis of the current situation and SWOT analysis
- Indicators of the OP
- Implementing provisions of the OP

b) Evaluation of the diagnosis and of the SWOT analysis

As already mentioned above, most of the relevant recommendations made by the evaluator, have been already adopted and included in the OP. Thus, sufficiency, quality and integrity of the analysis of the current situation and of the respective SWOT analysis have been substantially improved and the analyses should be considered as reliable and satisfactory.

c) Assessment of relevance and coherence of the strategy

Regarding **the relevance of the strategy**, the following conclusions can be drawn:

- The strategy focuses on a small number of priority Axes and objectives
- No adverse effects have been identified, which means that the strategy resolves any conflicts by tackling the different problems
- Priority axis 2 (Environmental protection and promotion of sustainable territorial development) serves in the best manner the solution of the identified problems, followed by priority axes 1 (strengthening innovation capacities), 3 (improve mobility and territorial accessibility) and 4 (promotion of a polycentric and integrated development of the MED space)
- The proposed strategy is focused on raising innovation and competitiveness of the MED space, along with the protection of the natural and cultural heritage of the MED space, thus it serves in an adequate and balanced manner the key priorities of the EU policy
- Allocation of funds per priority axis is in conformity with their relevance as assessed by the ex-ante evaluation

Regarding **the internal coherence of the strategy**, this is satisfactory, since considerable synergies between all priority axes and no adverse effects are reported.

Regarding the **external coherence of the strategy**, this is fully coherent with the Lisbon strategy, the Community Strategic Guidelines on Cohesion, the priorities of the European Territorial Cooperation and the relevant national policies.

d) Evaluation of the expected results and impacts of the Med programme (quantification of objectives - indicators)

With reference to the previous version of the OP, the following recommendations have been made by the evaluator:

Improvement of the clarity of the indicators by adequate rephrasing of the indicators' definitions or by addition of explanatory notices

- Consolidation of output indicators by merging of similar or overlapping indicators, in order to reduce their number, to allow for a better quantification and to improve the manageability of the indicators' system
- In the cases that baseline values are required, explanatory notices are should be added in order to clarify the source of baseline data and the time frame to which these data are referred
- To the extend required, additional indicators should be included in the Implementation Guide of the OP, to be used there for information and statistical purposes

The above recommendations have been adopted and they are included in the present version of the OP.

e) Assessment of the implementation and monitoring mechanisms

- All authorities requested by the Regulations 1080/2006 and 1083/2006 are already designated and their responsibilities are included in the implementing provisions of the OP.
- The roles, the responsibilities and the allocation of tasks between the above mentioned Authorities are compliant with the requirements of Regulations (EC) 1080/2006 and 1083/2006. Regarding the type and range of assistance to be provided to the JTS by the bodies in charge of the OP in Member States, this issue is described in more detail in the OP and is further developed in the Implementation Guide .
- The procedures of project selection and approval were improved and the present description should be considered as satisfactory.
- The monitoring and control system is briefly described in the implementing provisions of the OP.
- The evaluation procedures of the OP and the respective responsibilities are sufficiently described and in line with the relevant EC regulations.
- Financial management, control and audit procedures are described in the implementing procedures in a satisfactory manner and in line with the requirements of the relevant EC Regulations. Concerning the audit trail, additional information is included in the Implementation Guide of the OP.
- The publicity procedures of the OP and the respective responsibilities are sufficiently described and in line with the relevant EC regulations.
- Regarding capacity building, the most critical issue is the timely and sufficient staffing of the JTS. The requested staff of 7 to 9 persons is absolutely necessary for the efficient implementation of the crucial tasks of JTS.

f) Integration in the operational programme of the comments coming from the ex-ante evaluation

The ex-ante evaluation has been elaborated in connection with the final drafting of the Med programme and has been useful to complete and achieve the OP.

All the remarks and comments made by the experts in charge of the ex-ante evaluation have been taken into account during the different working sessions. These remarks were concerning both the strategic orientations of the OP (better distinction between priority Axis 2 and 4, better consideration for environmental monitoring...), the regulatory obligations concerning the functions of the authorities of the programme, the monitoring and control systems or the technical aspects concerning the projects selection procedures, the definition of indicators or the communication procedures.

I.6. Presentation of the Strategic Environmental Assessment

The strategic environmental assessment aims to make sure that “the likely significant effects on the environment of implementing the plan or programme, and reasonable alternatives taking into account the objectives and the geographical scope of the plan or programme, are identified, described and evaluated” (article 5, Directive 2001/42/EC). The SEA Directive is requiring as well that Member States “monitor the significant environmental effects of the implementation of plans and programmes in order, inter alia, to identify at an early stage unforeseen adverse effects, and to be able to undertake appropriate remedial action” (article 10, Directive 2001/42/EC).

The part I.6 of the Med Program corresponds to the contents of the statement which must be made available according to article 9 of the Directive 2001/42/EC. This declaration is available on the Internet site of the Med Programme.

As specified in the introductory part of the OP, the Med Programme is following the orientations of the Gothenburg agenda, aiming to promote a sustainable development of Med territories. These orientations are explicitly developed in the Priority axes of the Programme.

They appear as well as transversal objectives applicable to all intervention of projects partners which must take into account environmental issues in their approach and in their objectives.

Pursuant to Directive 2001/42/EC⁶⁸, an environmental assessment of the Operational programme has been carried out.

KANTOR consulting prepared the environmental report on the basis of the final draft Operational programme.

The strategic environmental assessment (SEA) as well as the operational programme has been submitted to the national authorities of each Member states which, according to their responsibilities, are likely to be concerned by the environmental effects of the Programme.

The 16th of May has been launched the Public consultation in each of the Member state. The publication of the strategic environmental assessment and of the operational programme has been realized through internet web sites of the Medocc and Archimed programmes. Then, they have been disseminated by national and regional authorities.

Respecting the legal period of consultation in each Member state, the public consultation closed the first week of July 2007 with however an additional time for Greece. Then, the Member states published summaries of the remarks and comments made on the SEA and on the Operational Programme.

⁶⁸ Directive 2001/42/EC of the European Parliament and of the Council on the assessment of the effects of certain plans and programmes on the environment

a) Integration in the operational programme of the comments of the environmental report

As specified by the environmental report, the Med programme doesn't aim to realise heavy infrastructures which could have strong environmental impact. It is more dealing with the implementation of strategic collaboration, the improvement of existing systems, the dissemination and the share of means, knowledge, tools in priority axes (socioeconomic development, territorial cohesion, sustainable development...)

The environmental assessment emphasise however the necessity for the project partners, whatever the implemented actions, to be conscious of the environmental dimension of their approach and of their objectives. This necessity is reminded in the description of the projects selection process.

For the experts in charge of the SEA, most of the priorities and actions foreseen by the programme will have a positive impact on the environment. They specify however that indirect negative effect could occur with the implementation of objective 3.1. *“Improvement of maritime accessibility and of transit capacities through multimodality and intermodality”*.

To take into account the possibility of a negative impact of the development of networks and communication corridors, the Med programme strongly insists on the necessity to promote multimodality and intermodality which are clear and strong priorities.

The possible negative impacts on the environment (economic activities, transport, tourism...) are anticipated with the projects selection criteria (chapter 6.2.2.) as well as with the monitoring system setup to evaluate the effects of the implementation of the programme on the environment. This monitoring system must especially allow to adjust if necessary the orientations of the Med programme and to modify the indications given to the projects partners on the objectives and the general implementation provision to be taken into account. Its procedures are specified in the Implementation Guide of the OP.

b) Integration in the operational programme of the comments coming from the public consultation

Among the Member states, reactions have been quite limited in scale. Most of the countries are giving general comments following the orientations of the Med programme (Portugal, Spain, Cyprus, Malta, Great Britain).

Remarks are more specific and technical concerning Italy and France. These remarks have required either punctual modifications of the OP or justified answered to explain why some remarks could not be taken into account in the OP.

Modifications introduced in the operational programme are mainly dealing with some specific environmental issues which don't seem to be enough emphasized in the OP. Remarks are mostly concerning forestry, water management, coastal land use and seismicity of the Med area.

As well, as underlined by the environmental assessment, comments are made on the necessity to give more importance to environmental issues during the projects selection process. It means to have the possibility to assess their impact and to estimate the cumulative effects of projects on some territories. This preoccupation is taken into account in the selection process of projects and strategic projects. The conditions are detailed in the Implementation Guide of the OP.

c) Measures concerning the monitoring of the environmental impact of the Med programme

A **monitoring system** is set up to assess the impact of the Med programme on the environment. This system is based on one hand on the examination of project applications in regard to their possible environmental impact, and on the other, on the monitoring of environmental impact during the concrete

implementation of the programme and of the projects.

The examination of applications is taken in charge by the JTS with the possibility to use external environmental expertise. The monitoring of the impact of the programme and of the projects on environment is taken in charge by the JTS, with the assistance of a group of experts which will elaborate the monitoring and assessment system of the programme.

This monitoring system is connected to the overall monitoring system of the Med Programme. Its implementation procedures are specified in the Implementation Guide of the Med Programme.

II. DESCRIPTION OF PRIORITIES

Community regulations do not require the detailing of actions for each of the Med programme's objectives. The lists of suggested actions are not comprehensive and should allow Lead partners to better understand the type of initiatives eligible for projects.

Projects should take into account the importance of cross-cutting themes –innovation, sustainable development, gender equality and non discrimination- which are eligible for each kind of project.

PRIORITY AXIS 1: Strengthening innovation capacities

Main issues:

Europe, and particularly the Med area, face strong international competition. Their technological, economic and organisational potential should be strengthened, in order to guarantee a higher level of competitiveness, development and growth in years to come.

The Med area is characterised by regional disparities in terms of development and by a high level of fragmentation of economic operators, so the Med programme should favour technology and know-how transfer to strengthen synergies and generate critical mass between economic operators. Over the long term, high added value should be developed, lagging areas should diversify their activity and SMEs networks should strengthen their international dimension.

These objectives must be followed by enhancing endogenous resources and by ensuring the implementation of the sustainable development principle.

OBJECTIVE 1.1.: Dissemination of innovative technologies and know-how

Description:

The development of innovation requires support to technology, know-how and new practices ensuring transnational dissemination and implementation in the business sector. In the Med area, these initiatives allow modernisation and will improve competitiveness in key sectors such as the environment, energy, tourism, agriculture, forestry and agribusiness. As for technical and scientific innovation, particular attention should be given to non technical innovation, to the progress of the knowledge society as well as to the activities of the new economy that demonstrate a high growth potential for Mediterranean regions (services, design, media, communication, marketing, creation, fashion...)

Possible actions:

- Building transnational networks between organisations that support businesses, economic operators, chambers of commerce, clusters... to facilitate technology transfer as well as the dissemination of innovative practices and know-how (marketing, economic intelligence, use of ICT, management, evolution of skills, diversification of activities)
- Developing transnational networks developing research and resource centres, innovation and entrepreneurship centres and intermediate structures that facilitate innovation processes (legal assistance, access to funding, human resource management, technology watch, promotion of economic intelligence, use of ICT, partnership building, capitalization and dissemination of information related to innovation.

- Developing transnational cooperation networks between businesses, research and training institutions to support the creation, capitalization and dissemination of new patents, new production processes, new products and new services ; to disseminate and improve financial engineering tools to implement these innovations.
- Promoting transnational cooperation and exchange to improve the capacity for innovation in the fields of energy and the environment (developing technology underpinning renewable energy ; new processes to reduce industrial and agricultural pollution...) in line with European priorities (PCRD, PCIC).

Potential beneficiaries	Clusters ; groups of SMEs ; research institutions ; institutions supporting transfer of technology ; technology centres ; innovation and entrepreneurship centres; certification and control organisms ; training institutions ; universities and high education institutions ; regional development agencies ; local, regional and national authorities and agencies in charge of sectors concerned ; Ministries and public institutions in charge of sector concerned ; local and regional institutions in charge of territorial economic development; chambers of commerce; financial institutions; ...
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OBJECTIVE 1.2.: Strengthening strategic cooperation between economic development actors and public authorities

Description:

The improvement of innovation capacity in business should fall within coordinated development strategies of various levels in order to have a real medium and long term impact on the competitiveness of Mediterranean area.

This objective implies that public and private actors (cities, regions, clusters, research institutions...) work in close coordination to develop and implement consistent innovation and economic development policy that will be able to generate synergies at the transnational level.

Possible actions:

- Creating transnational structures that aim at improving regional policy and innovation capacity (comparing experience and disseminating know-how; experimenting shared organisation modes ; carrying out sectoral strategies and benchmarking ; disseminating and applying common standards...)
- Setting up innovative actions that strengthen the international dimension of Med SMEs (trade and partnership opportunities; exchanges dealing with the development of commercial routes ; support for innovative clusters ; promoting transnational marketing activities...)
- Support transnational initiatives that aim at encouraging sustainable development and modernisation, diversification and adaptation of traditional economic sectors of the Med area (agriculture, tourism, ecotourism...)

Potential beneficiaries

Clusters ; groups of SMEs ; research institutions ; institution supporting transfer of technology; technology centres; training institutions; universities and high education institutions; regional development agencies; local, regional, national authorities and agencies in charge of sectors concerned; towns, metropolitan areas and associations of territorial administrations; regions; Ministries and public institutions in charge of sectors concerned; local and regional institutions in charge of territorial economic development; chambers of commerce; financial institutions; ...

PRIORITY AXIS 2: Protection of the environment and promotion of a sustainable territorial development

Main issues :

Because of its geographical feature (peninsulas, islands, mountains, large coastal conurbations, peripheral areas) the Mediterranean area is subject to high environmental pressures

More specifically, biodiversity, maritime habitat, landscape and its heritage, forests, water resources, are under direct threat due to the intensity of human activity (domestic activity, urbanisation, industries, intensive agriculture, over fishing, tourism...) The sea is particularly subject to a range of pollution sources due to the levels of maritime traffic that represent a high level of risk⁶⁹.

Besides, Mediterranean space concentrates most of the major risks: fire, floods, draughts and reduction of water resources, seism, tsunami, and landslides. These risks represent a danger for the populations, for economic activities, for the environment and for local resources.

With the objective to promote a sustainable regional development, bodies in charge of regional development, spatial planning and other sectors concerned are expected to cooperate in order to ensure responsible management, preservation and valorisation of natural resources and heritage (notably sustainable tourism).

OBJECTIVE 2.1. : Protection and enhancement of natural resources and heritage

Description :

As highlighted by the AFOM analysis, the Mediterranean area boasts a very rich and diverse natural environment and heritage which however suffer due to its high level of attractiveness (continuing urbanisation, mass tourism, road traffic...).

Protection and enhancement of natural resources, landscapes (agriculture, forestry) and their cultural dimension is an essential objective which requires a strong policy of fighting against pollution and against the damage made to heritage. It concerns as much urban areas, rural areas, the sea and sensitive areas such as coasts, mountains or islands. This implies that economic and industrial activities, tourism activities as well as individual behaviours should be based on the Integrated management of the territories, wherein sustainable tourism and economic diversification take up a significant function.

⁶⁹ Main stakes and orientations of the European union concerning Maritime issues are developed in the Green Paper Towards a future Maritime Policy for the Union : A European vision for the oceans and seas, COM(2006)275.

In the specific geographic and climatic context of the Med area, particular attention shall be paid to water resources, by adapting both behaviour and management modes to safeguard a sustainable water supply in the years to come. Climate changes constitute a strong stake at this level and must be taken into account through coordinated actions at the cross-border level.

In front of these threats which weigh on the environment, the transnational co-operation is essential in coordinating the intervention, prevention and observation means between territorial systems.

Possible actions:

- Promoting transnational initiatives to improve and coordinate assessment, measurement, certification, monitoring and management systems of natural resources and pollution (networking of administrations; setting up of working seminars between administrations, specialists and scientists; transnational surveys on standardisation of norms and measurement systems...); developing common standards and promoting the application of European and international standards in public policies (reducing greenhouse gas emissions...): harmonising data, information and intervention strategies at the transnational scale.
- Promoting transnational partnerships to protect, enhance, and increase the awareness of the fragile areas (reserves, coasts, small islands, halieutic resources, forests, landscapes) and their resources (both physical and virtual) in a logic of integrated territorial development and sustainable tourism; promoting biodiversity through protection and enhancement of natural resources;
- Promotion of natural resources and heritage through the elaboration of transnational strategies of development for fragile areas, especially for sustainable tourism initiatives; support to the implementation of integrated management strategies for coastal areas; elaboration of strategies to anticipate and adapt to climate changes;
- Promoting innovative initiatives for the safeguarding and stocking of water resources; promoting water saving and reuse (domestic, industrial, agricultural...); improvement of water management to fight against the desertification process;
- Promoting transnational initiatives that aim at improving information systems and awareness-raising with regards to climate changes and risks on natural heritage and landscapes (coordinated initiatives of information about causes and consequences of climate changes in partner countries; dissemination of information on the best practices implemented in partner countries (recycling, energy savings, less polluting transport systems...)).

Potential beneficiaries

Local authorities; association of municipalities and local authorities; regions; reserves and natural parks; agencies and institutes specialised in the sectors concerned (planning, environmental protection, coastal protection, natural heritage management, water management ...); association specialised in sectors concerned (protection of the environment; protection of natural heritage); town planning agencies; research institutes specialised in the sector concerned (water, environment, pollution...); development agencies; enterprises and private agencies in charge of the sector concerned (water management and water distribution; institutions representing farmers and rural sector; organisation for the promotion of tourism and territorial planning; certification and control organisms;...

OBJECTIVE 2.2. : Promotion of renewable energies and improvement of energy efficiency

Description:

The pressure put by human activities on the environment, climate change (greenhouse gas emissions, global warming) and rarefaction of fossil energy sources (supplying, energy self-sufficiency), necessitate adapting economic activities, improving energy efficiency and promoting new technologies in line with Kyoto objectives.

The diversification and the promotion of the sources of alternative energies constitute a particularly important issue and include at the same time the development of the modes of production and consumption at transnational level. The technological innovation is an essential condition for this change in behaviour and must go hand in hand with an adaptation of the economy in an attractive but environmentally fragile Mediterranean space (sustainable tourism, innovative processes, forestry and biomass, construction norms, information and dissemination...)

Possible actions:

- Promoting transnational networks for capitalisation, development and transfer of innovative technologies for the production and use of renewable energy (solar, wind power including offshore, biomass, geothermal ...)
- Creation and dissemination of innovative materials and production processes amongst public actors and businesses that allow to reduce energy consumption.
- Using results of research and promoting pilot projects to develop processes improving energy efficiency and reducing energy consumption.
- Innovations in the field of standards (construction, housing, transport...); supporting the harmonisation of standards and the respect of international directives in terms of energy saving, efficiency and consumption.
- Disseminating information and raising awareness of the civil society with regards to the use of innovative technologies in the field of energy.

Potential beneficiaries

Local authorities ; municipal cooperation structures ; regional authorities ; State services in charge of the sector concerned; agencies and institutes specialised in energy management and renewable energy ; control and certification organisms ; enterprises and group of enterprises specialised in renewable energy ; enterprises with high level of energy consumption; financial institutions ; development agencies ; ...

OBJECTIVE 2.3. : Maritime risks prevention and strengthening of maritime safety

Description :

The Mediterranean Sea is an important transit space with approximately one third of the worldwide sea traffic. Besides traffic density representing a risk for passengers, many ships transport hazardous freight which constitutes many potential risks for coasts and for the marine environment (approximately 20% of

the worldwide oil transit through the Mediterranean Sea).

Apart from any major incident, these flows, with the coastal industrial activities, generate continuous rejections of dangerous substances in the sea.

These risks require a good management of different industrial activities as well as a high-performance observation, communication and exchange of data/monitoring systems in the whole area. It is particularly important to optimise the capacity to react amongst exposed countries in the case of an accident or pollution (particularly at sea).

Possible actions:

- Promoting transnational initiatives for common observation, analyses and communication systems improving a shared knowledge of traffics and risks in the whole Mediterranean area;
- Elaboration of transnational strategies and intervention plans improving coordination and exchange of data between competent authorities in the maritime field⁷⁰; implementation of systems to strengthen cooperation between national civil protection services;
- Promoting the use of observation means with new technologies and in particular with the Galileo system; coordination of monitoring and evaluation actions concerning pollution in fragile or protected maritime areas;
- Supporting transnational joint actions for prevention, alert, interventions, control, management and risk monitoring in maritime transport and industrial activity ;
- Supporting transnational initiatives to pool and share resources and tools (technical means, exchange of competences, use of innovative technologies...);

Potential beneficiaries

National maritime authorities; regional maritime institutions ; regional security and rescue centres ; ports authorities ; institutes and agencies for prevention and fight against maritime pollutions ; institution in charge of coastal protection; research institutes; public and private organism in charge of technical ship control ; institutions for environmental and sea protection ; training centres; ...

OBJECTIVE 2.4. Prevention and fight against natural risks

Description :

Within the European Union, the Med area is particularly exposed to natural risks (forest fires, droughts, desertification, seismicity) which will be probably aggravated by climate change (decreased rainfall, hurricanes, floods, sea level rise, tidal waves, coastal erosion...). These risks spread further than regional and national geographic boundaries and can have a high impact on the environment and on human activities. Monitoring and intervention systems, at all levels including policy making, must be able to adapt to the evolution of these risks and geographic constraints to better anticipate crises and to offer coordinated actions of mitigation and adaptation at the transnational scale.

⁷⁰ Coordination and cooperation concerning Maritime issues is specifically mentioned in article 5 of the proposal for a Directive of the European Parliament and of the Council establishing a Framework for Community Action in the field of Marine Environmental Policy (Marine Strategy Directive) [COM(2005)505 final]

Possible actions :

- Structuring common tools of observation, monitoring, communication, diffusion of information and intervention at transnational level; develop applications of the Galileo system; identification of risks areas; monitoring the consequences of climate changes; assessment of vulnerability of landscapes, forests and natural resources; assessment of seismic risks; monitoring of floods and fires; anticipation of risks related to the sea or fragile territories (tsunamis, sea level rise, earthquakes...);
- Implementing common tools to better observe, analyse and assess risks related to the development of human activities. Development and exchange of innovative practices for mitigation of these risks and adaptation through improving land use, forestry, reducing the impact of urbanisation on coastal areas and limiting abandonment of hinterlands; promoting planning systems to prevent soil erosion and landslides ;
- Support mutualisation of intervention means; support a better transnational coordination of operational structures; elaborate and implement assistance plans at regional, national and transnational level;
- Develop risks and natural disasters management plans at transnational level; develop new strategies and new planning techniques to forestall the consequences of climate change;
- Set up common standards and to harmonise norms (equipments; prevention, information and intervention systems...);

Potential beneficiaries

institutes and agencies in charge of prevention and fight against natural risks; local, regional and national authorities; Institutions in charge of coastal protection; national/regional parks; institution in charge of sea and environment protection; research institutes; civil protection agencies; town planning agencies; ...

PRIORITY AXIS 3 : Improvement of mobility and of territorial accessibility

Main issues :

The Mediterranean area is confronted to accessibility and connection problem, whether it be between its own regions (isolated areas, islands, rural areas), between its economic poles, its ports or with surrounding international areas.

At the same time, the development of economic activity, tourism, the rise in movements of goods and population put a high level of pressure on coastal and urban areas and on the main transport corridors.

This situation necessitates an intervention on the organisation of transport means to improve their functioning and reduce their environmental impact.

Accessibility to the networks and services of electronic communication also constitutes a major attractiveness and opening-up for the most isolated areas (rural and islands), but also of optimization of economic, administrative and financial flows in the Med space.

OBJECTIVE 3.1. : Improvement of maritime accessibility and of transit capacities through multimodality and intermodality

Description :

Concerning transport in the Med space, it is necessary to take into account the need of better east-west connections, the necessity to improve islands accessibility and the importance of transnational connections with Africa and Asia. Coordination between regional, national and transnational policies is a major issue in this context.

The Med space should better promote its strategic geographical position and its connexions with north European regions. To achieve this, railway connexions, intermodal links between maritime, road and rail transport as well as logistics should be improved.

Developing intermodality and coordinating the work of different operators must also facilitate flows of people and goods at various spatial levels whilst limiting environmental impact.

Although heavy investment is not possible, the Med programme can allow the coordination of initiatives that can be funded through other programmes. It can fund institutional partnership building, feasibility studies and programming, improvement and coordination of management systems or development of transnational strategies.

Possible actions:

- Strengthening coordinated transnational actions between institutions concerned for the development of European and Mediterranean transport corridors, support to public policies in favour of the main intra-Mediterranean corridors.
- Promoting coordinated strategies between ports to strengthen their capacity to face international competition (transshipment, allowing merchandise to access European space, multimodal logistical platform...)
- Improving services to develop maritime highways and short sea shipping (logistical systems, merchandise tracking...) improving the accessibility of islands (information, adaptation of services, better management of passenger flows...)

- Promoting the interoperability of railways at the transnational scale; encouraging the implementation of multimodal regional platforms; promoting intermodality and continuity for existing networks (sea, road, rail...)
- Building transnational partnerships to promote multimodal transport systems in urban areas (train, cars, public transport, cycling...); promote the use of transportation modes with a low environmental impact (public transports, use of biofuel, cycling...)

Potential beneficiaries

Local, regional and national authorities; Ministries and public institutions in charge of transports, maritime activities, infrastructures and spatial planning... ; national and regional secure centre and authorities; relevant institutes and agencies; regional development agencies; organisations for the promotion of tourism and territorial planning; highway and railways management companies; port authorities; maritime companies; logistic companies and hubs; control and certification organisms; ...

OBJECTIVE 3.2.: Support to the use of information technologies for a better accessibility and territorial cooperation

Description

Within the Med space, information and communication technologies constitute an important issue in the perspective of opening up isolated territories and islands (access to services, knowledge, electronic exchanges, information on transports services...). This is an opportunity for the population in developing economic activities.

At a wider scale, it should help to strengthen transnational cooperation strategies on the main development and environmental issues of the Med space.

Possible actions

- Disseminate innovative tools allowing the development of on line services and making easier the access to digital services in isolated territories and islands (financial services, information on transport services, public health, education, leisure,...);
- Support transnational actions allowing a more efficient use of ICT for the civil society, to administrations and economic operators;
- Develop the use of ICT to improve transnational observation, analyse and communication means on sensitive issues like maritime cooperation, goods and passenger transports, management of water, prevention of risks, social services...;
- Develop schemes of electronic communication networks on a transnational scale;
- Develop interoperability and security of electronic platforms; increase the reliability and security of electronic transactions...

**Potential
beneficiaries**

Local and regional authorities ; territorial administrations ; Ministries and public administration in charge of telecommunications and information and communication technologies ; associations of users ; telecommunication companies ; companies specialised in information technology and communication services ;...

PRIORITY AXIS 4 : Promotion of a polycentric and integrated development of the Med space

Main issues :

In the Med areas, cities and metropolis boast the highest levels of competitiveness, GDP per capita, services or scientific skills. These areas reflect a concentration of wealth and activities in relation to the hinterlands.

To better manage the effects of urban development, to enhance potential and territorial competitiveness while avoiding a widening of territorial disparities, it is essential to strengthen cooperation networks⁷¹. It is necessary, on the one hand, to support synergies between development areas (Metropolis, urban and rural areas...), and, on the other, to improve territorial multilevel governance systems on main cooperation issues.

Moreover, in a fragmented environment, culture, history and heritage represent strong integration and cohesion factors for Mediterranean regions. The key issue is to promote innovative initiatives which enhance Mediterranean identity and cultural specificities facing economic globalisation and international competition.

OBJECTIVE 4.1. : Coordination of development policies and improvement of territorial governance

Description:

The will to promote a polycentric spatial approach involves encouraging synergies between development areas, taking also into account the specific problems of islands, of isolated, rural and declining areas. The implementation of integrated intervention strategies should be based on modes of governance that can bring together various areas around common transnational objectives: enhancing endogenous resources, improving of communication means, coordinating of strategies and development policies.

Possible actions:

- Strengthening town networks and support integrated territorial development strategies between Mediterranean urban areas (economic development, ports development, transport, energy, environment...);
- Promoting transnational collaboration between different territorial systems (towns, metropolis, islands, rural areas, isolated territories, ...) to improve services networking and favour the setting up of common strategies (transports, territorial planning, sustainable tourism, management of natural and cultural heritage...);
- Disseminating good practices at transnational scale concerning the use of innovative planning instruments, innovative development models, innovative systems for services in small cities and less populated areas;

⁷¹ Cooperation networks between cities shall not be oriented toward the reduction of socioeconomic difficulties of urban areas which are taken into account by other European programmes (for ex. by the programme URBACT).

Potential beneficiaries

Local and regional authorities; towns and city networks; groups of local authorities; territorial state administration; national administrations in charge of territorial development issues (transports, economic development, planning, ...); organisations for the promotion of tourism and territorial planning; public and private agencies and institutes acting in key sector (transport, environment, risks, maritime services, spatial planning, tourism, culture and heritage, economic development...); culture and cultural heritage companies; ...

OBJECTIVE 4.2.: Strengthening of identity and enhancement of cultural resources for a better integration of the Med space

Description

Mediterranean regions have a strong historical and cultural identity which constitutes a strong factor of unity and attractiveness. This cultural heritage must be preserved but it must as well be adapted to changing economic development conditions.

Identity and culture represent potentials for innovation, sustainability, creativeness and integration which must be supported in a coordinated and integrated manner within the Med space.

In this context, the development of tourism activities represent an opportunity as long as they respect the principles of sustainable development (managing of flows of tourists, protecting cultural identity and heritage, adaptation of transport systems...)

Possible actions:

- Development of transnational networks and support common transnational management of cultural poles (urban areas, historical centres, cultural districts, UNESCO world heritage, etc.);
- Promoting transnational initiatives enhancing the role of historical heritage and cultural resources (material and immaterial) in a perspective of integrated territorial development ;
- Supporting exchanges of tools and development of common strategies implementing innovative cultural services; promote cultural initiatives aiming to increase territorial economic attractiveness (e.g. business tourism, congress, trade fairs, conferences, festivals, thematic events, education tourism, health tourism...);
- Dissemination of experiences for a better economic valorisation of local and regional heritage and cultural resources;

Potential beneficiaries

Local and regional authorities ; regional and central administration in charge of sectors concerned (culture, historical heritage, spatial planning and territorial development...); organisations for the promotion of tourism and territorial planning; public and private institutions in charge of tourism and culture ; agencies and institutes for protection and enhancement of cultural resources ; international institutions for culture and preservation of historical heritage; private companies in relevant sectors; ...

PRIORITY AXIS 5: Technical assistance

Pursuant to article 46 of the EU regulation 1083/2006, at the initiative of the Member State, the technical assistance funds may finance the preparatory, management, monitoring, evaluation, information and control activities of the operational programme together with activities to reinforce the administrative capacity for implementing the Funds.

Under the European territorial cooperation objective, up to 6 % of the total amount of the budget allocated to the programme can be allocated to technical assistance.

To implement the technical assistance activities, the general and specific objectives are the following:

General objective:

To ensure a high quality level in the use of the resources allocated for the TA by allowing a wider participation of the programme stakeholder in the realisation of the programme priorities.

Specific objectives:

- Ensure the correct functioning of the management and control system of the OP
- Support the setting up of high quality projects by fostering partnerships and supporting Lead partners
- Promote the implementation and the governance of the programme through adequate information and communication actions

III. FINANCING PLAN AND COFUNDING RATES

III.1. Budget

Member States:

The global estimated budget is: **255 537 998 euro**

The community contribution is: **193 751 331 euro**

The participation of ERDF for each Member state varies from 75% (France, Greece, Italy, Portugal, Spain and United Kingdom) to 85% (Cyprus, Malta, Slovenia and Croatia).

IPA Countries:

The global estimated budget is: 6.407.524 euro

The IPA community contribution is: 5.446 395 euro

The participation of IPA for each MED Candidate and Potential Candidate Country is 85%.

Financial allocations are indicated in current prices

Share of the budget for each priority Axis (ERDF)

Axis 1 : Strengthening of innovation capacities	33%
Axis 2 : Environmental protection and promotion of sustainable territorial development	37%
Axis 3 : Improvement of mobility and territorial accessibility	14%
Axis 4 : Promotion of a polycentric and integrated development of the Med space	10%
Axis 5 : Technical assistance	6%
	100%

Share of the budget for each priority Axis (IPA)

Axis 1 : Strengthening of innovation capacities	30%
Axis 2 : Environmental protection and promotion of sustainable territorial development	34%
Axis 3 : Improvement of mobility and territorial accessibility	20%
Axis 4 : Promotion of a polycentric and integrated development of the Med space	6%
Axis 5 : Technical assistance	10%
	100%

The distribution of the budget per priority Axis is based on:

- The importance of each Axis to tackle the challenges identified in the diagnosis of the Med space
- The importance of the different themes according to the main orientations given by the Lisbon and Gothenburg agendas

According to the ex-ante and the *in itinere* evaluations, the Axis 2 is meeting the most significantly the challenges of the Med space. It is followed by Axis 1, 3 and 4.

Concerning the environmental issue, the stakes are considerable for the Med space and the transversal nature of this field of intervention requires to focus on a large number of objectives. This is for this reason that the Axis 2 has the greatest number of objectives and the most important weight in the budget of the programme. This is an essential axis according to the Gothenburg agenda.

The Axis 1 is dealing with more targeted issues. These issues are playing a key role taking into consideration the orientations of the Lisbon agenda and the socioeconomic context of the Med space. This is as well an innovative Axis as compared to the former programming period. For this reason it should arouse strong interests for the projects partners.

The Axis 3 relates to important issues for the Med space but the nature of the transnational programmes isn't compatible with heavy investments in infrastructures. Its strategic dimension and the types of projects to be implemented is explaining why this Axis is getting the third place in the budget of the Med programme.

The Axis 4 is more "intangible" than the precedent ones insofar as it relates mainly to the improvement of governance systems and to coordination of strategies between towns, metropolis, urban and rural areas. The identity and cultural dimension are strong issues for the Med space but can't be compared to the importance of Axes 1 and 2 in connection to the Lisbon and Gothenburg agendas.

These different considerations explain the structure of the budget which has been chosen. The fact of not having a distribution by measure any more gives more flexibility to the use of the funds. Then, this distribution is also taking into account the capacities of mobilization of project partners for the different Axis.

The participation of Mediterranean candidate or potential candidate countries to the Med programme will be possible with IPA funds which can contribute up to 85% to the financing of actions led by partners of these countries in joint operations. For the period 2010-2015, the responsibility for the financial management of IPA funds in the Med area is under the responsibility of the Programme's Managing Authority.

III.2. Financial tables

Financing ERDF and IPA plans of the OP by year (Euros)

	ERDF	IPA
2007	28.627.834	
2008	25.959.876	
2009	25.993.249	
2010	26.942.100	921.679
2011	27.840.388	1.293.312
2012	28.609.294	1.472.378
2013	29.778.590	1.759.026
TOTAL	193.751.331	5.446.395

Financing ERDF plan of the OP by priority

	Community contribution	National counterparts	TOTAL	Co financing rate	EIB	Other
AXIS 1 Strengthening of innovation capacities	63.594.517	20.858.542	84.453.059	75,3%		
AXIS 2 Environmental protection and promotion of sustainable territorial development	71.344.567	23.400.724	94.745.291	75,3%		
AXIS 3 Improvement of mobility and territorial accessibility	27.811.921	9.121.090	36.933.011	75,3%		
AXIS 4 Promotion of a polycentric and integrated development of the Med space	19.375.119	6.354.804	25.729.923	75,3%		
AXE 5 Technical assistance	11.625.207	2.051.507	13.676.714	85%		
TOTAL	193.751.331	61.786.667	255.537.998	75,82%		

Financing IPA plan of the OP by priority

	IPA contribution	National counterparts	TOTAL	Co financing rate	EIB	Other
AXIS 1 Strengthening of innovation capacities	1 633 919	288 338	1 922 257	85		
AXIS 2 Environmental protection and promotion of sustainable territorial development	1 851 774	326 784	2 178 558	85		
AXIS 3 Improvement of mobility and territorial accessibility	1 089 279	192 226	1 281 505	85		
AXIS 4 Promotion of a polycentric and integrated development of the Med space	326 783	57 669	384 452	85		
AXE 5 Technical assistance	544 640	96 112	640 752	85		
TOTAL	5.446.395	961 129	6 407 524	85		

Indicative breakdown by category of the programmed use of ERDF

Priority themes

Code		Amount
Research and technological development (R&TD), innovation and entrepreneurship		
01	R&DT activities en research centres	9 041 686
03	Technology transfer and improvement of cooperation networks between small businesses (SMEs), between these and other businesses and universities, postsecondary education establishments of all kinds, regional authorities, research centres and scientific and technological poles (<i>scientific and technological parks, technopoles, etc.</i>)	17 323 160
04	Assistance to R&TD, particularly in SMEs (<i>including access to R&TD services in research centres</i>)	15 500 106
05	Advanced support services for firms and groups of firms	10 864 782
09	Other measures to stimulate research, and innovation and entrepreneurship in SMEs	10 864 782
Information society		
11	Information and communication technologies (<i>access, security, interoperability, risk-prevention, research, innovation, e-content, etc.</i>)	5 950 067
12	Information and communication technologies (TEN-ICT)	274 115
13	Services and applications for the citizen (<i>e-health, e-government, e-learning, e-inclusion, etc.</i>)	1 106 303
14	Services and applications for SMEs (<i>e-commerce, education and training, networking, etc.</i>)	1 106 303
Transports		
25	Urban transport	1 584 362
26	Multimodal transport	6 017 392
27	Multimodal transport (TEN-T)	4 011 595
28	Intelligent transport systems	1 584 362
30	Ports	3 008 696
31	Inland waterways (<i>regional and local</i>)	1 584 362
32	Inland waterways (TEN-T)	1 584 362
Energy		
39	Renewable energy: wind	3 179 728
40	Renewable energy: solar	3 179 728
41	Renewable energy: biomass	3 179 728
42	Renewable energy: hydroelectric, geothermal and other	3 179 728
43	Energy efficiency, co-generation, energy management	7 281 663

Environmental protection and risk prevention		
45	Management and distribution of water (<i>drinking water</i>)	7 681 777
48	Integrated prevention and pollution control	4 843 783
49	Mitigation and adaptation to climate change	4 843 783
51	Promotion of biodiversity and nature protection (<i>including Natura 2000</i>)	8 684 668
53	Risk prevention (<i>including the drafting and implementation of plans and measures to prevent and manage natural and technological risks</i>)	8 684 542
54	Other measure to preserve the environment and prevent risks	2 837 986
Tourism		
55	Promotion of natural assets	3 897 788
56	Protection and development of natural heritage	3 897 788
57	Other assistance to improve tourist services	3 897 788
Culture		
58	Protection and preservation of the cultural heritage	2 606 112
59	Development of cultural infrastructure	2 606 112
60	Other assistance to improve cultural services	2 606 112
Urban rural regeneration		
61	Integrated projects for urban and rural regeneration	2 005 797
Strengthening institutional capacity at national, regional and local level		
81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes	11 625 078
Technical assistance		
85	Preparation, implementation, monitoring and inspection	5 812 604
86	Evaluation and studies; information and communication	5 812 603

TOTAL	193 751 331
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FORMS OF FINANCE

Code		Amount
01	Non-repayable aid	193 751 331

TOTAL	193 751 331
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TERRITORY TYPES

Code		Amount
09	Transnational cooperation area	193 751 331
TOTAL		193 751 331

IV. IMPLEMENTATION OF THE PROGRAMME / MANAGEMENT PROCEDURES⁷²

IV.1. Designation of authorities and others bodies involved in OP implementation process

a) Managing Authority

Designation

The Managing Authority is: **Provence Alpes Côte d'Azur Region in France**

Functions

The Managing Authority signs the ERDF subsidy contracts with the Lead partners. The Managing Authority also concludes separate IPA subsidy contracts with every IPA project partner. The Managing Authority is responsible for managing and implementing the operational programme in accordance with the principle of sound financial management and in particular for⁷³:

- ensuring that operations are selected in accordance with the criteria applicable to the operational programme and that they comply with applicable Community and national rules;
- verifying that the co-financed products and services are delivered and that the expenditure declared by the beneficiaries for operations has actually been incurred and complies with community and national rules;
- ensuring that there is a system for recording and storing in computerised form accounting records for each operation and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation are collected;
- ensuring that beneficiaries and other bodies involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code;
- ensuring that the evaluation of the operational programme is carried out properly;
- setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held properly;
- ensuring that the Certifying Authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;

⁷² Regulatory aspects for the implementation of the operational programme are indicated in article 12(8) of the EU Regulation n°1080/2006 as well as in chapters I and II, Title IV of the EU Regulation n°1083/2006.

⁷³ Functions of the Managing authority are specified in article 15 of the EU regulation n°1080/2006 as well as in article 60 of the EU regulation n°1083/2006.

- supporting the work of the Monitoring Committee and providing it with the documents required to permit the quality of the implementation of the operational programme to be monitored in the light of its specific goals;
- drawing up and, after approval by the Monitoring Committee, submitting to the Commission the annual and final reports on implementation;
- ensuring compliance with the information and publicity requirements⁷⁴;

Designation and functions of the Joint Technical Secretariat

The Joint Technical Secretariat is set up by the Managing Authority after consultation of the Member States and, if necessary, of the Mediterranean candidate or potential candidate countries participating to the programme. The selection and hiring of the JTS members is based on specific profiles as approved by the Member States. The JTS assists the Managing Authority and the Monitoring Committee, and, where appropriate, the Audit Authority, in carrying out their respective duties⁷⁵. The JTS is functioning under the control of the Managing Authority and in relation with the national bodies in charge of the programme in Member States. JTS members must speak at least French and English.

The Joint Technical Secretariat is receiving the projects applications transmitted by the Lead partners and instructs them.

The functions of the JTS are:

- Managing at the transnational scale coordination activities; facilitate and promote the programme in relation to activities that are promoted at the national level;
- Setting up and maintaining contacts with projects partnerships ;
- Providing the technical preparation of for the following meetings: Monitoring Committee, Transnational Conference and technical transnational working groups, including report drafting;
- Implementations of technical work to facilitate, assess and ensure project selection is equitable and transparent;
- Keeping paper and electronic copies of official documents;
- Setting up and implementing the communication plan;
- Tracking and implementing the capitalisation work (experiences, implementation of projects, impacts) through activities and events established by the Monitoring Committee;
- Developing and implementing a system to collect financial, physical and statistical data that is needed for programme monitoring as well as for the interim and final appraisals;
- Implementing an information system that is open and available to operators and to the public for the implementation of the programme: schedule, progress, contacts, phone details, website;
- Instructing payment claims, certified by the national bodies in charge of the programme in Member States, in sight of payments to Lead partners;
- Developing financial information which should be handed over to the Certifying Authority so as to keep a strict record of funding use, whether ERDF or national;
- Supporting the setting up of transnational partnerships and maintaining permanent contact with them in cooperation with the national bodies in charge of the programme in Member States and, if necessary, of the Mediterranean candidate or potential candidate countries participating to the programme (identification of operators, setting up of networks, thematic workshops);

⁷⁴ Article 69 of the EU Regulation n°1083/2006 and article 2 of the EU Regulation n°1828/2006.

⁷⁵ Article 14(1) of the EU Regulation n°1080/2006

Technical transnational working groups, made up of national delegates and experts, can be set up and coordinated by the JTS to support specific activities at transnational level, **especially to assist the Monitoring Committee for the working out of the terms of reference of strategic projects.**

Two specific liaison offices are set up to bring added value to the whole Med programme.

The office of Valencia is in charge of the coordination between Med and ENPI CBC Mediterranean programmes. It realises a communication work with projects partnerships of the two programmes. It contributes to the capitalisation as well as to the coordination of existing implementation tools for the two programmes.

The office of Thessaloniki is in charge of a coordination and capitalisation work with partnerships and programmes with the participation of IPA countries. Moreover the office contributes to the contracting and follow up processes of the IPA partners. It has to ensure exchanges of information between these programmes and with the Med programme.

Liaison offices provide a yearly working plan which has to be approved by the Monitoring committee.

They work under the coordination of the JTS. However, they may neither act as the national bodies in charge of the programme in Member States, nor be simple geographical outpost of the JTS. Their function will be more precisely specified in the Implementation Guide of the OP.

b) Certifying Authority

The Certifying Authority is designated by the Member State to certify statements of expenditures and applications for payment before they are sent to the Commission; It receives payments made by the Commission and, generally, pays the Lead partner⁷⁶ and every IPA partner. To receive these payments, the Certifying Authority creates one single bank account for the ERDF funds and one single bank account for the IPA funds with no national sub-accounts for the programme⁷⁷.

Designation

The Certifying Authority is: **Caisse des dépôts et consignations (CDC)**

Functions

The Certifying Authority of the operational programme is responsible in particular for:

- drawing up and submitting to the Commission certified statements of expenditure and applications for payment;
- certifying that the statement of expenditure is accurate, and complies with applicable Community and national rules;
- ensuring for the purpose of certification that it has received adequate information from the managing authority on the procedures and verification carried out in relation to expenditure included in statements of expenditure;
- taking account for certification purposes of the results of all audits carried out by or under the responsibility of the Audit Authority;
- maintaining accounting records in computerised form of expenditure declared to the Commission;
- keeping an account of amount recoverable and of amounts withdrawn following cancellation of

⁷⁶ Article 14(1) of the EU Regulation n°1080/2006 and article 61 of EU Regulation n°1083/2006

⁷⁷ Article 17(1) of the EU Regulation n°1080/2006

- all or parts of the contribution for an operation;
- to realise randomized control concerning the quality of control of the reality of expenses.

c) Audit Authority

The Audit Authority is functionally independent of the Managing Authority and the Certifying Authority. It is responsible for verifying the effective functioning of the management and control system.

The Audit Authority is assisted by a group of **auditors** comprising a representative of each Member State and Candidate and Potential Candidate Country participating in the operational programme. The group of auditors is chaired by the Audit Authority for the operational programme⁷⁸.

The auditors are independent of the control system referred to in Article 16(1) of the ERDF regulation

Designation

The Audit Authority is : **Commission interministérielle de coordination des contrôles (CICC)**

Functions⁷⁹

The Audit Authority is responsible in particular for :

- ensuring that audits are carried out to verify the effective functioning of the management and control system of the operational programme;
- ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;
- presenting to the Commission within nine months of the approval of the operational programme an audit strategy covering the bodies which will perform the audits;
- by 31 December each year from 2008 to 2015:
 - submitting to the Commission an annual control report setting out the findings of the audits carried out;
 - issuing an opinion, on the basis of the controls and audits that have been carried out;
 - submitting, where applicable, a declaration for partial closure assessing the legality and regularity of the expenditure concerned.
- submitting to the Commission at the latest by 31 March 2017 a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of expenditure, which is supported by a final control report.

The audit authority ensures that the audit work takes account of internationally accepted audit standards.

Where the audits and controls are carried out by a body other than the audit authority, the audit authority ensures that such bodies have the necessary functional independence.

⁷⁸ Article 14(2) of the EU Regulation n° 1080/2006

⁷⁹ Article 62 of the EU Regulation 1083/2006

d) Monitoring Committee⁸⁰

Presidency

The Monitoring Committee is chaired by a representative of a Member State of the programme

Its president is designated by national delegations that are members of the Committee; presidency is on a yearly basis. This presidency is supported by a vice president whose nationality is different (also on a one year basis). The vice president becomes president the following year.

The president and vice-president are in charge of scheduling and organising committee meetings. The order of presidencies and vice-presidencies are determined by the Monitoring Committee in its rules of procedure. This order can be changed through a common decision taken by committee members.

Functioning

The Monitoring Committee draws up its rules of procedure. It adopts them in agreement with the Managing Authority.

Monitoring Committee meetings and decisions are prepared in relation with the Managing Authority, the national bodies in charge of the programme in Member States and in Mediterranean candidate or potential candidate countries participating to the programme, the committee president and vice president. Each participating country is awarded a vote. Decisions are made on a consensus basis expressed by each national delegation.

If necessary, decisions can be taken through written consultation amongst its members according to conditions determined by the rules of procedure. In its decision-making, the Monitoring Committee can take into account suggestions that the Transnational Conference may have made as well as the results of the work carried out by the technical transnational working groups which could be set up.

For the purpose efficiency, the Monitoring Committee includes a limited number of representatives. It is composed of:

- **1 to 4 representatives** from each country participating to the programme;
- The Managing Authority;
- The Audit Authority and the Certifying Authority (advisory capacity);
- One member of each liaison office according to the agenda (advisory capacity)
- Economic and social partners (advisory capacity) whose number can not exceed 2 per participating country. They are chosen by each country, taking the programme's various interests and priorities into account;
- Representatives of the Commission, of the European Investment Bank and of the European Investment Fund (advisory capacity);
- A representative of each technical transnational working group, if set up by the Monitoring Committee, may participate (advisory capacity);

The Monitoring Committee is assisted by the Joint Technical Secretariat.

The Monitoring Committee designates a specific Selection Committee that selects the projects. Its functions are specified in a separate document⁸¹. This Committee is composed of two

⁸⁰ The composition, the missions and activities of the Monitoring Committee are specified in articles 63 to 68 of the EU regulation 1083/2006

⁸¹ See the Implementation Guide of the Med operational programme

members for each country participating to the programme

Missions

The Monitoring Committee satisfies itself as to the effectiveness and quality of the implementation of the operational programme, in accordance with the following provisions⁸²:

- it considers and approves the criteria for selecting the operations financed and approve any revision of those criteria in accordance with programming needs;
- it periodically reviews progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the Managing Authority;
- it examines the results of implementation;
- it considers and approves the annual and final implementation reports;
- it is informed of the annual control report;
- it may propose to the Managing Authority any revision or examination of the operational programme likely to make possible the attainment of the Fund's objectives or to improve its management, including its financial management;
- it considers and approves any proposal to amend the content of the Commission decision on the contribution from the Funds.

e) National bodies in charge of the programme in participating countries

Within each Member State, the Med programme is taken in charge through two specific functions:

- A regulatory function related to the responsibility of each Member State as regards control and control on reality of expenses⁸³;
- A function of animation of the implementation of the programme on national territory and a contribution to the general animation of the program in relation with the MA and the JTS to which they entrusted management (Med contact point);

Each Member State can freely organise its national body and has the possibility to set up intermediary bodies⁸⁴.

The National bodies in charge of the programme in Member States:

- carry out the regulatory functions of the state, notably concerning the organisation of controls and control of the reality of expenses as stated by the EU regulations;
- take in charge promotion and animation of the OP in their country in order to ensure its transnational dimension and coherence of programming activities in close relation with the JTS;

Within each **Mediterranean candidate or potential candidate country**, the participation of the country to the programme is ensured by an "Operating Structure" set up by the competent authorities of this country.

The Operating Structures of Mediterranean candidate or potential candidate countries will work in close cooperation with the Managing Authority.

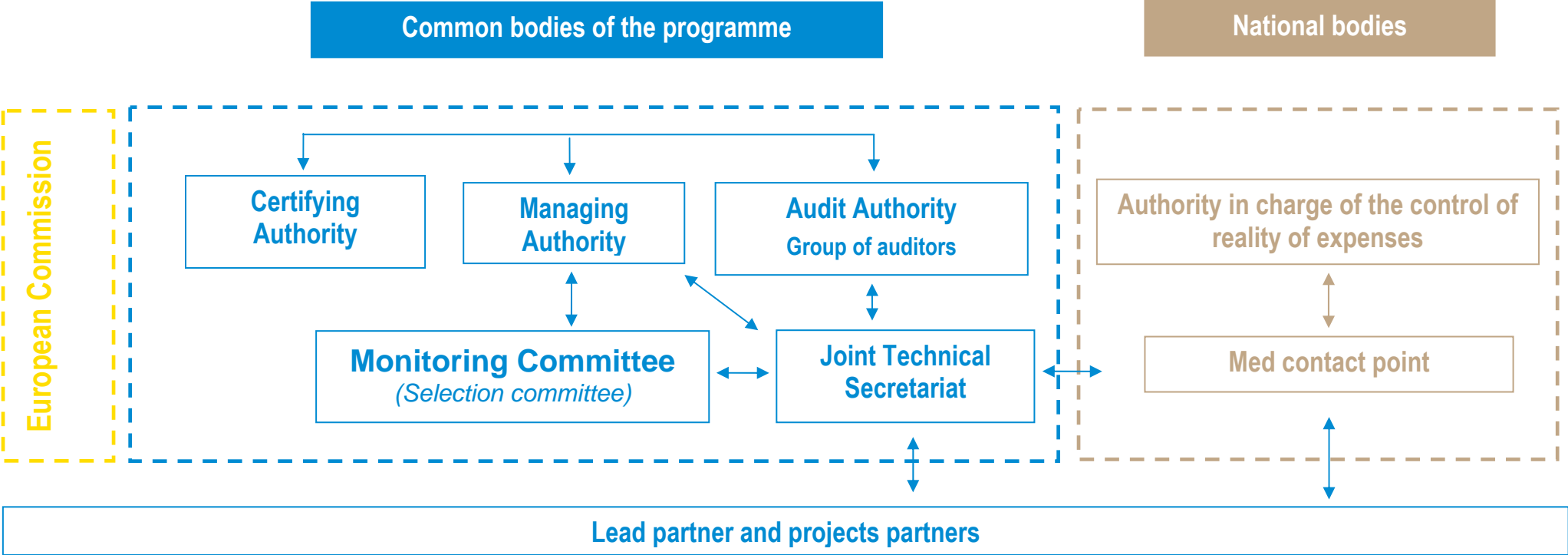
The representatives of the Operating Structures are member of the Monitoring Committee

⁸² Article 65 of the EU Regulation n°1083/2006

⁸³ Article 16 of the EU regulation n°1080/2006 and article 70 of the EU Regulation n°1083/2006.

⁸⁴ Further details are available in the Implementation Guide of the Med operational programme.

Relations between the bodies of the Med programme



IV.2. Mobilisation, circulation and control of ERDF financial flows

Member States are co-responsible for the totality of the programme, in line with their participation to the programme (ERDF and national counterpart). Then, Member states are individually financially responsible for finances spent on their territory.

This part is summarizing the main features of procedures concerning mobilisation and circulation of financial flows, in accordance with the article 12(8)d of the regulation n°1080/2006. The question of financial corrections⁸⁵ and control is also treated. The detailed description of organisation and procedures of audit and control bodies is transmitted to the Commission within 12 months of the approval of the operational programme. It is included in a separate document⁸⁶.

a) Programme account and payment to beneficiaries

According to article 76(1) of the EU regulation 1083/2006, payments by the Commission of the contribution from the ERDF are made in accordance with the budget appropriations. To receive these payments, the Certifying Authority, which is as well a payment authority, creates one bank account with no national sub-accounts for the programme and one bank account for the Technical Assistance⁸⁷. This second bank account is only to receive and distribute national counterparts of Technical assistance funding.

In accordance with article 93(2) of EU regulation 1083/2006, and taking into account the fact that the Med Programme is including Member states whose GDP between 2001 and 2003 is below 85% of the EU average, the Commission automatically decommits any part of a budget commitment in an operational programme that has not been used for payment of the pre-financing or interim payments or for which an application for payment has not been sent by 31 December of the third year following the year of the annual budget commitment from 2007 to 2010 under the programme.

When the project is accepted by the Selection Committee, the Managing Authority specifies in an agreement with the Lead partner the condition to be respected for the implementation of the project as well as the maximum financial resources of ERDF and the ERDF rate which can be attributed.

The Joint Technical Secretariat monitors the progress of projects. Lead Partners provide activity reports and payment claims to the JTS at least every six months. These documents are checked against the agreement and the approved application, to secure consistency between the activities and expenses declared with the approved project action plan and budget.

All payment claims must be backed up by invoices or other properly certified accounting document. The Lead Partner must ensure that each payment claim has been certified (article 16 of EU regulation 1080/2006) in accordance with the system set up by the Member States for verifying the delivery of project products and services co-financed by the ERDF funding

If these conditions are fulfilled, the Managing Authority asks the Certifying Authority to proceed with payment. Otherwise, appropriate steps must be taken to obtain full prior clarity about the payment claim.

⁸⁵ Article 70 to 74 and 98 to 102 of the EU Regulation n°1083/2006

⁸⁶ Article 71 of the EU Regulation n°2083/2006

⁸⁷ Article 17(1) for the EU Regulation n°1080/2006

b) Control system

Pursuant to Article 16 of ERDF Regulation 1080/2006, each Member State sets up a control system making it possible to verify the delivery of the products and services co-financed, the soundness of the expenditure declared for operations or parts of operations implemented on its territory, and the compliance of such expenditure and of related operations, or parts of those operations, with Community rules and its national rules.

The description of the general management and control system is provided by the Member State on whose territory the Managing Authority is located⁸⁸.

Each Member State participating in the programme designates the controllers responsible for verifying the legality and regularity of the expenditure declared by each beneficiary participating in the operation, and ensure that expenditure are validated by controllers within a period of three months⁸⁹.

The Managing Authority, with the assistance of the JTS, has to validate the efficiency and the coherence of each national system of control, proposed by the MS. She also has to verify that the national controllers have certified the reality of expenses and their conformity with the Community rules.

The Certifying Authority shall be responsible in particular for certifying that the statement of expenditure is accurate, that the expenditure declared complies with applicable Community and national rules and that they have been incurred in respect of operations selected for funding. The Certifying Authority is taking into account the results of all audits carried out under the responsibility of the Audit Authority⁹⁰.

The **Audit Authority** shall ensure that audits are carried out to verify the effective functioning of the management and control system of the operational programme. The AA ensures as well that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared⁹¹. The Audit Authority shall be assisted by a **group of auditors** comprising a representative of each Member State, Candidate and Potential Candidate Countries participating in the operational programme.

European Commission: Without prejudice to audits carried out by Member States, Commission officials or authorised Commission representatives may carry out on-the-spot audits to verify the effective functioning of the management and control systems, with a minimum of 10 working days' notice. Officials or authorised representatives of the Member State may take part in such audits.

The Commission may require a Member State to carry out an on-the-spot audit to verify the effective functioning of systems or the correctness of one or more transactions. Commission officials or authorised Commission representatives may take part in such audits⁹².

c) Irregularities and financial corrections

Pursuant to Article 98 of General Regulation 1083/2006, each Member State shall, for each expense made on its territory, bear responsibility in the first instance for investigating irregularities, acting upon evidence of any major change affecting the nature or the conditions for the implementation or control of projects of the Programme and making the financial corrections required.

The Member States make the financial corrections required in connection with the individual or systemic irregularities detected in operations or operational programmes. The corrections made by a Member States consist of cancelling all or part of the public contribution to the operational programme. The Member States take into account the nature and gravity of the irregularities and the financial loss to the Funds.

⁸⁸ Article 21(2) of the EU Regulation n°1828/2006

⁸⁹ Article 16(2) of the Regulation 1080/2006

⁹⁰ Article 61 of the EU Regulation n°1083/2006

⁹¹ Article 62 a) and b) of the EU Regulation n°1083/2006

⁹² Article 72 of the EU Regulation n°1083/2006

The resources from the Funds released in this way may be reused by the Member State until 31 December 2015.

Without prejudice to the Member States' responsibility for detecting and correcting irregularities and for recovering amounts unduly paid⁷³, the Certifying Authority, pursuant to Article 17(2) of ERDF Regulation 1080/2006, shall ensure that any amount paid as a result of an irregularity is recovered from the lead beneficiary. The beneficiaries shall repay the lead beneficiary any amounts unduly paid in accordance with the agreement existing between them.

If the lead beneficiary does not succeed in securing repayment from a beneficiary, the Member State on whose territory the beneficiary concerned is located shall reimburse the certifying authority for the amount unduly paid to that beneficiary.

The Managing Authority shall ensure that the Monitoring Committee is informed on a regular basis of all irregularities detected and all financial corrections undertaken.

IV.2.1 Mobilisation, circulation and control of IPA financial flows

According to Article 86(4) of the IPA Implementing Rules (regulation No 718/2007) the rules governing the participation of Candidate and Potential Candidate Countries in the ERDF transnational programmes shall be established in the relevant programming documents and/or in the relevant financing agreements.

This part is describing the main features of procedures concerning mobilisation and circulation of financial flows in accordance to the general rules of the Operational Programme and Sub-section 4 of the IPA Implementing Rules (regulation No 718/2007).

a) Programme account and payment to beneficiaries

To receive payments from the Commission and to carry out the payments concerning the IPA matters the Certifying Authority creates one single bank account for project co financing and for Technical Assistance.

In case of an automatic de-commitment of IPA funds, in accordance with Art. 137 of IPA Implementing Rules (regulation No 718/2007), both Community and national co-financing of the Participating Candidate and Potential Candidate Countries will be reduced pro rata according to their shares compared to the total IPA programme budget.

After the Selection Committee accepts a project with IPA participation, the Managing Authority concludes a subsidy contract with the IPA project partner or in case of having more IPA project partners with each IPA project partner. This agreement specifies the conditions which are to be respected during the implementation.

The Joint Technical Secretariat monitors the progress of the project including the IPA part. The IPA project partner(s) have to send their activity reports and certifications of expenditures to the Lead Partner, who is in charge for the correct and complete submission to the JTS of the progress reports and related payment claims.

If these conditions are fulfilled, the Managing Authority asks the Certifying Authority to proceed with the payment to each IPA partner directly.

b) Control System

According to the Article 108 of the IPA Implementing Rules (regulation No 718/2007) each participating Candidate or Potential Candidate Country has to set up a control system in order to validate the expenditure and to make possible to verify the delivery of products and services co-financed, the soundness of the expenditure declared for the parts of operations implemented on its territory and the compliance of such expenditure with the Community, and when relevant, its national rules.

For this purpose each Candidate and Potential Candidate country shall designate the controllers responsible for verifying the legality and regularity of the expenditure declared by each IPA project partner. Moreover the mentioned countries have to ensure that the expenditure can be validated within three months after the date of submission of the expenses by the IPA project partner to the controllers.

In order to facilitate the setting up and the work of the Control Systems in the Candidate, and Potential Candidate Countries a support unit in the JTS is established. This unit provides support and guidance to the national control units.

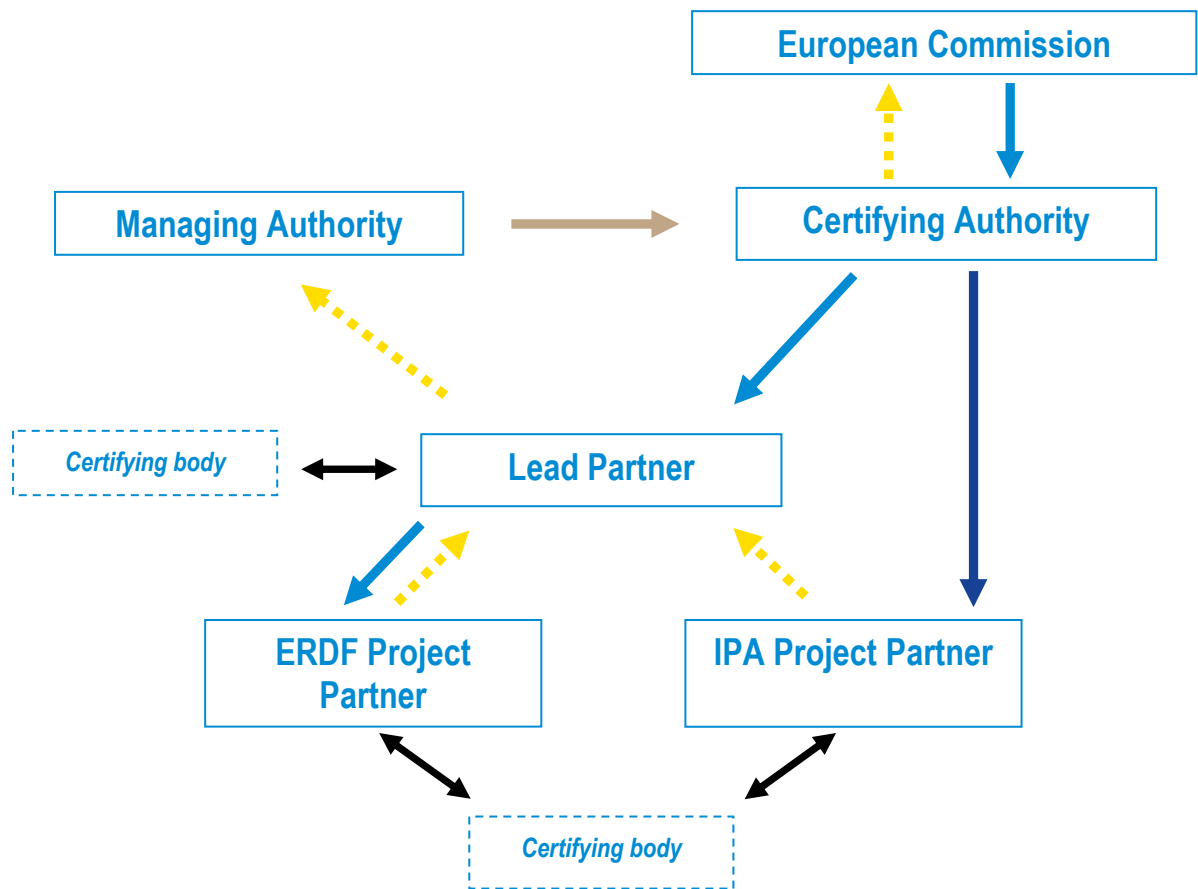
c) Irregularities and financial corrections

Irregularities and financial corrections are defined according to the rules laid down in Article 138 of the IPA Implementing Rules (regulation No 718/2007).

According to Art. 114 of IPA Implementing Regulation, the Candidate and Potential Candidate Country hosting an IPA project partner are responsible for preventing, detecting and correcting irregularities and recovering amounts unduly paid. The Candidate, Potential Candidate Countries have to report to the EC the irregularities detected and, at the same time have to inform the MA/JTS and the CA.

The programme level recovery procedures will be regulated within the Financing agreement meanwhile the project level recovery is stipulated in the subsidy contract.

ERDF AND IPA financial flows



- Payment claims
- Payments for ERDF partners
- Payments for IPA partners
- Recommendation for payment
- Control for the validation of expenditures (art 16 of the regulation EC 1080/2006 and 108 of the IPA Regulation EC 718/2007)

IV.3. Description of monitoring and evaluation systems

a) Monitoring systems

According to the Article 66 of Council Regulation (EC) No 1083/2006, the Managing Authority and the Monitoring Committee shall ensure the quality of the implementation of the operational programme. They shall carry out monitoring by reference to financial indicators and the indicators referred to in Article 12(4) of the ERDF.

A list of indicators is presented in part I.3.c of the operational programme and additional indicators are suggested in the Implementation Guide of the OP.

With the assistance of the JTS, the Managing Authority produces regularly reports on progresses accomplished, as measured by the set of approved indicators, in the realisation of the objectives of the Programme. Six-monthly progress reports received from the project Lead partners are the main information basis to monitor the Programme performances.

The Secretariat gathers the relevant data throughout the whole Programme period. A computerised Programme management system is developed for this purpose. It must secure a smooth exchange of compatible data with the relevant services of the Commission.

For the first time in 2008 and by 30 June each year, the Managing Authority shall send the Commission an annual report and by 31 March 2017 a final report on the implementation of the operational programme⁹³.

Annual and final reports are drafted by the JTS under the responsibility of the Managing Authority, then examined and approved by the Monitoring Committee before being sent to the Commission.

Then, a monitoring system is set up to check more specifically the impact of the programme and of the projects on the environment. Its implementation rules are specified in the Implementation Guide of the OP.

b) Evaluation systems

General Considerations

Evaluations shall aim to improve the quality, effectiveness and consistency of the assistance from the Funds and the strategy and implementation of operational programmes with respect to the specific structural problems affecting the Member States and regions concerned, while taking account of the objective of sustainable development and of the relevant Community legislation concerning environmental impact and strategic environmental assessment⁹⁴.

Evaluations shall be carried out by experts or bodies, internal or external, functionally independent of Certifying and Audit authorities referred to in Article 59 of EU Regulation 1083/2006.

The Commission shall provide indicative guidance on evaluation methods, including quality standards.

Ex-ante evaluation

Pursuant to article 48(2) of the EU Regulation 1083/2006, an ex-ante evaluation has been realised under the supervision of the Task Force in charge of the preparation of the Med operational programme.

The main issues as well as the main observations and recommendations are further developed in part I.5. of the operational programme. The full ex-ante evaluation is available in a separate document.

⁹³ Articles 67(1) and 89 of the EU Regulation n°1083/2006

⁹⁴ Article 47 of the EU Regulation n°1083/2006

Evaluation during the programming period

Pursuant to articles 33 and 48-3) of EU regulation 1083/2006, the Managing Authority, under the guidance of the Monitoring Committee, undertakes evaluations linked to the monitoring of the operational programme in particular where that monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of the operational programme. The results of these evaluations are sent to the Monitoring Committee and to the Commission⁹⁵.

Evaluations may be of a strategic nature in order to examine the evolution of the Programme in relation to Community and national priorities, or of an operational nature in order to support programme monitoring. An evaluation is foreseen in 2010 for the Med programme.

Ex post evaluation

According to article 49(3) of the Regulation (EC) 1083/2006, the Commission shall carry out an ex post evaluation for each objective in close cooperation with the Member State and the Managing Authority.

This evaluation examines the extent to which resources were used, the effectiveness and efficiency of Fund programming and the socio-economic impact. It shall aim to draw conclusions for the policy on economic and social cohesion.

It shall identify the factors contributing to the success or failure of the implementation of operational programmes and identify good practice. Ex post evaluation shall be completed by 31 December 2015.

c) Exchange of computerised data

Pursuant to Article 66-3) of General Regulation 1083/2006, the exchanges of data related to the implementation and the monitoring of the programme between the Commission and the Member States must be carried out electronically.

These exchanges of data are carried out by the **computer system set up for the programme and by the SFC system.**

All documents for which the Programme Authorities are responsible must be recorded in this computer system. All exchanges of data must bear an electronic signature, legally recognised by the Member states and the Commission. The computer system for data exchange shall be accessible to the Member states and the Commission, either directly or via an interface.

⁹⁵ Article 48(3) of the EU regulation 1083/2006

IV.4. Projects programming and technical implementation processes

a) Two types of call for projects for the Med programme⁹⁶

Two types of call for projects are suggested for the implementation of the Med programme :

- **Traditional calls for projects** which equally deal with all of the axes and objectives of the operational programme.
- **Targeted calls for projects** based on terms of reference which will direct Lead partners towards specific themes, intervention fields or certain types of projects. The calls for projects are defined by the Monitoring Committee on the basis of specific preparatory initiatives and previous studies carried out under INTERREG IIIB or other EC programmes. Call for projects with special conditions can also allow the building of specific partnerships depending on the field of intervention or on the scope of the determined objectives. Conditions will be determined by the Monitoring Committee.

In addition, specific procedures can be defined by the Monitoring committee establishing the launch of calls for strategic projects.

These procedures should allow the implementation of projects that will be of strategic importance for participating countries. The Monitoring Committee will determine the terms of reference and can assist in partnership building so as to ensure that the key actors (transnational, national and regional) are involved. Applicants base their proposal on these terms of reference and the selection procedure is specified by the Monitoring Committee.

b) Projects selection process

The projects' proposals are submitted to a **selection procedure in two times** by the means of a **pre application** and an **application form**. Different forms and submission's methods are proposed for, on the one hand, the traditional and targeted calls for proposals, and, on the other hand, the strategic calls for proposals.

Final applications of the projects adopted in the pre application phase should be submitted to the Managing Authority by the Lead partners before the deadline determined by the Monitoring Committee. The JTS and the national bodies in charge of the programme in participating countries can be drawn into the process during this preparation phase.

The evaluation of applications by the JTS and the projects selection by the Selection committee is done on the basis of objective criteria specified in the Implementation Guide of the Med operational programme.

The JTS checks that projects respect eligibility criteria on the basis of European regulation, the Implementation Guide's recommendations and any other document eventually published on the MED Programme web site: www.programmemed.eu.

The JTS must make sure that final applications present clearly a **synthetic evaluation of their environmental impact** in order to guarantee an efficient monitoring of the implementation of the programme and of the projects.

The Selection Committee carries out in a transparent way the selection of projects on the basis of selection criteria specified in the Implementation Guide. These criteria have been defined according to strategic orientations of the Med programme and the will to promote focused and effective transnational

⁹⁶ Selection and implementation procedures for the different kinds of projects are specified in the Implementation Guide of the Med programme

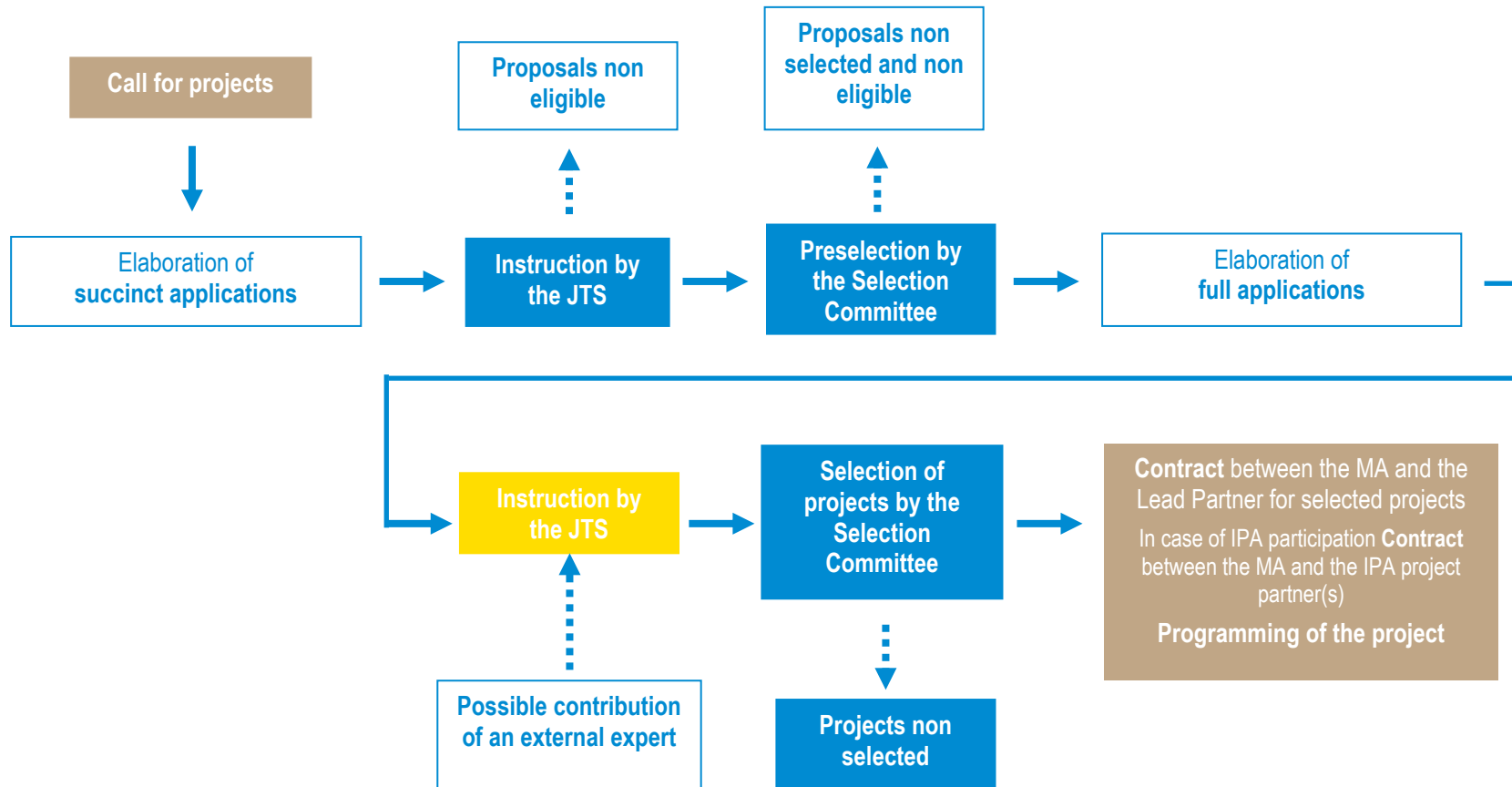
projects (strengthening of partnerships, involvement of key actors, durability...)

Once the selected projects have been approved by the Selection Committee, the Managing Authority and the Lead partners sign the contracts. The Managing Authority also concludes the IPA subsidy contracts with every IPA project partner respecting the availability of the IPA funds

Non availability of IPA funds has no consequences on the approval of ERDF partners in the same project; the project will be implemented by ERDF partners without the IPA partners affected by the mentioned non availability of funds

The project selection process will be set out in further detail in each call for proposal.

SCHEME OF PROJECTS SELECTION PROCESS



For non eligible proposals, non selected proposals or projects, the JTS transmitted justifiable answers to all Lead partners

IV.5. Information and publicity

The Member State and the Managing Authority for the operational programme should supply information related to operations and programmes which are subject to co-financing. They are also responsible for publicising. Information is aimed at citizens of the European Union and to beneficiaries in order to enhance the role of the Community and to ensure transparency in terms of how the funding is used⁹⁷.

So as to achieve this, the Managing Authority shall draw up a **communication plan** and submit it to the Commission within four months of the date of adoption of the operational programme⁹⁸.

This communication plan should include the following points⁹⁹:

- The Objectives and target audience;
- The strategy and the content of information and publicising actions that should be carried out by the Member State or the Managing Authority for potential beneficiaries, beneficiaries and the public as regards the added value of community intervention at the national, regional and local scales;
- A Capitalisation Plan;
- A foreseen budget for the plan's implementation;
- Administrative services or organisations in charge of carrying out information and publicising actions;
- The terms of assessment for information and publicising actions in the light of the operational programmes' notoriety and of the Community's role;

Moreover, the Monitoring Committee can provide for the building of a Transnational partnership conference which would bring together representatives of European, national, regional and local institutions that are concerned with the implementation of the programme¹⁰⁰.

This conference aims at supporting the bottom up / top down partnerships approach adopted at the transnational level for the development of the operational programme. It aims at encouraging transnational facilitation, at exchanging experience and best practice and building upon the results from cooperation projects and programmes in the Mediterranean context.

⁹⁷ Article 60 and 69 of EU Regulation n°1083/2006

⁹⁸ Article 3 of the EU Regulation 1828/2006 setting out rules for the implementation of Council Regulation n°1083/2006 and for Regulation n°1080/2006

⁹⁹ Article 2 of the EU Regulation 1828/2006 setting out rules for the implementation of Council Regulation n°1083/2006 and for Regulation n°1080/2006

¹⁰⁰ The functioning of this *Transnational partnership conference* is specified in the Implementation Guide of the Med operational programme

APPENDIX

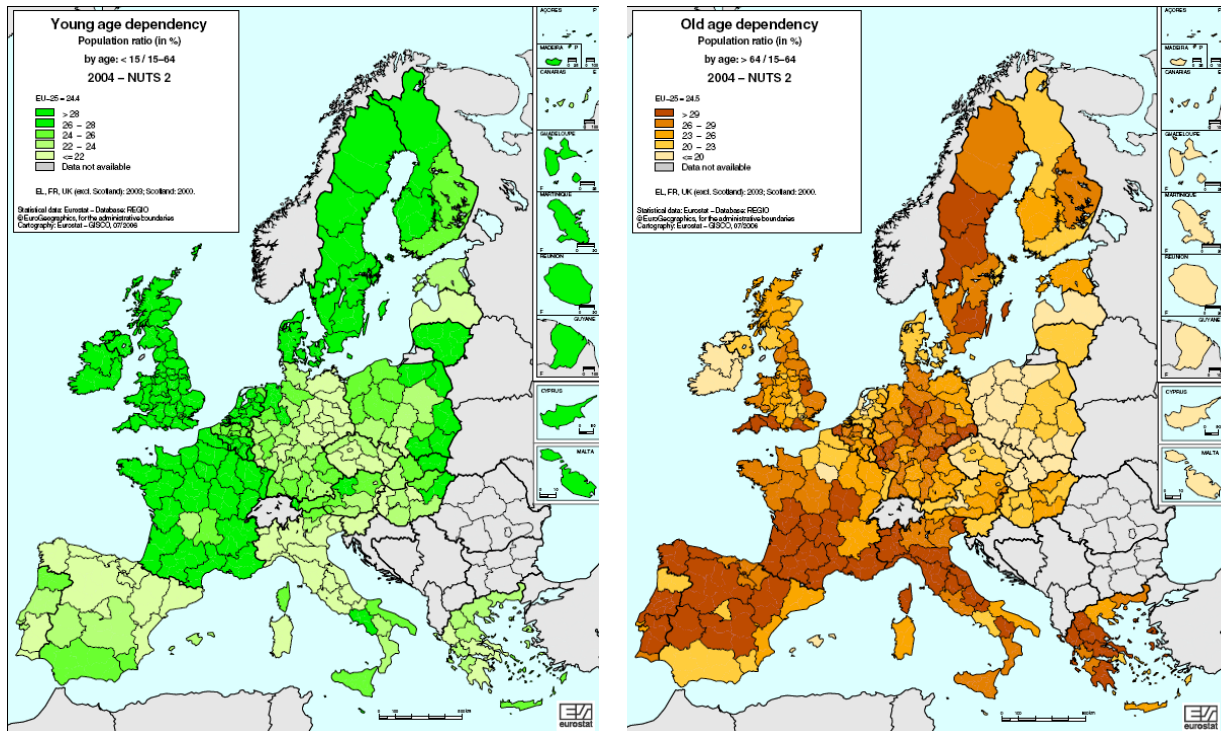
Appendix 1: Population, area and population density of the MED programme eligible regions

Area	Population 2006	Km2	Population Density (inhabitants per km2)
Malta	404,346	316	1280
Slovenia	2,003,358	20,275	99
Cyprus	766,414	5,896	130
Greece			
Eastern Macedonia	611,067	14,157	43
Central Macedonia	1,871,952	18,811	100
Western Macedonia	301,522	9,451	32
Epirus	353,820	9,223	38
South Aegean	302,686	5,286	57
Sterea Ellada	605,329	15,549	39
Peloponnesse	638,922	15,490	41
Thessalia	754,393	14,036	54
Ionian Islands	212,984	2,307	92
Western Greece	740,506	11,350	65
Attica	3,761,810	3,808	988
Crete	601,131	8,336	72
North Aegean	206,121	3,836	54
France			
Rhone Alpes	5,958,000	43,698	136
Languedoc Rousillion	2,497,000	27,376	91
Corse	277,000	8,681	32
Provence Alpes Cote D'Azur	4,751,000	31,400	151
Portugal			
Algarve	405,380	4,989	81
Alentejo	767,549	31,199	25
Spain			
Andalusia	7,957,672	87,268	91
Aragon	1,277,471	47,650	27
Catalonia	7,134,697	31,930	223
Balearic Islands	1,001,062	5,014	200
Murcia	1,370,306	11,317	121
Valencia	4,806,908	23,305	206
Ceuta	75,861	20	3793
Mellila	66,871	13	5144
United Kingdom			
Gibraltar	27,495	6,5	4,230
Italy			
Abruzzo	1,305,307	10,795	121
Apulia	4,071,518	19,363	210
Basilicata	594,086	9,992	59
Calabria	2,004,415	15,080	133
Campania	5,790,929	13,595	426
Emilia Romagna	4,187,557	22,123	189

Friuli Venezia Giulia	1,208,278	7,844	154
Latium	5,304,778	17,207	308
Liguria	1,610,134	5,421	297
Lombardy	9,475,202	23,861	397
Marche	1,528,809	9,694	158
Molise	320,907	4,438	72
Ombria	867,878	8,456	103
Piedmont	4,341,733	25,399	171
Sardinia	1,655,677	24,090	69
Sicily	5,017,212	25,707	195
Tuscany	3,619,872	22,993	157
Veneto	4,738,313	18,379	258
Total	110,153,238	802,924	137

Source: www.statistics.gr, www.ypes.gr, www.insee.fr, www.citypopulation.de, www.mof.gov.cy/cystat, www.nso.gov.mt, www.stat.si, www.forum.europa.eu.int/irc/dsis/regportraits/info/data/en

Appendix 2: Young and Old age dependency, 2004, Nuts II



Source: Eurostat: Regions: Statistical Yearbook 2006. Data 2000 - 2004, maps 1.4. & 1.5, October 2006.

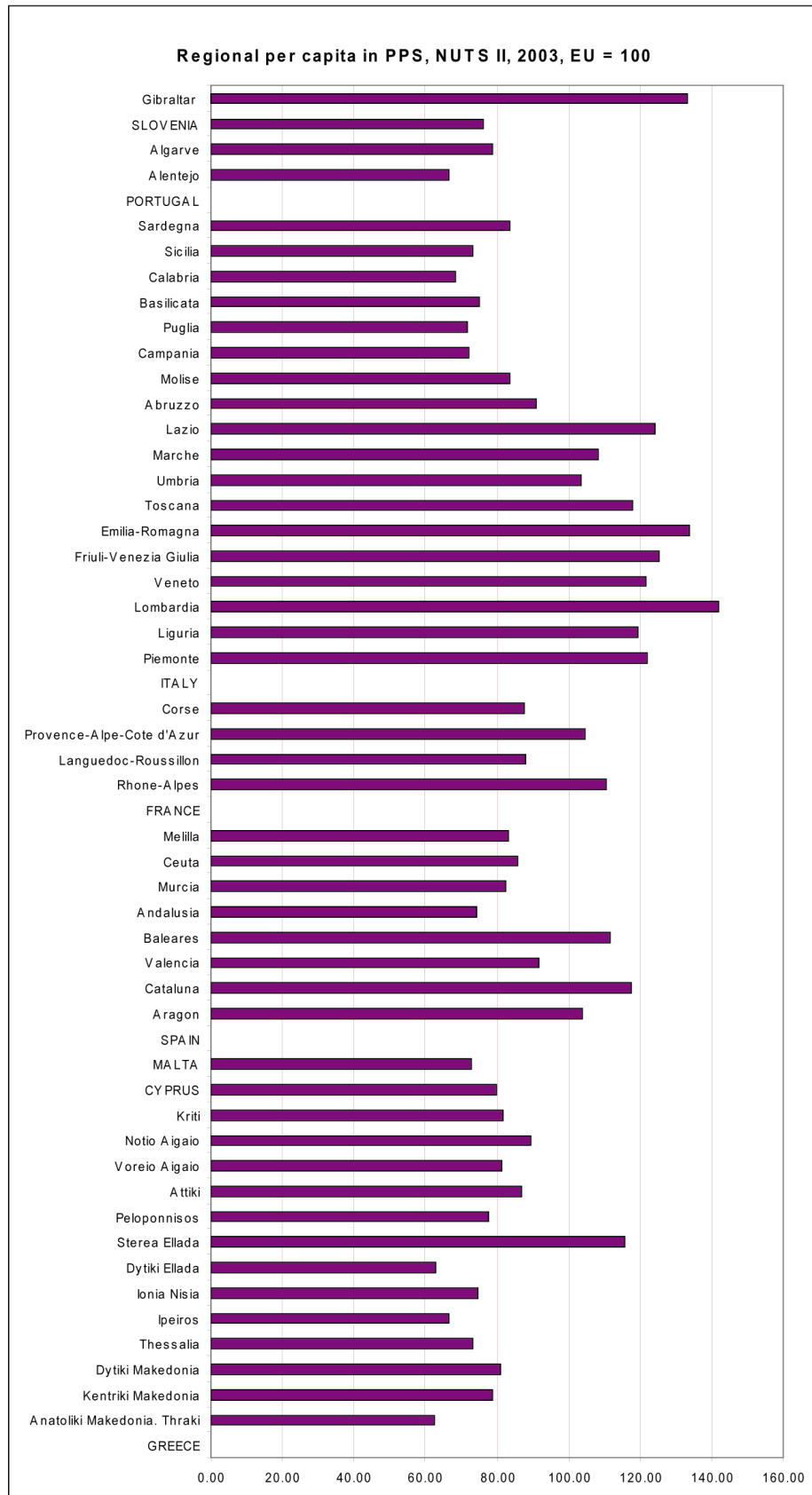
Appendix 3: Regional per capita in PPS NUTS II, EU = 100

	1995	1996	1997	1998	1999	2000	2003	% - 2000 - 2003
GREECE								
Anatoliki Makedonia. Thraki	59.00	58.00	57.30	56.80	57.10	56.50	62.40	10.44%
Kentriki Makedonia	70.40	73.80	75.20	73.90	73.80	74.00	78.70	6.35%
Dytiki Makedonia	72.70	71.80	76.60	76.90	75.30	74.60	80.80	8.31%
Thessalia	63.90	63.70	64.90	66.10	65.10	62.20	73.20	17.68%
Ipeiros	52.60	51.70	56.10	56.60	58.10	57.90	66.40	14.68%
Ionia Nisia	61.40	61.30	66.90	65.20	65.50	64.60	74.60	15.48%
Dytiki Ellada	60.10	59.90	58.50	58.00	56.00	55.20	62.70	13.59%
Stereia Ellada	108.30	110.50	108.20	105.60	100.20	102.00	115.70	13.43%
Peloponnisos	65.20	64.60	68.60	69.70	69.40	71.00	77.50	9.15%
Attiki	78.10	74.60	74.10	74.30	75.30	76.90	86.70	12.74%
Voreio Aigaio	60.20	60.80	64.20	64.10	66.80	70.10	81.20	15.83%
Notio Aigaio	78.30	81.20	85.50	83.50	85.70	85.70	89.50	4.43%
Kriti	71.30	72.70	72.20	71.10	71.90	70.90	81.50	14.95%
CYPRUS	81.50	80.20	78.80	79.40	80.00	80.70	79.90	-0.99%
MALTA				77.00	76.80	77.70	72.70	-6.44%
SPAIN								
Aragon	94.20	94.70	94.60	94.30	96.00	96.30	104.00	8.00%
Cataluna	106.60	107.70	106.80	107.20	111.00	112.20	117.50	4.72%
Valencia	83.30	83.60	84.20	86.20	88.80	88.90	91.80	3.26%
Baleares	106.00	105.60	107.50	108.20	112.10	113.50	111.60	-1.67%
Andalusia	64.60	64.80	64.90	65.50	67.80	67.90	74.10	9.13%
Murcia	71.70	71.60	72.60	73.90	75.80	77.30	82.30	6.47%
Ceuta						78.50	85.80	9.30%
Melilla						77.80	83.30	7.07%
GREAT BRITAIN								
Gibraltar						123,15	133,38	8,30%
FRANCE								
Rhone-Alpes	115.40	115.50	117.20	117.30	116.10	115.20	110.60	-3.99%
Languedoc-Roussillon	88.00	87.20	88.00	87.90	88.10	87.40	88.00	0.69%
Provence-Alpe-Cote d'Azur	105.10	103.50	102.70	102.80	101.80	104.60	104.50	-0.10%
Corse	83.00	81.00	83.50	84.70	86.60	85.70	87.50	2.10%
ITALY								
Piemonte	137.70	135.90	134.10	133.90	133.10	131.70	122.00	-7.37%
Liguria	122.10	122.50	121.60	122.90	121.80	122.70	119.20	-2.85%
Lombardia	154.80	154.10	151.40	152.20	148.70	147.20	141.90	-3.60%
Veneto	137.80	137.40	135.40	134.20	132.00	132.10	121.50	-8.02%
Friuli-Venezia Giulia	135.20	133.40	129.80	128.20	128.40	128.00	125.10	-2.27%
Emilia-Romagna	149.80	149.70	145.80	145.50	143.20	143.40	133.70	-6.76%
Toscana	127.30	126.60	124.40	125.30	125.20	124.20	118.00	-4.99%
Umbria	116.00	113.50	112.70	112.10	112.70	111.50	103.30	-7.35%
Marche	117.20	117.50	116.00	113.80	114.30	113.20	108.20	-4.42%
Lazio	132.10	130.10	127.50	130.70	128.00	127.00	124.30	-2.13%
Abruzzo	100.80	99.50	96.60	95.10	93.50	94.60	90.80	-4.02%
Molise	88.50	89.50	92.00	88.90	97.70	97.30	83.40	-14.29%

Campania	74.60	73.20	73.70	74.40	73.50	72.80	72.10	-0.96%
Puglia	76.00	75.90	73.60	74.30	74.90	74.20	71.60	-3.50%
Basilicata	80.00	81.50	81.00	81.90	93.20	80.40	74.90	-6.84%
Calabria	69.90	69.90	69.10	69.10	69.80	69.10	68.50	-0.87%
Sicilia	76.00	75.60	74.90	75.00	73.60	73.80	73.10	-0.95%
Sardegna	86.60	85.80	86.00	86.10	85.70	84.30	83.40	-1.07%
PORTUGAL								
Alentejo	67.40	67.80	69.80	68.50	69.30	69.30	66.40	-4.18%
Algarve	78.00	76.50	77.80	78.60	81.70	82.50	78.70	-4.61%
SLOVENIA	68.20	69.50	71.10	71.90	73.60	72.70	76.00	4.54%

Source: Eurostat 2006

Appendix 4: Regional per capita in PPS, NUTS II, 2003, MED SPACE regions, EU = 100



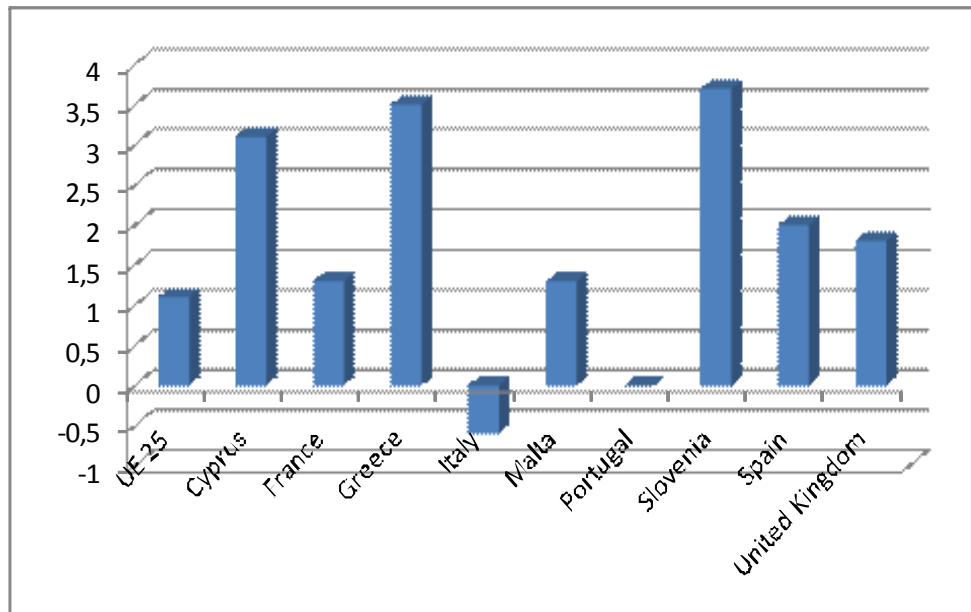
Source: Eurostat

Appendix 5: Growth rate of real GDP per capita over previous year %

	2000	2001	2002	2003	2004	2005
<i>Eu 25</i>	3.5	1.7	0.6	1.1	1.6	1.1
Cyprus	4.3	2.5	0.8	0	1.6	3.1
France	3.2	1.8	0.4	0	1.7	1.3
Greece	4.3	4.1	3.9	3.8	4.5	3.5
Italy	3.1	1.8	0	-0.6	0	-0.6
Malta	5.3	0	1.3	-3.8	-1.3	1.3
Portugal	3	1	0	-1	0	0
Slovenia	4.3	2.1	3	2.9	3.8	3.7
Spain	4.5	2.2	1.4	1.4	1.4	2
United Kingdom	3,8	2,4	2,1	2,8	3,3	1,8

Source: Eurostat

Appendix 6: Growth rate of real GDP per capita % - 2005



Source: Eurostat

Appendix 7: Total public expenditure on education as a % of GDP, 2000 - 2003

	2000	2001	2002	2003
Greece	3.71	3.85	3.90	3.94
Spain	4.28	4.24	4.25	4.29
France	5.83	5.76	5.81	5.91
Italy	4.47	4.86	4.62	4.74
Cyprus	5.44	6.05	6.61	7.36
Malta	4.52	4.45	4.47	4.48
Portugal	5.42	5.61	5.54	5.61
Slovenia		6.08	5.98	6.02
United Kingdom	4.64	4.68	5.23	5.38
EU 25	4.71	5.02	5.14	5.21

Source: Eurostat

Appendix 8: E-government usage by enterprises (*% of enterprises that use internet for interaction with public authorities*)

	2003	2004	2005	2006
Greece		77	81	84
Spain	44	50	55	58
France				
Italy		65	73	87
Cyprus		35	40	44
Malta			68	
Portugal		57	58	
Slovenia		47	72	75
United Kingdom	29	34	39	52
EU25		52	57	64

Source: Eurostat

GLOSSARY

Additionality

One of the Structural Funds' four principles which were strengthened by the revised regulations adopted in July 1993. This means that Community assistance complements the contributions of the Member States rather than reducing them. Except for special reasons, the Member States must maintain public spending on each Objective at no less than the level reached in the preceding period.

Associate Partner

Partner participating to the implementation of a project of the programme without benefiting of any ERDF contribution.

Beneficiary

Partner of a Med project getting ERDF funds (or IPA funds in Mediterranean candidate or potential candidate countries)

Capitalisation

Organisation of data concerning the implementation of programmes, projects, concerning their impacts, the methods used in order to make the accumulated experience usable for other programmes or projects.

Cluster

A **business cluster** is a geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular field. Clusters are considered to increase the productivity with which companies can compete, nationally and globally.

Concentration

Process aiming at concentrating financial, institutional and technical means in order to produce sufficient synergies and lever effects to generate tangible results. The concentration effort is an answer to avoid the multiplication of small projects whose impacts remain weak or inappropriate.

Economic operator

According to the article 1(8) of EU Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts, is considered as « economic operator » any natural or legal person or public entity or group of such persons and/or bodies which offers on the market, respectively, the execution of works and/or a work, products or services. As such, competition rules don't depend on the legal status of each institution involved (public or private) but on the nature of the activity realised.

Indicator

An indicator can be defined as a way of measuring an objective to be met, a resource mobilised, an effect obtained, a gauge of quality or a context variable. An indicator should be made up by a definition,

a value and a measurement unit.¹⁰¹

Output indicator

Output indicators relate to activity. They are measured in physical or monetary units (e.g., length of railroad constructed, number of firms financially supported, etc.).

Result indicator

Result indicators relate to the objectives of Priority axes. They relate to direct and immediate effect on direct beneficiaries brought about by a programme. They provide information on changes to, for example, the behaviour, capacity or performance of beneficiaries. Such indicators can be of a physical (reduction in journey times, number of successful trainees, number of roads accidents, etc.) or financial (leverage of private sector resources, decrease in transportation cost, etc.) nature.

Impact indicator

Impact indicators refer to the consequences of the programme beyond the immediate effects.

Two concepts of impact can be defined:

- *Specific impacts* are those effects occurring after a certain lapse of time but which are, nonetheless, directly linked to the action taken and the direct beneficiaries.
- *Global impacts* are longer-term effects affecting a wider population.

Targeted value

A quantified objective expressed as a value to be reached by an indicator (output, result or impact indicator), usually within a given time frame.

Innovation

Innovation is about creation of new products, new processes, new technologies, new organisation systems... Thus, innovation can be technological and non technological with the objective to improve the functioning of institutions, the efficiency of strategies implemented and the competitiveness of economic operators.

Key actors

The "key actors" are the institutions which play an important role in the field of action of the project and which are likely to contribute in a significant way to its realization. They have both political and administrative competences and technical capacities to implement the actions required for the project

Lead Partner

The project partner appointed by the project partnership to take on the responsibilities of the "lead beneficiary" defined in Article 20-1) of ERDF Regulation 1080/2006.

Non profit organisation

A non-profit organization (abbreviated "NPO", or "non-profit" or "not-for-profit") is an organization whose primary objective is to support an issue or matter of private interest or public concern for non-commercial purposes. Non profit organisations can make benefits but these benefits must be reinvested in its activity.

¹⁰¹ *Indicators for Monitoring and Evaluation, a Practical Guide*. The new programming period 2007-2013, Methodological working papers, European Commission, 23 January 2006.

Pilot project

Targeted project aiming at testing a process, a technology, a system in order to check its efficiency, its scope so that it can be developed and generalized.

Public equivalent body

Public equivalent body means any legal body governed by public or private law

- established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character , and
- having legal personality, and
- either financed, for the most part, by the State, or regional or local authorities, or other bodies governed by public law, or subject to management supervision by those bodies, or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities or by other bodies governed by public law.

Sensitive areas

Areas with undisputed qualities, taking into account the quality of its landscape or appearance, or the presence of rare or endangered species. The term can also apply to land without any real intrinsic value, yet considered vulnerable due to the pressure exerted upon it, for instance by urban development or intensive tourism: reserves and natural parks ; Natura 2000 areas ; special protection areas ; special areas of conservation ; wetland ; biogenetic reserves; ...

Small and medium-sized enterprise

Commission Recommendation 2003/361/EC

Micro, small and medium-sized enterprises are defined according to their staff headcount and turnover or annual balance-sheet total.

- A medium-sized enterprise is defined as an enterprise which employs fewer than 250 persons and whose annual turnover does not exceed EUR 50 million or whose annual balance-sheet total does not exceed EUR 43 million.
- A small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.
- A micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 millions.

Sustainable development

The concept of sustainable development refers to a form of economic growth which satisfies society's needs in terms of well-being in the short, medium and - above all - long terms. It is founded on the assumption that development must meet today's needs without jeopardising the prospects of future generations. In practical terms, it means creating the conditions for long-term economic development with due respect for the environment. The Copenhagen world summit for sustainable development (March 1995) stressed the need to combat social exclusion and protect public health.

The Treaty of Amsterdam wrote an explicit reference to sustainable development into the recitals of the EU Treaty.