



# **European Neighbourhood and Partnership Instrument**

## **Joint Operational Programme Romania-Ukraine-Moldova 2007-2013**

**First draft**

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**1) EXECUTIVE SUMMARY**

This document is the Joint Operational Programme 2007-2013 for the ENPI-CBC Romania-Ukraine-Moldova Programme

## **2) INTRODUCTION**

### **2.1. Cooperation framework**

Cross-border cooperation on the external borders of the EU is a key priority of the European Neighbourhood Policy. The aim is to prevent the emergence of new dividing lines between EU and its neighbours and to offer them the chance to participate in various EU activities, through greater political, security, economic and cultural co-operation. The privileged relationship with neighbours will build on mutual commitment to common values within the field of law, good governance, the respect for human rights, the promotion of good neighbourly relations, and the principles of market economy and sustainable development.

As “The Commission Communication *“Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours”* of 11 March 2003 proposed, “the European Union should aim to develop a zone of prosperity and a friendly neighbourhood ... with whom the European Union enjoys close, peaceful and co-operative relations.”

The Commission proposed a two-phase approach, as follows:

First phase, practical changes in the implementation of existing co-operation instruments (PHARE CBC, INTERREG, CARDS, TACIS) through the introduction of Neighbourhood Programmes for 2004-2006 at the external borders of the enlarged EU (including Bulgaria and Romania);

Second phase, as of 2007, introduction of a new neighbourhood instrument to operate both inside and outside the external borders of the EU starting with 2007.

In relation with the three countries concerned by the present document, the Neighbourhood Programme is currently running in a bilateral format between border regions of Romania and Ukraine and between border regions of Romania and entire territory of Republic of Moldova. The first contracts under Neighbourhood Programme have started to be concluded in the third semester of the year 2006, but a clear image of the impact of these programmes is hard to build. However, the significant number of the applications in both programmes proves that there is significant interest for cross border cooperation among the population within the three countries.

The new Regulation no 1637/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument (ENPI) envisages a new approach of the CBC activities. The support on the EU external border will draw on funds from both the external and internal headings of the EC budget and combined them in a single fund, ENPI, for the pursuit of CBC activities serving both sides of the EU external border.

The September draft of ENPI CBC Strategy Paper 2007-2013 sets out the EU's general policy and objectives for the cross border cooperation activities.

These are:

- To promote sustainable economic and social development in the border areas;
- To work together to address common challenges, in fields such as environment, public health, and the prevention and fight against organized crime;
- To ensure efficient and secure borders;
- To promote local “people-to-people” type actions.

The ENPI CBC Strategy Paper 2007-2013 provides also a new approach of the geographic coverage of the programmes. Compared to the current Neighbourhood Programmes 2004-2006 the bilateral programmes between Romania and Ukraine and Romania and Moldova respectively will be re-grouped in two new programmes Romania-Ukraine-Moldova and Hungary-Slovakia-Romania-Ukraine. Participation of regions located near the programme core area is allowed under condition of continuation of existing cooperation or other justified cases.

The present Joint Operational Programme has been drawn up using the draft Guidelines produced by the European Commission for preparing CBC Programmes under ENPI and draft Implementing rules of the CBC Programmes financed within the framework of the legal basis ENPI.

## **2.2. Preparation of the Joint Operational Programme**

This document is the result of a joint programming effort of the relevant Romanian, Ukrainian and Moldovan authorities, and regional and local partners involved in a large consultation process. The trilateral Joint Task Force was set up in September 2006 when the programming process started.

Since September, the JTF met three times and have been consulted by electronic exchange in providing statistical data, information and contribution to the document.

Representatives of the European Commission, the EU Delegations have been also closely involved and supported the JTF in the programming process.

In order to ensure a bottom up approach and a balanced participation of the various socio-economic actors who are not members of the JTF, major interactive trilateral workshops were held in Moldova on 1 and 2 November. Both workshops attracted around 35 local and regional partners from Moldova, Romania and Ukraine. The collaborative process was begun in August 2006 when the consultants ran eight small workshops in the border area and circulated questionnaires and project idea forms. The CBC Regional Offices in Iasi and Suceava played a key role in the organization of these events and in suggesting ways in which the new 2007-2013 Romania-

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Moldova-Ukraine Programme built on the experience of the 2004-2006 NP Programmes for Romania-Moldova and for Romania-Ukraine.

### 3) AREAS ELIGIBLE FOR PARTICIPATION IN THE PROGRAMME

Article 8 of the EC Regulation No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument sets the criteria determining the territorial units of Member States and partner countries that will be covered by cross-border co-operation programmes. The Article also states that 'Adjoining Regions' can be associated in co-operation when this would ensure the continuation of existing cooperation and in other justified cases.

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

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

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

In addition, pursuant to the consultations and common decision of the programme partners, on the basis of provisions of ENPI regulation and draft CBC-ENPI Strategy Paper, the following regions will be eligible as **Adjoining Regions** in the Programme:-

- In **Romania**, the county of Braila
- In **Ukraine**, the oblasts of Ivano-Frankivska, and Vinniytska plus the ten districts of Vinkovetskyi, Chemerovetskyi, Khmelnytskyi, Kamyanets-Podiskyi, Letychivskyi, Dunayevetskyi, Derazhnyanskyi, Novoushutskyi, Yarmolynetskyi, and Horodetskyi in Khmelnytska Oblast and the twelve districts of Ternopilskyi, Berezhanskyi, Pidgayetskyi, Kozivskyi, Pidvolochyskyi, Terebovlyanskyi, Monasturskyi, Gusyatynskyi, Chortkivskyi, Borshchivskyi, Zalishutskyi, Buchatskyi in the oblast of Ternopilska.

The extent to which adjoining regions can participate in the programme and receive financing from the programme budget is set out in this document.

#### 4) DESCRIPTION AND ANALYSIS OF THE GEOGRAPHICAL AREA

The following description and analysis of the border region are prepared by several themes covering the eligible border area as a whole and not separately per country.

##### Geography and Demography

The length of the combined Romanian-Ukraine-Moldova border is 1099.4 km. The Romanian-Moldova border is entirely a fluvial border (450 km) but the Romania-Ukraine border is complex and is part land border (273.8 km.), part fluvial (343.9 km) and part marine (31.7 km)

The Programme Area has a total area of 112,554 sq.km. The division of land area between the three countries is shown in Table One. The size of the Adjoining Regions is also shown and extends the Programme Area by 64,053 sq. km. The area of each Adjoining Region is shown in Table Two.

**Table One: Countries Involved in the Programme By Land Area**

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

**Table Two: Geographical Size of Adjoining Regions**

REGION	COUNTRY	AREA (sq.km)
Braila	Romania	4,766
Ivano-Frankivskya	Ukraine	13,900
Khmelnitska (10 districts)	Ukraine	<b>10,468</b>
- Vinkovetskyi		0,653
- Chemerovetskyi		0,927
- Khmelnytskyi		1,227
- Kamyanets-Podilskyi		1,500
- Letychivskyi		0,951
- Dunayevetskyi		1,182
- Derazhnyanskyi		1,180
- Novoushutskyi		0,850
- Yarmolynetskyi		0,898
- Horodetskyi		1,100
Ternopil'ska (12 districts)	Ukraine	<b>8,519</b>
- Ternopil'skyi		0,749
- Berezhanskyi		0,661
- Pidgayetskyi		0,496
- Kozivskyi		0,694

- Pidvolochyskyi		0,837
- Terebovlyanskyi		0,113
- Monasturskyi		0,558
- Gusyatynskyi		1,016
- Chortkivskyi		0,903
- Borshchivskyi		1,006
- Zalishutskyi		0,684
- Buchatskyi		0,802
Vynnytska	Ukraine	26,400

Table Three shows the overall population of the Programme Area which is around 10 million inhabitants. This table splits the population between the three countries in the Programme. For Romania and Ukraine, the population is then split at county or oblast level. The same process is followed for the Adjoining Regions which adds almost five million inhabitants to the Programme Area.

As an adjoining region, Vynnytska shares a border with Moldova, It should be stressed that the objective of the Programme is to strengthen the EU border in terms of security and economic and social development rather than the border between two non-EU Member States.

**Table Three:- Population of the Romania-Ukraine- Moldova Programme Area and Adjoining Regions, 2004**

Area	Population Core Area	Population Adjoining Areas
<b>Moldova</b>	<b>3,383,332</b>	
<b>Romania (part)</b>	<b>3,319,853</b>	<b>400,000</b>
Romania NUTS III areas		
Botosani	459,195	
Iasi	821 621	
Suceava	705,202	
Tulcea	253,419	
Vaslui	459,255	
Galati	621,161	
Braila		400,000
<b>Ukraine (part)</b>	<b>3,341,530</b>	<b>4,575,400</b>
Ukrainian Oblasts		
Odessa	2,430,030	
Chernivetska	911,500	
Ivano-Frankivska		1.373,400
Khmelnitska		
(10 participating rayons):		827,900
-Kamyanskyi		172,200

- Dunayevetskyi		71,000
- Novoushytskyi		34,400
- Chemerovetskyi		48,200
- Horodetskyi		56,600
- Yarmolynetskyi		35,900
- Vinkovetskyi		29,200
- Derazhnyanskyi		36,300
- Khmelnytskyi		311,100
- Letychivskyi		33,000
Ternopilska (12 participating rayons)		(654,000)
- Ternopilskyi		61,400
- Berezhanskyi		44,100
- Pidgayetskyi		22,100
- Kozivskyi		41,400
- Pidvolochyskyi		45,500
- Terebovlyanskyi		69,500
- Monasturskyi		33,600
- Gusyatynskyi		65,900
- Chortkivskyi		79,900
- Borshchivskyi		74,100
- Zalishutskyi		51,700
- Buchatskyi		64,800
Vinniytska		1.720,100
<b>TOTAL</b>	<b>10,044,715</b>	<b>4,975,400</b>

**Total Population of Core Programme Area: 10,044,715**

**Total Population of Core Programme Area & adjoining Regions : 15,020,115**

The overall population density of the Programme Area is 91.3 inhabitants per square kilometer. However, there are significant variations across the Programme Area with Tulcea County having a population density of 29.8 person per square kilometer, the Chernivetska oblast having 112.6 inhabitants per square kilometers while Galati and Iasi counties having population densities of 139 persons per square kilometer and 149 per square kilometer respectively. However, even the most densely populated areas of the Programme Area falls well below the most densely populated area of the EU<sup>1</sup>

Table Four shows the split between the rural and urban populations in the Programme Area and shows that a majority of inhabitants live in rural areas. The largest rural population in percentage terms is in Moldova and the statistics reverse the national statistics for Romania where on a national level 46% live in rural areas and 54% live in urban areas. In the Programme Area

<sup>1</sup> For instance the Netherlands has 482 inhabitants per sq/km and Belgium 344 inhabitants per sq. km.

for Romania, the rural inhabitants are significantly more than the national average.

**Table Four : The Rural-Urban Split in the Romania- Ukraine - Moldova Programme Area**

<b>Country</b>	<b>Rural (%)</b>	<b>Urban (%)</b>
Moldova	58.6	41.4
Romania	53.5	46.5
Ukraine	46.4	53.6
<b>PROGRAMME AREA AVERAGE</b>	<b>52.8</b>	<b>47.2</b>

**Table Five:- The Rural-Urban Split of the Adjoining Regions**

<b>Region</b>	<b>Rural (%)</b>	<b>Urban (%)</b>
Braila		
Ivano-Frankivska	42.4	57.6
Khemelnytska	52.7	47.3
Ternopilska	57.1	42.9
Vinniytska	47.7	52.3
<b>ADJOINING REGIONS AVERAGE</b>		

Table Six shows the cities in the Programme Area and Adjoining Regions with over 100,000 inhabitants. Unlike many areas of the EU, the Programme Area lacks many large urban or metropolitan centres. The largest urban populations are Odessa with slightly more than a million inhabitants; Chisinau with over 750,000 inhabitants, Vinniytskaya with 360 000 inhabitants (V), Galati with 329,000 people and Iasi with 320,000 and Chernivtsi with 242,250 and five other towns of over 100,000 inhabitants.

The adjoining regions bring in another three cities and each of these cities has over 200,000 inhabitants.

Most large towns and cities are located more than 30 km from the border leaving the area close to the border with a sparse population of small villages. It should also be noted that, apart from the rapid growth of Chisinau, there does not seem to be a trend in the Programme Area and Adjoining Regions for population increase in urban areas. This can be partially explained by the large levels of outmigration of people of working age from the Programme Area and Adjoining Regions.

**Table Six:- Cities of over 100,000 inhabitants in the Romania- Ukraine - Moldova Programme Area and Adjoining Regions**

City	Inhabitants	Location
Odessa	1,002,048	Ukraine
Chisinau	780,000	Moldova
Vinnytska*	362,201	Ukraine
Galati	329,000	Romania
Iasi	320,000	Romania
Khmelnytskyi	257,319	Ukraine
Chernivtsi	242,250	Ukraine
Braila*	216,929	Ukraine
Ivano-Frankivska *	220,721	Ukraine
Ternopil*	219,122	Ukraine
Tiraspol	162,000	Moldova
Tighina	162,000	Moldova
Botosani	130,000	Romania
Balti	127,000	Moldova
Suceava	106,000	Romania

\*Adjoining Regions

The reduction of births in the population of the eligible area has brought about an overall ageing of the population. In addition, the migration of working age people out of the Programme Area, particularly with reference to young people, is a severe problem. In Romania, the population in the eligible counties has risen slightly between 2002 and 2004 but this may be a temporary occurrence as population trends are usually looked at in wider timescales. The Moldovan and Ukraine border regions are still experiencing significant levels of migration from the border areas. The official figures from Moldova, suggest that approximately 600,000 Moldovans are living and working abroad. Unofficial estimates have put this number of people at over one million.

Economic development strategies should be encouraged which reduce the 'push' factors associated with economic migration and encourage those who have migrated to return.

The demography of the Programme Area and Adjoining Regions shows that just over half the population lives in rural areas. In terms of EU demography, this is an extremely significant number and shows the importance of a rural development element in this Cross-Border Programme. The Programme Area provides a variety of strong local traditions (specific handicrafts, popular costumes, musical instruments, popular fests) mostly at rural level.

Apart from Odessa and Chisinau, the Programme Area and Adjoining Regions have small cities and metropolitan areas. Cities and urban areas are important to regional competitiveness and will play an important part in the economic and social development of the Programme Area and Adjoining Regions.

Based on a common cultural heritage, there is an easy linguistic communication between partners from Romania and Moldova. In addition, a significant development is that a significant proportion of Moldova's population is bilingual - the second language being Russian. Such a case represents an opportunity for Moldovans to cooperate both with Romanians and Ukrainians, which may be important feature in the development of trilateral projects.

### ***Economic Structure***

#### GDP Per Head

Tables Seven and Eight examine GDP per capita in the Programme Area.:-

**Table Seven :- GDP Figures and Sectoral Splits for the Programme Area and Adjoining Regions, 2004**

<b>Country/Oblast</b>	<b>GDP per head (€)</b>	<b>GDP Agriculture (%)</b>	<b>GDP Industry (%)</b>	<b>GDP Services (%)</b>
Moldova	569.53	39.4	55.0	5.1
Odessa	997.63	11.3	14.7	56.8
Chernivetska	538.82	23.2	13.4	63.4
Vinnytska *	660.58	na	na	na
Ivano-Frankivska*	786.46	14.9	35.9	43.7
Khmelnyska*	640.82	26.5	19.4	48.3
Ternopilyska*	527.91	25.93	15.28	1.68
Botosani	1425.22	27.3	20.9	40.69
Suceava	1820.04	21.4	26.1	41.8
Tulcea	2056.97	21.1	30.1	37.3
Galati	1961.32	16.0	32.2	40.2
Iasi	2086.18	10.9	28.5	49.1
Vaslui	1410.98	23.4	29.7	35.6
Braila				

\*Adjoining Regions

The GDP figures in the above table show an extremely low GDP and describe a situation where the workforce do not add a great deal of value to products and services produced. They also show a high dependency for GDP on agriculture with small numbers engaged in industry. The figures also indicate the uncompetitive nature of the agricultural sector especially when the high percentage of workers in agriculture is considered

The Programme Area also has very low levels of GDP when compared to the GDP levels in the European Union. In fact, GDP per capita figures are significantly lower than the EU Member States that joined the Union in 2005. The GDP per capita figures for these countries range from €4,725 per head to €13,103 in 2004.

Some parts of the Programme Area also has a sizeable 'black economy' which distorts the figures and causes a significant loss of revenue to the national and local government.

### Nature and performance of the economy in the Programme Area

GDP levels go hand-in-hand with the performance of the economy. Much of the Romanian land area for the border is in the North-East Region and the Romanian Regional Operational Programme has stated that "economic growth has a significant geographic dimension with the less developed regions concentrating in the North-eastern part of the country at the border with the Republic of Moldova" and this region "is deeply influenced by its dependency on agriculture and its closeness to the eastern neighbourhood countries, the Republic of Moldova and Ukraine." In addition, the area around Tulcea is very sparsely populated and has restricted economic growth.

The Programme Area did suffer severe declines in its agricultural and the manufacturing base during the 1990s and at the beginning of the new century due to the economic shocks caused by the move from a centrally controlled to a market driven economy. There has been a partial economic recovery recently with increases in GDP and a reduction in unemployment. However, the region still suffers from major economic problems as indicated by the GDP figures.

In industrial terms, the area is important for agricultural products and food products, the production of machinery, textiles and wood products. The Suceava area is particularly important for forestry and wood products. The forestry in the Suceava area accounts for 456,579 hectares while around 14% of the eligible area in the Ukraine (137,000 hectares) is forested. In Ukraine, the oblast of Chernivetska is also important for food production and timber products. It also has a sizeable machine building and metallurgical sector.

There is a major heavy industrial sector in Galati which includes steel making and port activities. The Ukrainian part of the border has a much more varied industrial structure due to the mining of a wide range of materials such as peat, mineral ores, kaolin, clays, spar and limestone. Odessa owes its development to its position as a major Black Sea port and it has developed traditional port industries associated with it. It was originally important for its chemicals and food industry and the economy has diversified to include some services.<sup>2</sup>

### Labour Market , levels of employment and unemployment

The labour market can be characterised as a low skills and low productivity, particularly in rural areas. However, there are areas of highly skilled workers in urban areas where there have been a concentration of institutes of higher education and universities and industrial centres have been established.

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<sup>2</sup> For more information see Ports section of this analysis

These areas include cities such as Chisinau, Galati, Iasi, Suceava, Chernivtsi and Odessa.

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

In the Ukraine, while Odessa has a low unemployment rate, Chernivetska oblast has an unemployment rate of 9% while the average rate of unemployment in the Ukrainian Adjoining Regions is 9%. The Moldovan unemployment rate is around 7.3%<sup>3</sup>. The unemployment rate is higher in urban centres where it is 10.7% compared with rural areas which has an unemployment rate of 3.4%. It should be noted that the above figures represent those officially registered as unemployed. However, it is thought that many unemployed persons do not register and real unemployment figures are actually significantly higher. The failure to register is more common in rural areas.

The Programme Area also suffers from disparities between the skills of the workforce and the skills needed by employers so that there are skills shortages in the Programme Area.

In terms of labour market development, the Programme Area has to meet two challenges:

- to improve the skills base so that the workforce has the necessary skills to attract higher wages and have the skills needed in an economy that is undergoing diversification
- to ensure that those undertaking further and higher education remain in the Programme Area through the provision of well paid employment in the major urban centres.

### Competitiveness

In terms of regional competitiveness and the achievement of the Lisbon Agenda goals the Programme Areas performs poorly. It has little high value added activity in industry and farming and there is a concentration on primary industries such as farming and, in some areas, mining where there is little added value.

A general problem in the eligible area is the competitiveness of goods and services, because of the lack of modern technologies. The economy's restructuring process affected the outcomes both in quantity and quality. Very few companies succeeded in adapting their products to the requirements of the EU single market and EU quality standards.

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<sup>3</sup> Calculated according to BIM methodology

Most of the farms are small in size and with the average farm size of around two square kilometers. This highlights the lack of competitive commercial agriculture in the area.

A key measure of competitiveness is Foreign Direct Investment. Competitive places are places that overseas companies wish to invest in. With its low per capita GDP and poor connectivity in terms of road, railways and airports, Foreign Direct Investment has been limited in the Romanian eligible area compared with Bucharest and the south and west of the country. It is also substantially below that of many of the EU states that joined in 2004.

Comparable figures are difficult to come by as Moldova and Ukraine combine internal investment with Foreign Direct Investment. The 2004 figures for FDI only for the Romanian parts of the border region standing at €1730 million and the port of Galati's FDI figure of €1331 million is worthy of note.

The 2004 FDI figure for Moldova stands at around €145.7 million while Chernivetska in Ukraine experienced a total amount of FDI of €20.2 million while Odessa's figure stands at €137.7 million. In the Adjoining Regions, the FDI for Ivano-Frankivska stands at €23.0 million (I), Ternopil'ska at €10.66 million, Vinnitska at € 62.7 million and Khmelnytska at € 354 million.

It is important that the Programme Area looks at ways to improve its competitiveness through improving innovation in all sectors of the economy and producing a strategy to encourage greater use of new technologies.

#### Innovation, research and development

One of the major causes of a lack of competitiveness in the area is a lack of innovation and research and Table Nine highlights the problem by showing the small number of R&D units and projects in the Programme Area.

**Table Nine : R&D Units and Projects operating in the Moldova- Romania-Ukraine Programme Area, 2004**

<b>Country</b>	<b>R&amp;D Units</b>	<b>R&amp;D Projects</b>
Moldova	86	545
Romania	82	1899
Ukraine	162*	1037*

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

A closer examination of the figures shows the importance of universities in the process of innovation and research. A simple demonstration of this role is shown by the role of the university city of Iasi in the figures. It has 52 R&D units and 1098 R&D projects.

Within the Programme Area, there are a number of universities in close proximity of each other. These networks cover a smaller distance than the

distance from major towns in the Programme Area and their capital cities. The networking of universities can create a critical mass for research which cannot be achieved by universities working alone. The Joint Operational Programme should encourage networking in policy areas such as the environment, energy and the support for small businesses. These policy areas are essential for the regional development of the Programme Area and networking can be a useful mechanism for exchanging best practice. These networks will need time to become established but the development of research, development and innovation is one of longer term objectives of the Programme.

Many parts of the Programme Area have a small number of research units and this makes co-operation and networking of the existing units very important. Cross-border activity should be a very important dimension in this activity. In addition, R&D units need to work closely with public authorities and local businesses to develop competitiveness and innovation strategies. Given the low levels of R&D in the Programme Area, a cross-border approach could achieve a critical mass of R&D units.

#### Small and Medium Sized Enterprise (SMEs)

Detailed information is hard to come by on SMEs. However, the Romanian part of the current Moldova-Romanian programme gives a more accurate picture of the SME sector. A feature is the number of micro-businesses. 87.6% are micro-businesses and significant employment growth in many of these companies is often difficult. 9.7% of SMEs have moved beyond the micro stage and are small but only 2.7% are medium sized companies.

The Programme Area does not only have problems with SMEs growing beyond the size of micro-enterprises but the number of SMEs per thousand inhabitants is significantly below the EU average. This can be seen by the research done for the Romania-Ukraine Cross-Border Programme , 2004 – 2006. which states that in the Romanian part of the Programme Area, the number of SME per 1,000 is 17.5 compared with an EU average of 50.

SMEs suffer from many problems and the Romania-Ukraine Programme 2004-2006 has identified the problems for SMES as:

- Lack of entrepreneurial skills
- Access to finance
- Administrative barriers
- Lack of support from public authorities.

It is important that SMEs are encouraged in this programme and that public authorities support SMEs where growth is possible particularly through cross-border trade. Advice should be given on a wide variety of issues such as cross-border trade, marketing, business growth etc.

There are many support mechanisms possible from the provision of training, start up finance and the creation of cross-border support networks and business associations.

It is important that growth sectors are identified in the SME sector. One sector with has a great deal of potential throughout most of the Programme Area is tourism. This has potential for growth in areas such as cultural tourism and theme tourism (sports holidays, wine trails etc.) The current development of tourism is shown in Table 10 and it shows a mixed picture. In many parts of the Programme Area and Adjoining Regions, the accommodation capacity to to develop tourism is not there. However, there is the potential to develop tourism in a number of areas such as Iasi, Suceava, Odessa, Ivan-Frankivska and parts of Moldova.

**Table 10:- Tourist Numbers in the Programme Area and Adjoining Regions, 2004.**

Area	Accommodation Capacity (per night)	Total number of tourists accommodated	Total number of overnight stays
<b>Romania</b>			
Botosani	840	26,925	56,067
Suceava	5755	187,412	432,448
Tulcea	3551	73,241	130,562
Galati	1375	57,641	109,463
Iasi	2996	133,507	278,724
Vaslui	791	27,535	52,729
Braila	1752	59,334	264,224
<b>Moldova</b>	<b>23,827</b>	<b>26,045</b>	<b>N/a</b>
<b>Ukraine</b>			
Odessa	N/a..	289,800	564,900
Chernivetska	1398	61,567	346,000
Ivano-Frankivska	12,500	147,581	410,282
Khmelnytska	n/a	n/a	n/a
Ternopiiska	n/a	n/a	n/a
Vinnyistka	n/a	n/a	n/a

### **Infrastructure**

An efficient infrastructure is an important component in a competitive economy but In EU terms, the transport infrastructure in the Programme Area is generally of a poor quality and the urgent improvement of strategic cross-border roads is required.

The area has a number of international airports, and major ports.. It also has an established road and rail network. However, in terms of roads, there are no motorways in the area and very few dual carriageways outside the urban areas. Many of the strategic roads are in urgent need of repair and upgrading.

Although parts of the network are electrified and modern trains operate between Bucharest and Galati, the rail network is in need of investment both in terms of track development and the purchase of modern rolling stock.

### Airports

Airports play a key part in regional competitiveness as their presence improves a region's accessibility allowing it to play a more significant global role. The Programme Area has international airports in Chisinau, Iasi, Suceava, Odessa, Chernivetska, Ivano-Frankivska and Khmelnytskyia. However, in European terms, these airports handle low levels of passengers and freight. Chisinau flies to fifteen European and Russian destinations. Iasi achieved international status in 2003 and flies to Austria, Italy and Germany. However, passenger numbers are low for Iasi and freight handled in many of the airports are low and the development of the airports are needed if they are to retain their international status.

A major potential development is the development of air freight and a terminal handling freight is being considered for Iasi and Chisinau Airport is in talks with air freight companies who have expressed a view to have branch offices in Moldova. This could be an important factor in the development of industrial, manufacturing and SMEs on sites near to the international airports.

### Ports

It is only the southern part of the Programme Area that is not land-locked

The port of Odessa is the most important port in the Programme Area and the Adjoining Regions. In fact, there is an important network of ports in the Odessa oblast which handle more than 60 million tonnes of cargo (including oil) each year. The ports have developed traditional port industries such as warehousing and food processing etc.

The port of Galati is situated on the western side of the Danube and it is important as a passenger port and for the handling of bulk cargo, cereals, timber, steel products, iron ore, ballast and general cargoes. A free port has been created in Galati which covers an area of 136.7 square kilometres.

The port town of Tulcea is the gateway to the Danube Delta. It connects the ports of Sulina, Chilia and Sfantu Gheorghe with the large ports and commercial and industrial centres of Galati and Braila.

The Ukrainian ports of Reniiskii, Izmailskii and Ust-Dunaiskii are located in the Lower Danube and there are plans to create harbour facilities in other parts of the Danube which may have severe environmental implications on the delta and its Biosphere.

## Public Utilities

### *Water and sewage*

Water management is a key issue in the Programme Area which has relatively low precipitation and limited water resources. This has been an important component of the present programmes and it is important that the successor programme builds on this important work.

Across the Programme Area, there is a major problem with the provision of piped running water in rural areas. In the Romanian part of the Programme Area no more than 18% of the rural population is connected to the central water system while in Moldovan 38.5% of the rural population is connected to running water. The source of water for those who do not enjoy piped water is water from wells and these sources can often be contaminated by heavy metals, pesticides, nitrogen, phosphorous, fluorine and organic contaminants. In 2004, 67% of Moldovan rural water supplies did not meet hygiene standards and this is a common problem in rural areas around the borders.

Water supply in Ukraine border regions remains the problem. Water supply systems are outdated and need substantial capital investments. Water treatment plants can also be a problem as, in many places, the facilities cannot meet the growing demand for water. In the Ukraine, clean drinking water is a serious problem for the Odessa Oblast.

There is a great need to improve sewage and wastewater facilities. There are only wastewater plants in the larger urban areas. In some parts of the Programme Area, it is estimated that 80 -90 % of municipal and industrial wastewater is released directly into the environment with no effective treatment.

### Energy

The Programme Area generates and consumes little electricity and the electricity used is received from thermal and hydro-electric plants and from imported electricity. The uncertainty in the continuation of electricity imports is a particular problem.

However, the low levels of consumption should not mask the problems faced by the Programme Area and Adjoining Regions in terms of energy provision. A great deal of energy generation is in the form of old and inefficient power plants and district heating schemes. There is a reliance on natural gas in many parts of the Programme Area.

Energy generation in the Programme Area is a problem and there is a need to import energy resources. This is demonstrated most starkly in Moldova which is a net importer of energy. Less than five per cent of primary energy demand is being met by domestic energy sources

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

The creation of a Regional Energy market in South East Europe is now an important aim and the EU has set up the Baku Initiative to assist in this creation. Both Moldova and Ukraine are part of the initiative.

Natural gas is used in Romania for domestic use but the use is below the national average due to poor infrastructure and limited purchasing power. It should be pointed out that connections to the gas network nationally in Romania are only 71% in urban areas and 7.4 % in rural areas. In addition, the border areas of Moldova, Romania and Ukraine have gaps in the natural gas network. District heating systems are common across the Programme Area in urban areas for heating and hot water. However, many of these systems need upgrading as energy losses in the system can be up to 25%. Some heating systems have been renovated. For instance, the EBRD made a loan of €13 million for the improvement of the Iasi district heating system. An example of recent work in the cross-border is construction of a methane gas pipeline between Chernivvetka and Siret.

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

One of the largest Hydro-Electric Power (HEP) plants in Ukraine is situated in the Vinnitska region and this could be further developed with Foreign Direct Investment do that it could produce renewable energy for a large part of the Programme Area. HEP can be further developed on other sites in the higher parts of the Programme Area where the power of fast flowing rivers and streams can be harnessed. In addition, renewable energy in the form of wind power, solar power, small hydro-electric schemes and bioenergy can be developed. With 10.9% of the land area of Moldova forested, 14% of the eligible area of Ukraine and extensive forestry reserves in the Suceava area (456,579 hectares of forestry), biomass is a real possibility. The Programme could develop projects that serve both sides of the border and could facilitate the exchange of experience across the border.

### Telecommunications and ICT

It has been difficult to find regional data on ICT and telecommunications usage on a regional basis in Romania but the World Bank does regularly publish data on the subject produced in Table Ten.

**Table Ten: ICT and Telecommunications usage in Moldova, Romania, and Ukraine, 2004**

<b>ICT Sector Performance</b>	<b>Moldova</b>	<b>Romania</b>	<b>Ukraine</b>
Telephone main lines (per 1,000 people)	205	198	230
Mobile subscribers (per 1,000 people)	142	464	285
Population covered by mobile telephony (%) <sup>4</sup>	92	97	75
Internet users (per 1,000 people)	96	184	63
Personal computers (per 1,000 people)	23	83	20
Households with television (%)	75	96	97

Source : World Bank.

There has been a considerable improvement in the ICT situation in recent years with internet usage increasing eightfold in Moldova and fivefold in Romania. There have also been significant increases in other areas of ICT usage although the growth of personal computers in Moldova has been slow. However, recent growth in the Ukraine in the terms of access to IT has been slow.

However, ICT activity in the Programme Area needs to be seen in the context of EU Member States ICT growth. This can be seen in the household use of internet in Romania which is around 25% of the EU average.

### Border Crossings and Policing

The Moldova-Romania border has five crossing points, two of which are both road and rail crossings making an overall total of seven crossings.

The Romania-Ukraine border has nine road border crossing points, five rail points and four pedestrian crossing points. Seven crossing points serve as simplified crossing points and there are two ports.

Being a largely rural area with no large towns within 30 km of the border, traditionally volumes of people crossing the border have been low. Trade movements have also been low and this can be demonstrated by statistics in the Vadul-Siret Customs activity on the Romania-Ukraine border. In 2004,

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<sup>4</sup> This refers to percentage of population who have the ability to receive mobile telephony.

there were less than 600,000 crossings by people and around 170,000 car border crossings.<sup>5</sup>

On the Moldovan – Romania border in 2005, the Moldovan authorities only recorded 2350 Romanian passengers crossing the border. The Programme Area is on a major east-west transit route and, due to this geographical position, it does have problems with illegal migration, human trafficking and organised crime. All three countries are making efforts to deal with the situation and the progress in terms of investigations and prosecutions can be seen in the annual “Trafficking in Persons Report” published by the US state Department. The present state of investigations is shown in the Table below and shows a significant increase in convictions in all three countries. In addition, the Ukraine Government announced that it had set up an Anti-Trafficking Department of 500 police officers in 2005.

Romania and Moldova have also joined the Stability Pact to fight Organised Crime (SPOC) in South East Europe and the Romanian Government hosts the Secretariat of this organization.

**Table Eleven: People Trafficking Investigations and Prosecutions, 2005**

Country	No of trafficking cases investigated, 2005	Cases referred for prosecution, 2005	No. of convictions 2005
Moldova	388	314	58
Romania	231	124	235
Ukraine	78	95	115

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

Amnesty International reports have stated that the most vulnerable groups for trafficking are women and children leaving institutional care.

In January 2007, a new visa regime has been introduced by the Romanian Government incorporating EU guidelines. The Romanian future inclusion to Schengen agreement may set back cross border relation with Moldova and Ukraine

However, the new proposal for *Regulation of the European Parliament and of the Council on the local border traffic at external border*, allows population living in the border area to travel in much favorable conditions within the border area (area limited a 30 Km to the border) of the Member State

Nevertheless, considering that only a small part of the Programme Area is covered by this regulation, the visa regime for the people not living within the border area (as defined by the proposal for *Regulation of the European Parliament and of the Council on the local border traffic at external border*)

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<sup>5</sup> See Central European Initiative Workshop (8-9 May 2006) “Vital Challenges for Transfrontier Co-operation on the new EU eastern border.” : Page 10

remain a barrier for free movement of persons cooperating under this programme.

### **Education**

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

There is a major problem with resources in the Programme Area and a need to improve the quality of school infrastructure and the level of equipment found in schools. This is particularly the case in rural areas where generally schools are in poorer condition and educational attainment is lower. Moreover, in the rural areas there is a problem to find teachers and other educational support staff. There is a particular shortage of computers and ICT equipment in schools. The problem of rural areas has been stressed in the Romanian SOP Human Resource Development Programme when it identified the constraints in rural areas as “poor learning conditions, poor educational infrastructure and endowments, insufficient development and poor quality of transport infrastructure etc. The relatively lower share of qualified teaching personnel in rural areas remains among the factors with negative influence for ensuring access to quality education in rural areas.”

There is a well-established university sector in all three countries involved in the Operational Programme and the Adjoining Regions. A wide variety of subjects are studied and there are Medical Universities and Schools, Technical, Arts and Agricultural Universities. Many universities have taken the opportunity of EU funding to launch co-operation initiatives with other European universities and the EU Action Plans in Moldova and Ukraine express the objective of including universities in the European Research Area.

There have been examples of cross-border co-operation in the field of education between Romania and Moldova. Some Romanian teachers have taught lessons in Ungheni and Cahul schools since 1989 and a branch of the Lower Danube University from Galati has opened in Cahul with places for 400 students. A number of Moldovan high school and university students receive their education in Romania.

Co-operation across the university sector in the Programme Area and Adjoining Regions plus co-operation with the business and public sector will be important elements in ensuring the development of innovation and a more competitive economy in the border areas.

### **Culture**

The border has not remained the same over the centuries and there have been changes to the border itself and to the countries to which the region belonged. Despite these changes, a strong cultural identity has been built

up in the region and there are strong family ties, traditions and common practices that operate across the border. These strong common traditions are a strength on which the Programme can build.

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

### **Health and Life Expectancy**

A low level of GDP and the resulting high levels of poverty have had a detrimental effect on the general health of the population and on life expectancy, In Romania, some of the highest levels of poverty in the country are found in the North East and South East Regions.

It has been difficult to include figures on a regional level, but the life expectancy at national level is given in the table below:-

**Table :- Life Expectancy in Moldova, Romania and Ukraine, 2004**

<b>Country</b>	<b>Male</b>	<b>Female</b>	<b>Both sexes</b>
Moldova	64.0	71.0	67.5
Romania	68.0	76.0	72.0
Ukraine	62.0	73.0	67.5

Source:- World Health Organisation

In comparison with the EU27, these are low figures and there is a need to reduce infant mortality and the occurrence of communicable diseases such as TB.

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

### ***Environment and nature***

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

As the Moldova – Romania border and significant parts of the Romania-Ukraine borders are fluvial border, river systems play an important environmental role in the border area. The rivers drain into the Danube which is in the southern part of the Programme Area and the Prut, Siret, and Barlad are important river systems The Prut is the final tributary draining into the Danube. They represent key environmental resources creating wetlands and habitats for a wide variety of plant life, insects, fish and mammals

Water pollution is the major environmental issue in the Programme Area and is often a transnational problem where water pollution originating in one country can have an effect on its neighbours. The river basins of the Danube, Nistru and Prut have a major effect on all three countries participating in the programme. For instance, around eight per cent of the flow of the Danube originates in Ukraine.

The important role played by rivers can be demonstrated by looking at water extraction in Moldova where 56% of extractions come from the Nistru and 16% from the Prut. In 2004, 82% of the population of Chisinau had their water supply supplied by the Nistru, It can be clearly seen, therefore that uncontrolled discharges into rivers can have a significant detrimental effect on water quality, particularly the quality of drinking water.

Sources of pollution are industrial, mining, household and agricultural. Real time monitoring is a key instrument in detecting pollution before problems arise in drinking water and river monitoring plays an important role in river and river basin analysis.

In addition to these factors, there is a lack of information and education in the general area of environmental protection and the natural environment which gives rise to many environmental protection issues at the micro-level. In many rural areas, the local population depends on water from wells. Here are many examples where this water has been polluted by nitrates, sulphates and chlorates. The situation is often aggravated by unsustainable practices in agriculture. For instance, in Moldova, current issues include the heavy use of agricultural pesticides (including the banned DDT) and these chemicals have contaminated both groundwater and soils.

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

The lack of wastewater treatment in the area is a major source of surface water pollution and this has been highlighted by the consultation with partners, particularly in the Romania-Moldova border area. Water pollution from untreated industrial and domestic wastewater has a major effect on fish supplies, irrigation and drinking water

Deforestation and soil erosion are also key environmental problems in the area. Soil erosion is often a result of deforestation and poor and unsustainable farming methods.

The Danube Delta area is of particular environmental importance as it is a UNESCO World Heritage site. It is a natural wetland area and was designated a Biosphere by UNESCO in 1990.

In the Romanian border region national protected areas are:

- Biosphere Reserve of Danube Delta (Tulcea: 580,000 ha);
- National Park - Rodna Biosphere Reserve (Maramures –Suceava 46,399 ha);
- Calimani Mountains National Park ( Suceava: 24,041 ha);
- Macin Mountains National Park (Tulcea:11,321 ha).

In the Ukrainian border region national protected areas:

- Carpathian National Natural Park (Ivano-Frankivska, 50,300 ha)
- National Natural Park “Hutsulschyna”(Ivano-Frankivska, 32,300 ha)
- Natural reserve “Horhany”(Ivano-Frankivska, 5,300 ha)
- Danube bioserve (Odessa, 46,400 ha)
- Vyzhnytsky National Natural Park (Chernivetska,7,900 ha)
- landscape reserves in Luzhky, Stebnik, Tsetsino,
- ornithological reserve in Darnytsa,
- forest reserves in Lunkivtsi and Petrivtsi.
- around seven per cent of the Chernivetska oblast is part of the natural and reserve fund.

In Moldova, the national protected areas are:-

- Scientific Reserve “Codri” (Hinceshti raion 5117 ha,)
- Scientific Reserve “Padurea Domneasca” (Glodeni 6032 ha.)
- Natural Reserve “Plaiul Fagului” (Ungheni raion 5642 ha)
- Natural reserve “Prutul de Jos” (cahul rain 1691 ha)

## 5) SWOT Analysis

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<p><b>Economy</b></p> <ul style="list-style-type: none"> <li>• Some innovatory and R&amp;D activity around universities such as Iasi and Chisinau</li> <li>• Great potential in agriculture and tourist sectors</li> <li>• Competitive labour costs</li> <li>• Greater emphasis on border regions from EU and World Bank</li> <li>• Potential development around international airports</li> </ul>	<p><b>Economy</b></p> <ul style="list-style-type: none"> <li>• Low levels of GDP and incomes means a lack of vibrant local markets.</li> <li>• Low levels of innovation and Foreign Direct Investment</li> <li>• Significant levels of organised crime and people trafficking deters Foreign Direct Investment and economic development</li> <li>• Inefficient system of agriculture</li> <li>• Isolated from major markets and trade routes.</li> <li>• Decline of primary and manufacturing industries in the border area.</li> <li>• Border controls lead to fragmentation of region</li> <li>• Virtually no e-commerce</li> </ul>
<p><b><u>Transport and Communications</u></b></p> <ul style="list-style-type: none"> <li>• Established road and rail network</li> <li>• Designation of international airports in the region</li> <li>• Interest from freight carriers to move into international airports</li> <li>• Some TransEuropean Networks traverse the region</li> <li>• Proximity to Danube ports</li> </ul>	<p><b><u>Transport and Communications</u></b></p> <ul style="list-style-type: none"> <li>• Road and rail network in urgent need of modernization</li> <li>• Low usage of international airports</li> <li>• Isolated from major European transport networks</li> <li>• Poor roads around cross-border points</li> <li>• Low levels of IT systems and computers</li> </ul>
<p><b><u>Environment</u></b></p> <ul style="list-style-type: none"> <li>• High quality environments such as the Danube Biosphere and National Parks</li> <li>• A variety of natural environments</li> <li>• Forestry environments</li> <li>• Varied river environments and ecosystems including wetlands</li> </ul>	<p><b><u>Environment</u></b></p> <ul style="list-style-type: none"> <li>• High levels of water pollution from wastewater and industrial pollution</li> <li>• High levels of soil erosion</li> <li>• Deforestation</li> </ul>

<p><b>Energy</b></p> <ul style="list-style-type: none"> <li>• Energy networks work effectively in urban areas</li> <li>• Many parts of the region have district heating schemes particularly in urban areas</li> <li>• Potential for renewable energy particularly biomass, bioenergy and solar power</li> </ul>	<p><b>Energy</b></p> <ul style="list-style-type: none"> <li>• Poor access to energy sources in many rural areas</li> <li>• Parts of cross-border energy networks missing</li> <li>• District heating schemes in need of renovation</li> </ul>
<p><b>Culture</b></p> <ul style="list-style-type: none"> <li>• Rich cultural heritage on either side of the borders</li> <li>• Common traditions underpinned by religious belief</li> <li>• Well established folklore, festivals and events</li> </ul>	<p><b>Culture</b></p> <ul style="list-style-type: none"> <li>• Outmigration of young people and an ageing population may make sustaining tradition culture difficult.</li> </ul>
<p><b>Education, Employment and Health</b></p> <ul style="list-style-type: none"> <li>• Well established network of universities with good reputation</li> <li>• Large and varied state education system</li> <li>• Reform of health services</li> </ul>	<p><b>Education, Employment and Health</b></p> <ul style="list-style-type: none"> <li>• Low levels of equipment in schools particularly IT</li> <li>• Often difficult for graduates to gain employment</li> <li>•</li> <li>• A low average life expectancy in European terms</li> <li>• The health services are in a state of transition at the moment from a command to a more market driven approach</li> <li>• Little exchange of experience at the moment.</li> </ul>

<b>OPPORTUNITIES</b>	<b>THREATS</b>
<p><b><u>Economy</u></b></p> <ul style="list-style-type: none"> <li>• Increased funding from EU for regional development and cross-border activity</li> <li>• Exploit tourist potential of the area</li> <li>• Develop closer links between universities, businesses and public authorities to stimulate innovation</li> </ul>	<p><b><u>Economy</u></b></p> <ul style="list-style-type: none"> <li>• Continuing over-dependence on agriculture and reluctance</li> </ul> <p><b><u>Culture</u></b></p> <ul style="list-style-type: none"> <li>• Outmigration of young people</li> </ul>
<p><b><u>Transport and Communications</u></b></p> <ul style="list-style-type: none"> <li>• Opportunity for growth around international airports and the growth of businesses around these airports.</li> <li>• EU funds being made available to address the poor road and rail infrastructure</li> <li>• Develop Trans European Network routes running through the area</li> </ul>	<p><b><u>Transport and Communications</u></b></p> <ul style="list-style-type: none"> <li>• Continuing decline in the standards of roads and railways</li> <li>• International airports in the region do not grow quickly</li> <li>• Low take up of IT – low number of personal computers and internet etc</li> </ul>
<p><b><u>Environment</u></b></p> <ul style="list-style-type: none"> <li>• Increased cross-border co-operation on common and shared environmental problems</li> <li>• Greater awareness of environmental issues</li> <li>• Introduction of river basin management techniques</li> <li>• Reforestation could reduce soil erosion</li> </ul>	<p><b><u>Environment</u></b></p> <ul style="list-style-type: none"> <li>• Major problems still occur with waste water and the water supply</li> <li>• Unsustainable methods of agriculture</li> <li>• Failure to monitor and assess environmental damage caused by pollution</li> </ul>
<p><b><u>Energy</u></b></p> <ul style="list-style-type: none"> <li>• Great potential from renewables</li> <li>• Opportunity for a strategic approach to the networks</li> </ul> <p><b><u>Culture</u></b></p> <ul style="list-style-type: none"> <li>• Greater interest in local cultures</li> <li>• Development of cultural tourism</li> </ul>	<p><b><u>Energy</u></b></p> <ul style="list-style-type: none"> <li>• Lack of finance available to repair existing networks and to develop renewables</li> </ul>

Education, Employment and Health	Education, Employment and Health
<ul style="list-style-type: none"> <li>• Well established network of universities with good reputation</li> <li>• Large and varied state education system</li> <li>• Support from a wide range of international organisations in terms of the health service (e.g. WHO, UNICEF, EU)</li> </ul>	<ul style="list-style-type: none"> <li>• Narrow employment base</li> <li>• Lack of resources for expansion of health service</li> </ul>

## 6) COHERENCE WITH EXISTING STRATEGIES

The Joint Operational Programme builds on a wide range of strategies currently operating at EU, national, regional and local levels within the Programme Area. The aim of this document is to build upon the strategies currently being implemented such as the Phare/Tacis Neighbourhood Programmes and it complements new programmes planned by the EU in the period 2007 – 2013. In particular, it needs to complement EU structural fund activity in Romania and the EU Action Plans for Moldova and Ukraine.

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

These two Programmes are the forerunner of the Joint Operational Programme outlined in this text. Both Programmes were agreed in 2004 and revised in June 2005 and their implementation will continue until 2010. Both Programmes still have a great deal of relevance and, more importantly, they are part of the first generation of Neighbourhood Programme Instruments. The two programmes were evaluated in August 2006 and the results of these evaluations are key elements in the development of this trilateral programme. The present Operational programme will continue to address the objectives of the Neighbourhood Policy: sustainable economic and social development, common challenges, efficient and secure borders, promoting people to people actions.

- ***EU Action Plan for Moldova.***

The priorities identified in the Action Plan cover the strengthening of administrative and judicial capacity and co-operation on economic and regulatory issues with the aim of improving the business climate and enhancing the long-term sustainability of economic policy. Further collaboration on a number of cross-cutting issues related to border management, management of migration and the fight against trafficking, organised crime and money laundering are also identified as priorities for EU-Moldova co-operation.

- ***EU Action Plan for Ukraine.***

A Ukraine – EU Action Plan was signed in February 2005. The Action Plan states that “Ukraine and the European Union agreed to enter into intensified political, security, economic and cultural relations including cross-border co-operation and shared responsibility in conflict prevention and conflict resolution.” The Action Plan is a wide-ranging one and includes the removal of trade barriers, aligning customs procedures to international standards and promoting people to people exchange by measures such as including Ukraine in the European Research Area. In cross-border section, the Plan will “ensure development and implementation of efficient legislation on cross-border and regional co-operation.” The Ukrainian government has responded by passing the “Law of Transborder Co-operation (June 2004) and “The Conception of the State program of the transboundary co-operation (2007 – 2010)

The Ukrainian Government has also agreed a development plan (2004 -2010) for the Ukrainian Danube Region which includes sections on transboundary co-operation with Moldova and Romania.

- ***The National Strategic Reference Framework and EU Structural Fund Programmes in Romania, 2007 – 2013***

The National Strategic Reference Framework (2007 -2013) builds on the National Development Plan (2004-2006). It provides the strategic focus for the economic and social policies in Romania and its key aim is to “strengthen the strategic focus of Romania’s Economic and Social Cohesion and Regional Policies and to make the correct and appropriate linkages to the European Commission policies, notably the Lisbon Strategy.” As well as regional policies, it underpins the Romanian sectoral programmes developing transport, human resources, economic competitiveness, and administrative capacity. It is important that the present Joint Operational Programme ENPI-CBC Programme complements but does not duplicate activities in the Romanian Regional Operational Programmes

The National Strategic Reference Framework (NSRF) makes some comments about the Romania-Ukraine-Moldova border stating that: “the regions located in the vicinity of the border are both regions with a significantly low economic development and relatively high rate of unemployment. “ The need to improve the transport infrastructure is also emphasised on this border, particularly the problems caused by differing railway gauges. The NSRF emphasises the need for environmental protection in the border area and the environmental importance of much of the border area such as the Danube Delta.

It is important that the CBC programmes complement Romanian structural fund programmes and deal with cross-border issue while mainstream programmes address strategic issues of relevance to the economic and social cohesion of Romania.

- **SOP Competitiveness Programme for Romania**

The general objective of the Competitiveness Programme is to increase Romanian companies' productivity by reducing the disparities compared to the average productivity of the EU. The target is an average growth per employed person of around 5.5%. This will allow Romania to reach approximately 55% of the EU average productivity by 2015."

Specific objectives are:-

- Consolidation and growth of the Romanian productive sector.
- Establishment of a favourable environment for enterprise development.
- Increase the R&D capacity and the stimulation of co-operation between RDI institutions in the productive sector.
- Valorisation of the ICT potential and its application to the public and private sector
- Increased energy efficiency and sustainable development of the energy system

- **Regional Operational Programmes in Romania**

The Regional Operational Programmes (ROP) in Romania has identified the following problems:-

- The increase in development disparities between the Bucharest – Ilfov Region and other Regions.
- The unbalanced development between the East and West of the country.
- The chronic under-development is concentrated in the North-East Region at the border with Moldova and in the South Region alongside the Danube
- The existence of important intraregional disparities where underdeveloped areas coexist with developed areas
- The massive decline of small and medium towns, especially the mono-industrial ones generated by industrial restructuring.
- The socio-economic decline of many big urban centres and the diminishing of their role in the development of the adjacent rural areas.
- Insufficient experience in the management of regional/local development programmes.

In attempting to overcome these problems, the general objective of the ROP is "to support and promote a sustainable balanced and economic and social development of the Romanian regions, giving priority to the lagging regions through the improvement of the business environment and the infrastructure.

This will be done through measures which will:-

- Increase the regions' competitiveness as business locations
- Support the regional/local economic and social infrastructure
- Rehabilitation of urban centres.

The specific objectives of the ROPs are:-

- The improvement of the region's attractiveness and accessibility.
  - Increase the region's attractiveness as a business location.
  - Increase the tourism contribution to the region's development
  - Increase the socio-economic role of urban centres,
- ***SOP Human Resource Development, Romania***

The Romanian SOP Human Resource Development Programme concentrates on the way in European Social Fund (ESF) resources will be funded from 2007 to 2013. The general objective of the Programme is "the development of human capital and increasing competitiveness of the labour market through ensuring equal opportunities and lifelong learning and the development of a modern, flexible and inclusive labour market that leads, until 2013, to the durable employment of 900,000 people."

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

- ***SOP Transport, Romania***

The SOP Transport Programme's major objective is to improve the transport infrastructure so that there is an improvement in the economic competitiveness of Romania. It will also facilitate the economic accession to the EU, contribute to the development of the internal market and allow for the development of the Romanian economy.

The modernisation of the infrastructure will:-

1. Provide needed capital investment expenditure expenditure in locations that are now difficult to access or which suffer excessive traffic congestion
2. Lead to the improvement of transport services offered to customers.
3. Allow the development of improved logistic systems resulting in the lower costs of supplies and deliveries
4. Facilitate co-operation between producers and manufacturers
5. Increase the potential for access and penetration of new markets.

- ***SOP Environment, Romania***

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

- ***Programmes To Promote Efficient and Secure Borders.***

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

The Romanian Government was eligible for funding under the 'Strengthening of Management and Border Control' Programme, which was funded from PHARE from 2004 until 2006. The aim of the programme was to develop the institutional capacity of the Romanian border control, so that the management of Romanian borders was in line with the commitments made under EU membership.

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

## 7) THE CROSS-BORDER STRATEGY

### i. Background

This section outlines the strategy that needs to be adopted in response to an analysis of the opportunities and challenges of the border region so that the Programme Area can use ENPI-CBC funds effectively. An effective implementation of the strategy should mean that the border area should accelerate its economic development while being the new external border of the European Union. The strategy is built on the creation of strong partnerships in the Programme Area and Adjoining Regions so that these partnerships work together in developing the potential of the region..

The Strategy follows on logically from the Strategic Analysis carried out in Section Three of this Operational Programme; from the SWOT Analysis (Section Four), the experience of the previous cross-border programmes in this area and consultation with national governments and regional and local partners which was a key part of the construction of this programme.

The SWOT analysis reveals some commonality between the eligible regions of all three countries: a low level of income for most of the population, low standards of living, especially in the rural areas and small towns; economic structure with large agricultural, tourism and industrial capacity can be utilized for the development of the entire area;

This situation is recognized by the actors on both sides of the border and development of the proposals should be built from the bottom up, and based on local initiatives, in consonance with the national and regional development programmes

Initiatives of cooperation are already in place. Three Euroregions have been established in the Programme Area the Upper Prut Euroregion (Romania, Moldova and Ukraine), the Siret-Prut-Nistru Euroregion (Romania-Moldova), Lower Danube (Romania, Moldova and Ukraine). These associations bring together regions and counties from Romania, Moldova and Ukraine, enhancing co-operation between public authorities and bodies on either side of the border.

Also, the previous experience on Neighbourhood Programmes 2004-2006 Romania-Ukraine and Romania-Moldova is of a great importance in establishing the strategy of the Operational Programme.

#### *Lessons learned from the ongoing Neighbourhood Programmes involving the three countries.*

After 2 years from the beginning of the programmes, the JTS located in the Romanian part of the eligible area of the programmes haven't succeeded to benefit of the presence of staff from the partner countries. Although the JTS activities are successfully running on the Romanian territory, it is obvious the lack of promotional and informative activities in the partners countries. The present Operational Programme shall solve this situation, because in the new

format, the TA funds of the programme can be equally used in the Member State and partner countries. JTS' antennas are to be organized in each country in order to facilitate the stakeholders' access to information.

The linguistic barrier in the access of stakeholders from Ukraine to information and promotion activities carried out in English has been noticed. The new operational programme will work to ameliorate this situation, by ensuring translations and access to information in native languages of the stakeholders.

Both Ro-Ua and Ro-Md 2004-2006 Neighbourhood Programmes included a component related to secure borders. Due to the existence of other Tacis and Phare programmes related to the improvement of the physical infrastructure of border crossing, only very few projects of this type were submitted in the first calls for proposals. Consequently, the present programme will not focus on upgrading border-crossing infrastructure, but will encourage the prevention of illegal border –crossing by enhancing the cooperation between border authorities at the local level. It will also support a close cooperation at the local and regional level between law-enforcement bodies on both sides of the borders to fight against people trafficking and organised crime.

A big success has been recorded as regards the priority People to People available in both Ro-Ua and Ro-Md Neighbourhood Programmes. The limited amount of the allocation for this priority allowed that only half of the submitted applications to be selected for financing. Strong civil-society links and educational, social and cultural cooperation can play an important role in promoting the spirit of the cross border cooperation among the population living in the border area, and will encourage the future development of other more significant common projects. Therefore, the present Operational Programme shall allow a larger number of applicants to benefit of financing under this component.

The strategy will tackle the problems identified in the analysis of the Programme Area. These problems and needs can be summarized as follows:-

- Low levels of GDP in an economy largely dependent on primary industries, particularly agriculture.
- A need to modernize the agricultural sector and to diversify activity in terms of rural development.
- The need to improve the competitiveness of the economy through increased innovation and development of more R&D units.
- The need to ensure a high quality environment and combat pollution
- The need to improve the energy and transport infrastructure in border area.
- The need to address the urgent issues of environmental issues in terms of water and waste management and water supply.

- The need to combat illegal activities such as people trafficking as this has a detrimental effect not only on the vitality of the border populations but on Foreign Direct Investment.
- The need to stimulate legitimate activity across the new external EU border and the need to encourage more interaction between the people of these border regions.

The emphasis of the strategy is to develop partnerships to tackle problems which feature strongly in the cross-border area and to improve infrastructure where this will have a demonstrable effect on both sides of the border. The programme needs to balance infrastructure and softer outputs such as networks, exchange of experience and joint events. It is important to improve the infrastructure of the border areas in a range of activities in the close proximity of the border. The upgrading of roads, energy networks and environmental improvements are important in this respect. However, ameliorating the infrastructure is only one aspect of cross-border co-operation and so only small scale infrastructure will be permitted in this programme in a few measures.

It is also vitally important the Programme stimulates greater co-operation across the border through co-operation and exchange of experience activities including the creation of networks.

## **ii. Programme Aim**

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

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

## **iii. Programme Objectives**

In order to achieve this aim, the Programme focuses on a limited number of objectives. These are objectives and issues which can be successfully addressed at the cross-border level and policy areas where co-operation at cross-border level is most likely to achieve results. Three objectives have been identified which underpins the programme's strategy. In each case the objective is to pursue cross-border co-operation through:-

- 1. *Stimulating economic and social development in the Programme Area and Adjoining Regions***
- 2. *Tackle environmental issues in border areas and ensure that there are higher levels of preparedness for emergencies***
- 3. *Encouraging greater contact and co-operation between people in the border areas.***

These objectives are multi-dimensional and inter-related. The Programme Strategy intends to make a measurable difference in each of these areas by the end of the Programming period in 2013. In order to deliver these objectives, the Programme will focus on three priority areas. A fourth horizontal priority provides provisions for the technical assistance which will underpin the implementation of the programme.

Other programmes – European, national and regional - should also assist in delivering the overall aim of the programme

The major role of the Programme is to develop greater levels of co-operation across the programme and so most measures will look at the development of networks and other forms of partnership and collaboration. However, national governments realize that there is still much to be done to improve the area's infrastructure

The Programme's funds are limited and so large scale infrastructure projects will not be funded. However, medium scale infrastructure will be permitted to improve roads, energy networks and the provision of small water supply and waste management facilities. In this respect, the participating countries may identify outside call for proposals, any time after the adoption of OP, operations coherent with the priorities and measures of the present Programme.

The Management Committee will assess medium scale infrastructure and will take the decision for financing, on a project-by-project basis.

#### **iv. Strategic Focus of the Programme - Programme Priorities**

The cross-border co-operation programme will be delivered through four priorities:. These set out the areas for action that the partnership believes will achieve the aims and objectives listed above. The priorities of the programme are:-

- Priority One:- Economic and Social Development
- Priority Two:- Environmental Challenges and Emergency Preparedness
- Priority Three:- People to People Co-operation
- Priority Four :- Technical Assistance

The priorities and measures of the Operational Programme builds on the key Objectives set out in the ENPI-CBC Strategy Paper published by the European Commission: promoting economic and social development in the border areas, working together to address common challenges, ensuring efficient and secure borders and promoting local "people to people" cooperation.

Following the consultations with local and regional partners, and considering the lesson learned from the ongoing Neighbourhood Programmes, it was noted a low level of interest of the local stakeholders regarding the projects related to border management. To ensure safe and secure borders is mainly the responsibility of the European Union and national governments in terms of visa regimes and development of border infrastructure. Nevertheless, local

and regional partners can play a key role in training and public awareness operations in relation to people trafficking and organized crime. The human beings trafficking, contraband and smuggling of firearms and stolen vehicles are key issues at the external border of the EU, and fight against the organized crime is of a big interest for the ENPI CBC Strategy Paper. Considering the dimension of the actions proposed (more “soft” activities), it was felt that the subject could be better addressed at measure level, under the Priority 3 – “People to people cooperation”. In particular, the actions proposed can have an important impact on the territory, thanks to the cross border cooperation that will tackle the problem together at both sides of the border and gives a concrete support to the victims and potential victims of the crime.

All the priorities are described in greater detail in the next section of the Joint Operational Programme and the text below outlines their links to the analysis and strategy.

### **Priority One:- Economic and Social Development**

To support the economic and social development of the border area is a key priority in the programme and seeks to improve the GDP, productivity and competitiveness of the area through the development of networks in a wide area of activities. The priority will promote networks amongst SMEs which will improve training of personnel and share expertise and experience. The aim is for productive SMEs to become more competitive whether they are farms in rural areas or new technology companies in urban areas. The analysis shows that there is not a great movement from rural to urban areas apart from in Chisinau) and so the competitiveness of both rural and urban enterprises is particularly important. The analysis also states that few large urban settlements are found within 30km of the border and this is an argument for having a strong rural dimension in this priority.

The border area and adjoining regions has a number of universities and higher education institutes. However, in EU terms the number of research units and R&D units is small. It is important that these organisations work more closely with the private and public sector and network to improve their capacity for innovation and share high-level skills.

It was noted in the analysis that there is little movement across the borders in terms of people and trade and so the creation of a functioning cross-border labour market has not occurred. However, some steps could be taken to develop such a labour market through the networking of SMEs. For instance, the exchange of researchers and staff involved in innovation would be very appropriate

The analysis also noted the problems in the border areas with the transport and energy infrastructure and this priority will fund small and medium scale infrastructure transport and energy projects which have a significant impact on both sides of border.

### **Priority Two:- Environmental Challenges and Emergency Preparedness**

The analysis identifies many of the common challenges faced by the border area in this Programme Area as environmental in nature. Rivers often define the border and river basins are an important environmental resource for the region. It is important that joint strategies are produced for the river basins in line with the Water Framework Directive such as the Danube, Prut and Nistru which flow in all three countries of the Programme Area.

The analysis identified many high quality protected environments and it is important that the Programme assists in developing cross-border strategies to ensure that these areas retain their importance environmentally

However, the analysis points to growing evidence that suggests that pollution is a developing problem in terms of air, water and soil pollution and the Joint Operational Programme will fund projects to tackle these issues on a cross-border basis. A joint approach is necessary as pollution does not recognize national boundaries and the river basins of the Danube, Nistru and Prut affect all three countries. It is, therefore, important that there are transnational strategies to reduce pollution and improve water quality etc.

The Programme Area suffers from two distinct needs in terms of investment in environmental infrastructure. These are the need to improve the water supply and improve waste management. The analysis showed the low levels of piped water in rural areas and the growing problem of pollution in rural settlements using water from wells while, in urban areas, the water supply infrastructure is in need of modernisation.

This priority also addresses the need for emergency planning in terms of environmental emergencies in particular areas such as flooding, severe pollution by chemical spills, landslides, drought etc

### **Priority Three :- People to People Co-operation**

The analysis has shown that there is not a great deal of movement in terms of people crossing the border and this is the case both across the Romania-Moldova border and the Romania-Ukraine border. It is important that this Cross-Border Programme stimulates increased contact across the border through people to people co-operation and exchange.

The projects envisaged in the first two priorities will encourage greater contact between people living in the border areas and this priority is designed to stimulate contact between groups not covered in the other priorities. These groups will include public authorities, civil society and local communities. It will also include educational, social and cultural exchanges.

This priority includes provision for the exchange of experience and best practice which can be organised as part of the development of the Upper Prut Euroregion (Romania, Moldova and Ukraine), the Siret-Prut-Nistru (Romania-Moldovia), and Lower Danube (Romania, Moldova and Ukraine) Euroregions

This priority will finally include specific actions in order to contribute to the fight against illegal migration, people trafficking and organised crime through the implementation of soft actions. These actions can contribute significantly to give an answer to the problem, proposing concrete support to the victims of the crime and promoting specific information campaigns that can support the potential victims of the crime and contribute to improve the image of the area.

#### **Priority Four :- Technical Assistance**

Technical Assistance will be used primarily to pay for the administrative costs of the Programme including the Joint Technical Secretariat and Contact Points. It will also fund the key aspects of the monitoring and evaluation of the programme. However, it will also fund studies and these can play a key role in an examination of the way in which the border regions are changing and the success in encouraging movement across the border and the development of important aspects such as a cross-border labour market.

##### **i. Cross-Cutting Themes of the Programme**

In addition to the four priorities which are the focus for programme activities, there are three criteria that are central to any project activity. Project applicants are expected to take these criteria into account when developing their projects. These criteria are part of the essential project criteria and project applicants will be asked how these aspects have been incorporated into their projects. These criteria are:-

##### **a. Sustainable Development**

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

It is hoped that Priority Two will lead to a distinct improvement in the environmental nature of the Programme Area but it is also important that projects funded under Priority One have a positive economic effect which is in line with the principles of sustainable development, as there are problems with economic development which gives short-term gains but which store up environmental problems for future generations.

##### **b. Equal Opportunities**

The principle of equal opportunities also underpins the programme and it is important that all groups in society should share in the opportunities and benefits of the programme. The role of women and children in society has an important part to play in issues such as people trafficking and an important part of the approach to trafficking includes the creation of a much more positive attitude towards these groups. However, equal opportunities goes

beyond women and should obviously include the disabled , ethnic minorities and disadvantaged groups.

In terms of equal opportunities, the programme aims to increase and secure improved access to education, business development, employment and training opportunities for women, disabled people and ethnic minorities through their participation in cross-border initiatives.

There are specific parts of the programme designed to promote equal opportunities. For instance, Measure 3.3 (fight against illegal migration, people trafficking and organised crime) will have a significant equal opportunities dimension and Priority Three (People to People Co-operation) will actively encourage the participation of women, the disabled and disadvantaged groups.

### ***c. Territorial Cohesion***

The principal of territorial co-operation is a key one in many EU programmes. One of the key aims of the programme is to stimulate regional development in the Programme Area and Adjoining Regions so that regional disparities are reduced between the border regions in this programme and other regions in Romania, Moldova and Ukraine. This should be done without increasing regional disparities within the Programme Area. Thus, one of the underlying aims of the programme is to ensure the balanced spatial development of the Programme Area and the Adjoining Regions.

## 8) PRIORITIES, MEASURES AND ACTIVITIES OF THE PROGRAMME

### Priority One:- Economic and Social Development

#### ***Rationale***

The analysis has stated that the Programme Area and Adjoining Regions has an economic structure based on primary industries (particularly agriculture, forestry and, in some areas, mining) and traditional manufacturing industries. There are few industries in the growth areas such as electronics, pharmaceuticals and computer-based industries. Currently, the area is producing far too few goods and services that have a high value added element. Due to this situation, it is important that there are growing levels of co-operation across the border so that a critical mass of companies, organizations and networks are formed to address the problems associated with a lack of competitiveness.

This Objective should play a key role in making the economy of the Programme Area and Adjoining Regions more competitive. The urban areas play a key role in competitive economies and they will play a key role in this Objective by giving support to productive SMEs and developing cross-border networks of SMEs. The region's universities are also based in urban areas and these institutions should play a leading role in the creation of a more diverse economy with greater levels of innovative companies. This is a long-term objective of the programme and the early part of the programme should address the creation of the appropriate networks while the latter part of the programme will see these networks making a genuine contribution to raising the innovative capacity of the border region..

The economy in the Programme Area and Adjoining Regions will also function more effectively if there is an attempt to improve the infrastructure. Transport and energy networks are in particular need of improvement especially where small-scale investments can benefit both sides of the border.

Many parts of this area are rural in nature and highly dependent on agriculture. This is particularly the case for most locations close to the border as this is characterized by small village settlements. The further development of commercial agriculture is extremely important in these areas as is the diversification of the economy through activities such as tourism which can be based on the strong regional identity of the area.

**The aim of the objective is to stimulate regional and social development in the border area through cross-border projects and networks which improve the effective operation of the regional economy and its infrastructure**

Measures under this priority will be:-

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

1.2 Cross-border initiatives in transport and energy networks and projects

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

The large number of micro-enterprises and lack of large and medium sized businesses means that the creation of support and training networks is very important for the programme. There are many ways that support can be offered to these companies from training, mentoring, advice in specific areas of business such as procurement, marketing, product development, small business accounting, book-keeping etc.

Also the measure should assist in the creation of new business supporting infrastructure, including the corresponding investment, but should focus upon those activities which propose human resources development that correspond to their efficient implementation.

The creation of Euroregions can help give parts of the Programme Area a distinctive identity allowing for the wider marketing and trade promotion of the area. This could start on a small scale with a small number of companies co-operating on the development of trade visits or the formation of a Trade Centre with the aim of exporting and developing products for a wider overseas market.

There is also a significant need to improve the research potential of the Programme Area and Adjoining Regions to increase the level of innovation amongst companies and R&D units. The Programme will hope to create networks of universities in the area which are aimed at linking with companies in order to improve the levels of innovation in the region.

In particular, the Programme may fund the creation of cross-border clusters of companies in growth sectors. The number of employees in the fields of research, development and innovation is small and it is important that they work together to form a critical mass so the border region can move forward.

Due to its dependence on agriculture, rural development measures will form an important part of this measure. It is a key aim of the programme that rural areas can become more competitive in terms of their agricultural production and that the rural economy can diversify into areas such as rural crafts and tourism.

Projects will be supported which help improve the efficiency of the farm sector or which help diversify the local economy. These measures could embrace projects that move the region away from subsistence agriculture and promote initiatives to develop commercial agriculture.

The Region has a distinctive regional identity and measures to strengthen this identity will in turn unlock the potential of cross-border tourism. The area has an excellent natural environment, a distinctive culture, important historic and religious sites and monasteries and agro-tourism, particularly in wine growing.

While many urban centres have an infrastructure of hotels and food outlets, this infrastructure is often poorly developed in rural areas. The Programme welcomes hotel management and food hygiene projects

Co-operation activities that will be considered include:-

- Formation of cross-border business networks to promote trade visits and missions, marketing initiatives and joint product promotion, and the creation of joint ventures in a wide variety of industrial and agricultural sectors including tourism;
- The development of training for staff in SMEs in areas such as procurement, marketing, product development, accounting, book-keeping etc,
- Development of business –related infrastructure such as business incubators, business centers, exhibitions centers and project-supporting institution building.
  
- The development of networks between universities, private businesses and the public sector designed to develop and enhance innovation and research.
  
- Provide training involving farmers from both sides of the border in modern agricultural techniques and technologies
- Promote cross-border approaches to co-operation in the production and marketing of farm products e.g. co-operative processing initiatives, joint marketing and joint product promotion, joint studies meant to improve the quality of agricultural products;
  
- Develop cross-border tourist initiatives including the joint marketing of the cross-border area and improve training in tourism e.g. hotel management and food hygiene etc
- Improvement and development of tourist facilities e.g. museums and cultural centres which can increase the number of tourist attractions in cross-border areas

**Beneficiaries and target groups** for the measure will be Chambers of Commerce, NGOs, universities, business organizations and networks, SME networks, farmers organizations and local and regional authorities

### *1.2 Cross-border initiatives in transport and energy*

Cross-border transport and energy networks are in need of urgent improvement and this measure will support medium scale projects which improve the networks for both sides of the border. There are particular

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

Small scale energy schemes which serve both sides of the border will also be funded under this measure. In addition, it is important that priority is given to measures to fill gaps in the energy networks in the border areas. Many district heating schemes are in urgent need of improvement, and these will be funded where they have a cross-border function. It is anticipated that there will be greater interest in renewable energy solutions such as solar energy, biomass and bio-energy. The programme will fund feasibility studies to look at the use of renewables in the Programme Area and it will fund small scale renewable energy projects which fund energy production on both sides of the border.

Co-operation activities that will be eligible include:-

- Closing the gaps in the energy grid networks in the border areas
- Provision of small scale renewable energy schemes which benefit both parts of the border
- Renovation of district heating schemes where there is clearly a benefit to both sides of the border.
- Small scale road and rail improvement schemes where it can be demonstrated that there is a significant improvement in the passage of traffic across the border.

**Beneficiaries and target groups** are local and regional authorities, transport and energy operators

## **Priority Two: Environmental Challenges and Emergency Preparedness**

### **Rationale**

The analysis has demonstrated the large number of common challenges faced by the border regions in both the Programme Area and in the programmes Adjoining Regions. A number of these challenges are environmental in nature and include the provision of a water supply and waste management facilities.

It is well known that pollution does not respect national boundaries and the pollution produced in one country can have a severe effect on neighbouring countries. This is particularly true of water and air pollution and a cross-border programme is an ideal vehicle to address these challenges. Although the Programme Area and Adjoining Regions need to develop economically, this development must be done through a clear emphasis on sustainable development which is a cross-cutting theme of this Programme. This

approach will ensure that border areas do not reduce the benefits that a high quality environment can bring.

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

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

**The aim of the objective will be to develop long term solutions to the common problems faced by the border areas particularly those associated with the environment and the need to work together to ensure a co-ordinated response to emergencies, particularly environmental emergencies.**

The Programme will introduce three types of measure to ensure that the programme delivers this aim. The first measure will address wide strategic cross-border environmental challenges through the measurement and monitoring pollution across border areas, the development of river basin management strategies and projects including the risk of flooding and projects that can reduce pollution. Long term strategic plans will be encouraged.

The second measure specifically looks at the key health challenges faced in improving the region's water supply and waste management systems while the final measure encourages emergency strategies designed to create effective responses to emergencies, such as severe flooding.

The measures in this priority will be:-

- 2.1 Addressing strategic cross-border environmental challenges, particularly environmental monitoring, river basin management and the alleviation of flood risk
- 2.2 Water supply and waste management
- 2.3 Joint planning for potential environmental emergencies

*2.1 Addressing strategic cross-border environmental challenges, particularly environmental monitoring, river basin management and the alleviation of flood risk*

The Programme Area faces many challenges to maintain and improve the environment. There is a lack of environmental monitoring in the Programme Area and the purchase of equipment is required to assist in monitoring, particularly in monitoring the increasing problems of air pollution in urban areas. The Programme will encourage projects under this measure to purchase equipment and train staff where monitoring is done on a cross-border basis.

EU standards of river basin management should be encouraged, particularly in basins such as the Rivers Danube, Nistru and Prut. Projects implementing aspects of the Water Framework Directive will be welcomed. In addition, there are parts of the Programme Area which are severely at risk of flooding and cross-border projects that reduce this risk and ensure that the public is more aware of the flood risk will be encouraged. These projects will look at reducing flood risk. Rather than emergency plans to deal with severe floods. The maintenance and reclamation of wetlands is also an important objective as these wetlands provide habitats for a wide variety of wildlife and can additionally mitigate against flood risk. Preference in the Programme will be given to particularly environmentally sensitive areas such as the Danube Biosphere.

Soil erosion has also been identified as a problem. Measures to prevent soil erosion and rehabilitate eroded areas will be encouraged. A major cause of soil erosion has been deforestation. The measure will support actions such as reforestation, particularly where reforestation leads to the greater use of biomass as a renewable energy source.

Air pollution has been identified as a problem in some of the urban areas and the Programme will support projects which measure levels of air pollution and improve air quality in urban areas on a cross-border basis. An exchange of experience in this policy area will also be encouraged.

Sound environmental management and the promotion of biodiversity will also be encouraged under this priority. This will include the creation of cross-border networks in policy areas such as forestry management and environmental stewardship. High standards of management and stewardship are particularly important in high quality landscapes which are designated nationally protected areas.

Cross-border co-operation activities which may be funded, include:-

- Projects where joint strategies or key strategic projects tackle common problems of pollution. The purchase of shared equipment by public authorities will be eligible under this objective as well as the training of staff;
- Projects which examine water management with a view to reducing flood risk, introducing river basin management and implementing the non-obligatory parts of the EU Water Framework Directive, will be eligible. An important aspect of a project would be to stimulate the joint management of important water resources e.g the River Prut

- Improvement in flood defences including the improvement of dykes
- Projects which exchange best practice and develop effective methods of fighting soil erosion.
- The development of border networks designed to improve forestry management and environmental stewardship.
- Restoration of wetlands, improvement in the water quality of lakes and measures to improve and restore national and regional protected areas. Projects involving particularly sensitive areas such as the Biosphere Reserve of the Danube Delta will be particularly encouraged. Projects which promote the exchange of experience and best practice in this measure will also be welcomed.

**Beneficiaries and target groups** are local and regional authorities, environmental organisations, agencies involved in water management and flood protection, County Environmental protection Agencies, National Parks and NGOs.

## *2.2 Water supply and waste management*

The water supply systems remain a significant challenge in the many parts of the border area. This measure is closely related to the previous measure which looked at strategic approaches to alleviate pollution in river basins, and water courses. This measure looks at specific actions to improve water supply systems and waste management systems.

Many water supply systems are outdated and need substantial capital investments. Water purification is also a key issue, as many purification plants cannot meet the growing demand for water. This measure will support projects that improve the water supply for areas on both side of the border. Activities in this measure should improve access to water supply and improve the quality of the water supply where projects have a beneficial effect on both sides of the border. Projects will be also be supported that improve the protection of the water supply from pollution.

Many partners have identified waste management as a particular problem and the lack of suitable sewage facilities is a major cause of the pollution of watercourses, streams and rivers. There is a significant increase in the production of waste in the border region and the sources of waste creation includes agriculture, mining, industry and domestic activities. In this programme, waste management covers a range of activities from the general aim of Waste Minimisation Strategy to more concrete waste projects emphasising waste collection, recycling and disposal.

Cross-border co-operation activities may be funded which:-

- Develop small scale water supply and/or water purification systems that are used on either side of the border, particularly in communities largely dependent on water from wells.
- Develop small-scale water sewage and waste management projects including the exchange of experience and best practice.

- Improve the sanitation facilities in public buildings such as schools and hospitals.
- Development and upgrading of waste disposal, sewage, waste water and sludge infrastructure and their supporting human resources.

**Beneficiaries and target groups** are local and regional authorities, NGOs and NPOs, county and regional waste management, solid waste management, waste water management companies and public bodies

### *2.3 Joint planning for potential environmental emergencies*

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The environment can be badly damaged when emergencies happen. In mobilising equipment and staff to deal with these emergencies, urgent assistance from both sides of border is usually necessary. There are many sensitive environments such as the Danube Biosphere which are in need of particular protection in the case of emergencies.

It is important that there is a wider use of emergency planning techniques in the cross-border area and this measure will fund the creation of emergency plans where there is a high risk of cross-border pollution. Training in emergency planning techniques should also be given. The measure will also facilitate the creation of cross-border teams to deal with a wide range of emergencies including environmental damage, severe weather such as flooding, transport accidents, industrial accidents and pollution etc.

Cross-border co-operation activities and measures will be developed which:-

- Bring together professionals drawing up emergency plans for a wide variety of activities, e.g. flooding, severe weather or major incidents of severe pollution.
- Develop joint planning strategies and initiatives across the Programme Area and Adjoining Regions.

**Beneficiaries and target groups** are local and regional authorities, NGOs and voluntary associations and organizations involved in the development of emergency plans

### **Priority Three :- People to People Co-operation**

#### **Rationale**

The importance of People to People Co-operation has been stressed by many partners when the Romania/Moldova/Ukraine ENPI-CBC programme has been discussed, and is a part of the current Neighbourhood Programmes through the Joint Small Projects Fund. The need for integration across borders is an important aspect of regional development in border areas as it is important for people to work closer together to share solutions to common

problems. It is important that a new external EU border is not seen as a barrier to existing co-operation at a local level. This can only be achieved if co-operation is seen as a part of everyday life for people living in the border area. It requires actions and projects that allow people to get together on a regular basis to share experiences and ideas.

With the formation of the three Euroregions in the Programme Area, the importance of working together to address common challenges has been stressed. It is important that this work continues and that the Euroregions address the common challenges faced in the Programme Area and Adjoining Regions. The Programme will not fund the administration and development of the Euroregions but it does welcome exchange of experience projects from the constituent authorities of the Euroregions which address common challenges and other objectives identified in this Joint Operational Programme.

In the first two priorities, there is capacity for the exchange of experience and best practice in the areas of economic development and on environmental issues. To avoid overlap with the first two priorities, this priority will only fund exchanges in policy areas not covered in the rest of programme, for example educational, social and cultural exchanges and specific actions to address the challenge of illegal migration, organised crime and people trafficking. This priority will also fund the exchange of experience amongst local and regional authorities in areas such as spatial planning.

This priority will also examine ways in which co-operation can create a more secure and stable border which reduces organised crime, illegal migration and people trafficking. Regions where organised crime is prevalent have problems in the promotion of important economic activities such as Foreign Direct investment and tourism. Activities should promote joint intelligence to fight organised crime and people trafficking and promote awareness of the dangers of illegal migration and trafficking amongst the general public. The measure "Fight against illegal migration, people trafficking and organised crime" is characterized by a number of actions that can have an important impact on the territories and, will develop good synergies with the other actions developed at national level. This will ensure a greater return for the regions within the programme period.

**The aim of the objective is to promote greater interaction between people and communities living in border areas and adjoining regions.**

The measures in this objective will be:-

- 3.1 Local and regional governance including the Euroregions, support to civil society and local communities.
- 3.2 Educational, social and cultural exchanges.
- 3.3. Fight against illegal migration, people trafficking and organised crime

### *3.1 Local governance and support to civil society and local communities*

Local and regional governance is a broad term to recognise the organisation of local and regional communities. It includes democratically elected local government and administration but goes further to include the activity of civil society. Civil society through clubs, associations and NGOs play a greater role in the lives of inhabitants and communities. The exchange of groups is to be developed under this measure which will also promote joint events and festivals.

The development of civil society is also important in a democratic system founded on human rights. Civil society covers a wide range of Non-Governmental Organisations (NGOs) such as trades unions, churches, local societies and voluntary groups.

In many cases, different structures of governance have developed on either side of the border and the inclusion of people to people exchanges should lead to exchange of experience in relation to these different structures.

As there is not a great deal of movement across the borders in terms of the labour market and health provision, people to people exchanges to discuss activity in these policy areas will be considered.

The Euroregions can respond by the development of the exchange of experience projects that help solve the common challenges particularly in the policy areas of spatial planning and economic development .

Cross-border co-operation projects will be included that:-

- Develop exchange programmes for local communities and/or civil society
- Develop exchange of experience projects for local and regional authorities, particularly through the development of the Euroregions.
- Develop a series of events and festivals for both sides of the border.
- Develop a dialogue between professionals in the areas of labour market, health services and health promotion.

**Beneficiaries and target groups include local and regional authorities, NGOs, voluntary bodies, groups drawn from civil society and local communities.**

### *3.2 Educational, social and cultural exchanges*

Educational, social and cultural exchanges are key components of this programme due to the fact that they make a real contribution to the integration of border areas and the contact made between people lessens the physical barrier that a border can produce.

Educational and cultural exchanges are a key part of people to people exchanges. The development of school exchanges should go further than the exchange of students to include staff as well. In addition, there should be initiatives to develop joint courses and joint curriculum initiatives. Exchanges should be at all levels of education including higher and adult education.

While the formal education sector will participate in the exchange, it is also important that less formal education is involved in the form of youth groups and groups of disadvantaged people through social exchanges.

The border regions share a common culture in terms of folklore, festivals, traditions, language and family ties. It is important that the border does not hamper the maintenance and development of this shared culture and cultural exchanges are one of the methods that can be used to develop the culture.

Cross-border co-operation activities and measures should include:-

- Education exchanges between schools and colleges including both staff and students;
- Exchanges for disadvantaged groups through social programmes;
- Exchanges in less formal education groups such as youth groups and community groups;
- Exchanges to develop cultural and social initiatives;
- Projects between educational and labour market specialists which lead to the common recognition of educational qualifications.

**Beneficiaries and target groups** include schools, colleges, universities, other educational institutions, voluntary groups, disadvantaged groups, cultural and social organisations.

### *3.3 Fight against illegal migration, people trafficking and organised crime*

This priority will support measures to increase co-operation amongst the police and security forces to share intelligence and promote co-operation in fight against illegal migration, people trafficking and organised crime.

The United Nations Children's Fund (UNICEF) has identified the area as a transit route for people trafficking particularly young women between 15 and 17 years old and children under 13. While all three countries have severe penalties for people trafficking, initiatives to share intelligence about the gangs involved should be encouraged. Educational initiatives highlighting the dangers of trafficking and the way in which gangs operate should also be encouraged. For instance, the 2004 UNICEF report highlighted the Moldovan initiative to provide life-skills training to those young people at risk and the exchange of experience about these - and similar - initiatives should be encouraged by the Programme. In addition, there could be courses and campaigns that actively promote the positive role of children and women in society.

Projects should also be developed to assist the victims of trafficking. Between January 2000 and May 2003, the International Organisation of Migration stated that 1,056 victims of trafficking were repatriated to Moldova and it is important that these victims are given training to help them re-integrate into society.

The actions proposed are targeted to people and have the aim to give a concrete support to try to prevent the problem with appropriate communication campaigns and the exchange of best practices. Moreover the aim of the measure is to give support to the victims to the crime to be reintegrated in the society.

Co-operation activities could include:-

- Exchange of experience and best practice between authorities fighting people trafficking, drug trafficking and organised crime.
- Cross-border publicity campaigns and training workshops and courses to warn vulnerable groups about the dangers of people and drug trafficking.
- Cross-border rehabilitation courses for the victims of people trafficking and drug abuse

**Beneficiaries and target groups** are local and regional authorities, NGOs, educational institutions, and womens' groups.

#### **Priority Four -Technical Assistance**

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

The following activities are to be carried out within the scope of Technical Assistance in order to ensure the efficient administration of the programme:

- 4.1 Programme Management , implementation and evaluation
- 4.2 Publicity and information

##### ***4.1 Programme Management, Implementation and Evaluation***

This priority will allow for the provision and support for the effective management, implementation and evaluation of the Operational Programme. In particular, this activity will support the JMA, Joint Technical Secretariat, Monitoring Committee and the evaluation committees by covering costs

related to the organization (including costs to facilitate the participation of the members of these committees) and logistics. Procurement and installation of IT (other than SMIS) and office equipment required for the management and implementation of the Programme is eligible under this measure.

The JMA establishes a Joint Technical Secretariat in the Romanian part of the Programme Area, which will assist it in the daily management and administration of the operations of the programme. The JTS staff will consist of multinational team of officers and the operating consist of the JTS will be covered by this Priority. The JTS will establish antennas in Moldova and Ukraine as local contact points\* who can assist potential applicants with information and the preparation of projects. Due to the large distances in Ukraine, it is anticipated that two Contact Points will be appointed. One Contact Point will be based In the oblast of Odessa and a second Contact Point will be based in the oblast of Cherniyvetska

The roles of the JTS antennas will be to publicise the programmes, assist in project development, partner search and advise partners on the implementation of projects. JTS will also provide support to JTS in fulfilling the tasks related to project monitoring (may be involved in the on the spot checks) They will work under the coordination of JTS .

Evaluation is a major part of the implementation of programmes and this priority will fund the evaluation of the Programme including ad-hoc, on-going and ex-post evaluations, statistics and studies, development of evaluation methods. Control and audit activities are also eligible under this priority.

A particular priority at the beginning of the programme period is to ensure that baseline data is available and monitored to enable the appropriate monitoring and evaluation of performance of the Programme and of each Priority Axis. The following categories of activities are eligible under this measure:

- support to MA and Joint Technical Secretariat for tasks related to different phases of the Programme implementation including preparation, selection, appraisal, monitoring, evaluation, control and audit of the assistance and of operations;
- financing human resources employed to deliver tasks in preparation, selection, appraisal, monitoring, check and audit of projects and programme and staff carrying out financial control and payment verification (salaries and other expenditure for example: renting and renovation of offices);
- procurement and installation of IT (other than SMIS) and office equipment required for the management and implementation of the Programme;
- activities involving meetings of Monitoring Committees and evaluation committees;
- participation of the members in these committees (travel and accommodation).
- elaboration of studies for the Programme;

- preparation of research, reports and analytical assessment and financing the experts working out optimal programme implementation system;
- preparation, copying and distribution of Committees reports and annual and final reports;
- translation services;
- audits and on-the-spot checks of operations;
- ad-hoc, on-going and ex-post evaluations of the Programme including statistics and studies, development of evaluation methods.

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

#### *4.2 Programme publicity, information and seminars*

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

The following categories of activities are eligible under this measure:

- preparation of tender documents concerning the selection of firms dealing with preparation and dissemination of information materials and organization trainings for beneficiaries;
- preparation, publication and dissemination of information and publicity materials (current official Programme documents, manuals of procedures, bulletins, brochures, posters, objects with EU logo, Programme logo);
- translation of information materials;
- organization of conferences, fora, road shows, workshops, seminars;
- preparation and running information about Joint Operational Programme in mass media;
- designing, updating of the information and managing of the web site;
- salaries of employees (not civil servants ) dealing with Joint Operational Programme information and promotion;
- organizing and delivering training addressed to the parties involved in the Joint Operational Programme implementation (inter alia: for experts involved in project appraisal, members of the JOP Monitoring Committee, and JTS);

- organization of training sessions for beneficiaries;
- participation of employees in the training sessions for beneficiaries and in the promotion events – travel, accommodation;
- costs related to setting up a network for exchanging information between local and regional stakeholders, in order to raise awareness, co-operate/exchange experience and publicize good practice.