

COMMUNICATION FROM THE COMMISSION TO THE MEMBER STATES

of 2 September 2004

laying down guidelines for a Community initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory

INTERREG III

(2004/C 226/02)

1. The Commission of the European Communities decided on 28 April 2000 to establish a Community initiative concerning trans-European cooperation (hereinafter called Interreg III) as set out in Article 20 of Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds ⁽¹⁾, hereinafter referred to as the 'general Regulation'. The method of implementing cooperation activities under the interregional strand was set out in the Communication of the Commission to the Member States of 7 May 2001 'Interregional cooperation' strand C of the Interreg III Community initiative (2001/C 141/02) ⁽²⁾ (hereafter the Interregional Cooperation Communication). The guidelines were amended by the Communication from the Commission of 23 August 2001 ⁽³⁾. The present consolidated guidelines replace those decided on 28 April 2000, as amended by Communication of 23 August 2001. Annex A to this Communication replaces Annex A to the Interregional Cooperation Communication.
2. Under Interreg III, Community funding is made available for measures and in areas which respect the guidelines laid down in this notice, and which are included in Community initiative programmes presented by authorities designated by Member States and approved by the Commission.
3. The overall aim of the Interreg initiatives has been, and remains, that national borders should not be a barrier to the balanced development and integration of the European territory. The isolation of border areas has been of a double nature: on the one hand, the presence of borders cuts off border communities from each other economically, socially and culturally and hinders the coherent management of eco-systems; on the other, border areas have often been neglected under national policy, with the result that their economies have tended to become peripheral within national boundaries. The single market and EMU are strong catalysts for changing this situation. Nevertheless, the scope for strengthening cooperation to the mutual advantage of border areas throughout the Community remains enormous. The challenge is all the greater when the enlargement of the Community is considered, as this is increasing the number of its internal borders and, progressively, is shifting the Community's external borders eastwards.
4. During the 1994 to 1999 programming period, Interreg II continued and enlarged the scope of Interreg and Regen of the earlier period. It was implemented under three distinct headings: cross-border cooperation (EUR 2 600 million), transnational energy networks (EUR 550 million) and joint action to tackle flooding and drought problems and to develop spatial planning for large groupings of geographical areas throughout the Community, central and eastern Europe and the Mediterranean (EUR 413 million). Moreover, interregional cooperation across the Community on 'soft issues' relevant to regional development had been supported as part of the European Regional Development Fund (ERDF) innovative measures under Article 10 of Council Regulation (EEC) No 4254/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the European Regional Development Fund ⁽⁴⁾ (EUR 200 million for 1994 to 1999).

I. GENERAL OBJECTIVES AND PRINCIPLES

⁽¹⁾ OJ L 161, 26.6.1999, p. 1. Regulation as last amended by the 2003 Act of Accession (OJ L 236, 23.9.2003, p. 33).

⁽²⁾ OJ C 141, 15.5.2001, p. 2.

⁽³⁾ Communication from the Commission amending the guidelines for a Community initiative concerning trans-European cooperation intended to encourage the harmonious and balanced development of the European territory – Interreg III (2001/C 239/03) (OJ C 239, 25.8.2001, p. 4).

⁽⁴⁾ OJ L 374, 31.12.1988, p. 15.

5. This experience shows that significant steps have been made towards joint cross-border programming and programme management in many cases. However, the kind of strong cooperation that takes place, for example, in 'Euroregions' is still the exception rather than the rule. Whereas a great deal of development activity has taken place in border areas and those areas have certainly benefited from that activity, it has generally been much more difficult to establish genuine cross-border activity jointly. In some cases, this has led to perverse effects such as parallel projects on each side of the border. In any case, it has prevented border areas and Member States from reaping the full benefits of cooperation.

Interreg II C allowed the acquisition of some experience regarding cooperation over larger transnational territories, involving national, regional and local authorities, with a view to achieving a higher degree of territorial integration of these territories. Nevertheless the extent of cooperation was variable.

With regard to the external borders and cooperation with third countries, there have been additional problems stemming in particular from weak administrative structures in those countries as well as from difficulties in coordinating the Community's external policy instruments such as Phare, Tacis, CARDS and MEDA with Interreg programmes, because of differences in financial and operational rules.

Finally, interregional cooperation has been developed on several topics. However, the system of funding under Article 10 of Regulation (EEC) No 4254/88 had the disadvantage of centralising management of too great a number of projects directly in the hands of the Commission and of dissociating these efforts from cross-border and transnational activity under Interreg.

6. In this context, the objective of the new phase of Interreg has been to strengthen economic and social cohesion in the Community by promoting cross-border, transnational and interregional cooperation and balanced development of the Community territory. Action in relation to the borders and border areas between Member States and between the Community and third countries is, therefore, at the heart of the initiative. Due attention is given to:

- the external borders of the Community in particular taking into account enlargement,
- cooperation concerning the outermost regions of the Community,
- cooperation to further the stabilisation and association process in the western Balkans, and
- cooperation concerning insular regions.

Building on the experience of the previous Interreg Initiatives, this new phase of the initiative is being implemented under three strands:

- (a) promoting integrated regional development between neighbouring border regions, including external borders (neighbourhood programmes) and certain maritime borders (strand A); the bulk of the financial resources is devoted to this strand;
- (b) contributing to harmonious territorial integration across the Community (strand B);
- (c) improving regional development and cohesion policies and techniques through transnational/inter-regional cooperation (strand C); this is by far the smallest strand financially.

The main challenge for the new phase of Interreg is, therefore, to build on the positive experiences of genuine cooperation within current programmes and progressively develop structures for such cooperation across the Community and with neighbouring countries.

7. To achieve these goals, the development of cooperation under the Interreg III initiative is governed by the following principles:

— *Joint cross-border/transnational strategy and development programme*

The development of a joint strategy and programme laying down joint priorities is an essential condition for acceptance of the proposals submitted for Community financing. All the measures and operations must be based on this joint programming for the regions or territories concerned and demonstrate the value which it adds.

The operations selected to implement the programming must also be clearly cross-border/transnational in nature. This means that they are not eligible unless they were selected jointly and implemented, either in two or more Member States or third countries, or in a single Member State, where it can be shown that the operation has a significant impact on other Member States or third countries.

Programming must take account of the general guidelines of the Structural Funds and of Community legislation and policies. This means that preference will be given in particular to operations which help create jobs, improve the competitiveness of the areas concerned, develop and introduce sustainable development policies and promote equal opportunities for men and women. All operations should be in conformity with Community rules on competition, and with the rules on State aid in particular.

— *Partnership and a 'bottom up' approach*

A wide partnership must be developed, including not only institutional partners from national, regional and local authorities, but also economic and social partners and other relevant competent bodies (non-governmental organisations, representatives from the academic world, etc.) as provided for in Article 8 of the general Regulation. The Commission is particularly concerned that this partnership is developed from the outset, from the phase of elaboration of the joint strategy to the implementation of the operations. Following a transparent publicity phase, operations must allow the widest possible degree of participation by public and private actors.

— *Complementarity with the 'mainstream' of the Structural Funds*

Programming must be complementary to the measures promoted under Objectives 1, 2 and 3 of the Structural Funds, particularly as regards infrastructure, and the other Community initiatives. Furthermore, operations must come within the scope of the Structural Funds and comply with the rules on the eligibility of expenditure.

— *A more integrated approach to the implementation of the Community initiatives*

The ERDF, in accordance with Article 3(2) of Regulation (EC) No 1783/1999 of the European Parliament and of the Council of 12 July 1999 on the European Regional Development Fund ⁽¹⁾ hereinafter referred to as the 'ERDF Regulation', is allowed to implement the Interreg III initiative by financing measures for rural development eligible under the EAGGF, for the development of human resources eligible under the ESF and for the adjustment of fisheries structures eligible under the FIFG. This opportunity should be used to improve the coordination and integration of measures and operations which benefit from Community assistance.

— *Effective coordination between Interreg III and external Community policy instruments, especially taking account of enlargement*

The implementation of interreg III must ensure coherence and synchronisation with the other financial instruments concerned. Operations undertaken within the Community are funded by the ERDF whereas operations undertaken outside the

Community are funded by other Community financial instruments such as Phare, ISPA, Tacis, MEDA, CARDS, EDF or other Community programmes with an external policy dimension, as appropriate.

The Commission Communication 'Paving the way for a new neighbourhood instrument' ⁽²⁾ of 1 July 2003 (hereafter the neighbourhood Communication) intends, by introducing the neighbourhood programmes for the 2004 to 2006 period, to improve the coordination between Interreg III and external Community policy instruments. The Communication is a follow-up to the communication 'Wider Europe — Neighbourhood: A new framework for relations with our eastern and southern neighbours' ⁽³⁾.

8. The implementation of cooperation on the basis of these principles requires truly joint structures to prepare the programmes, involve the parties concerned, select the operations, manage the whole and coordinate and monitor the implementation of programming and, if appropriate, the joint mechanisms for the management of measures and operations. In any case, Interreg III and the neighbourhood programme approach will result in a significant advance on the situation under the 1994 to 1999 programming period. The partners must state the precise conditions, arrangements and resources for the introduction and operation of the structures whose operational costs may be financed by the programmes.

In this context, the competent authorities may consider whether it is possible to establish European economic interest groupings (EEIGs) ⁽⁴⁾.

II. CROSS-BORDER COOPERATION (STRAND A)

9. Purpose: cross-border cooperation between neighbouring authorities is intended to develop cross-border economic and social centres through joint strategies for sustainable territorial development.
10. Eligible areas: for the purposes of cross-border cooperation, eligible areas include:
- all areas along the internal and external land borders of the Community delineated at administrative level III of the Nomenclature of Territorial Statistical Units (NUTS III), as listed in Annex I,
 - certain maritime areas delineated at administrative level III of the Nomenclature of Territorial Statistical Units (NUTS III), as listed in Annex I.

⁽²⁾ http://europa.eu.int/comm/regional_policy/sources/docoffic/official/communic/wider/wider_en.pdf

⁽³⁾ Commission Communication COM(2003) 104, 11 March 2003.

⁽⁴⁾ Communication from the Commission 97/C 285/10 — Participation of European economic interest groupings (EEIGs) in public contracts and programmes financed by public funds (OJ C 285, 20.9.1997, p. 17).

⁽¹⁾ OJ L 213, 13.8.1999, p. 1.

In special cases funding may be granted to measures in NUTS III areas adjoining those areas at NUTS III level referred to above or areas surrounded by such areas, provided that they do not account for more than 20 % of the total expenditure of the programme concerned. Areas where this flexibility is to be used must be indicated in the relevant Community initiative programme.

11. Priority topics: this strand is particularly concerned with the following topics:

- promoting urban, rural and coastal development,
- encouraging entrepreneurship and the development of small firms (including those in the tourism sector) and local employment initiatives,
- promoting the integration of the labour market and social inclusion,
- sharing human resources and facilities for research, technological development, education, culture, communications and health to increase productivity and help create sustainable jobs,
- encouraging the protection of the environment (local, global), the increase of energy efficiency and the promotion of renewable sources of energy,
- improving transport (particularly measures implementing more environmentally-friendly forms of transport), information and communication networks and services and water and energy systems,
- developing cooperation in the legal and administrative spheres to promote economic development and social cohesion,
- increasing human and institutional potential for cross-border cooperation to promote economic development and social cohesion.

This list is not exhaustive. For guidance, the topics are set out in Annex II. However, the financial resources must be concentrated on a limited number of topics and measures. In particular, infrastructure investments should be concentrated as far as practicable in administrative areas below NUTS III level, immediately adjacent to borders. However, in accordance with point 10, when, within sparsely populated regions, it is observed that development is held up by the absence of infrastructure, such infrastructure can be taken into consideration in an area going beyond the strictly defined NUTS III level, to the extent that the main aim of this infrastructure is related to the development of the NUTS III areas indicated in Annex I.

III. TRANSNATIONAL COOPERATION (STRAND B)

12. Objective: transnational cooperation between national, regional and local authorities aims to promote a higher degree of territorial integration across large groupings

of European regions, with a view to achieving sustainable, harmonious and balanced development in the Community and better territorial integration with candidate and other neighbouring countries.

13. Eligible areas: for the purposes of transnational cooperation proposed eligible areas are made up of the groupings of regions indicated in Annex III.

These groupings are based on the areas already covered by Interreg II C programmes and Article 10 pilot actions concerning spatial planning, adjusted to take account of experience to date. On this basis, Member States and their regions may submit to the Commission duly justified requests for modifications to these groupings. Particular attention will be given to the external borders of the Community, in particular taking account of enlargement, to cooperation concerning the outermost regions of the Community, to increasing cooperation across the Adriatic and the southern Baltic and to cooperation concerning insular regions. Consequently, proposed modifications should seek to increase cooperation between the Adriatic and the Balkan regions of the Community with the external Balkan regions. Special attention will be given to the four transnational regions implementing the neighbourhood dimension.

14. Priority Topics: transnational cooperation proposals should build on the experience of Interreg II C and take account of Community policy priorities such as TENs and of the recommendations for territorial development of the European spatial development perspective (ESDP). At the same time, given the limited financial resources and the vastness of the territories involved, it is important to avoid dispersal of efforts and seek a strong focus. Support may be requested in order to:

- elaborate operational spatial development strategies on a transnational scale, including cooperation among cities and between urban and rural areas, with a view to promoting polycentric and sustainable development,
- promote efficient and sustainable transport systems and improved access to the information society,
- promote the environment and the good management of cultural heritage and of natural resources, in particular water resources,
- promote integration between maritime regions, and of insular regions, each through a specific priority with an appropriate financial allocation. The promotion of integration between maritime regions, and insular regions may include bilateral cooperation actions,
- promote the integrated cooperation of the outermost regions.

The measures selected must underpin an integrated territorial approach that responds to common problems and opportunities and leads to genuine benefits for the transnational area. Cooperation between insular and maritime regions will be particularly encouraged, as well as cooperation between regions with common handicaps such as mountain zones. Key areas for infrastructure investments must also be identified. Only infrastructure with a transnational impact can be taken into consideration. Motorway and main road construction are excluded. The operations selected must also demonstrate concrete, visible and innovative results. In the case of problems of water resources management caused by flooding or drought, Interreg III funding can be used for infrastructure investments.

15. In the case of the most remote regions (the French overseas departments, the Canary Islands, the Azores and Madeira) cooperation programmes will:

- promote better economic integration and cooperation among these regions and between them and other Member States,
- improve linkages and cooperation with neighbouring third countries (in the Caribbean, Latin America, Atlantic Ocean, north-west Africa, and the Indian Ocean).

16. This list of priority topics should constitute the principal actions to be co-financed. They are set out in greater detail in Annex IV.

IV. INTERREGIONAL COOPERATION (STRAND C)

17. Objective: interregional cooperation is intended to improve the effectiveness of policies and instruments for regional development and cohesion through networking, particularly for regions whose development is lagging behind and those undergoing conversion.
18. Eligible areas: the whole of the Community is eligible.
19. Priority topics: this strand covers:
- cooperation actions related to specific topics defined by the Commission in the Interregional Cooperation Communication, including research, technological development and SMEs; the information society; tourism, culture and employment; entrepreneurship and environment, etc.

Particular attention should be paid to participation by the insular and most remote regions and the applicant countries in the various networks. Cooperation, even at bilateral level, between maritime regions will be encouraged.

V. PREPARATION, PRESENTATION AND APPROVAL OF INTERVENTIONS

20. On the basis of indicative financial allocations per Member State established by the Commission specifying the margins of flexibility between the strands (see Chapter VIII), Member States will make a breakdown of funding by strand, border and region, as appropriate. In so doing, the Member States will ensure an appropriate balance of funding on the two sides of the borders, taking account of the financing available.

21. The proposals will be prepared by joint cross-border or transnational committees or other bodies constituted by the relevant regional/local and national authorities and, where appropriate, the relevant non-governmental partners.

Proposals may be presented separately for each strand. However, if deemed appropriate by the partners, programmes may cover all three strands A, B and C whilst specifying the priorities, measures and joint structures for each strand.

22. The programmes concerning cross-border cooperation (strand A) will be drawn up in accordance with the principles, priorities and procedures set out in points 6 to 11 by the regional or local authorities in the eligible areas in partnership with the national authorities, depending on the institutional structure of each Member State.

In general, each programme will be drawn up for a border with 'subprogrammes' for each cross-border region where appropriate. In duly justified cases (e.g. very long borders, points where several borders converge, well developed existing cooperation structures), the programme will be drawn up for one cross-border region and may cover one or more borders.

23. The programmes covering transnational cooperation (strand B) will be drawn up in accordance with the principles, priorities and procedures set out in points 6, 7, 8 and 12 to 16 by the national authorities (or other authorities designated by the Member States) in close cooperation with the regional or local authorities located in the geographical area where transnational cooperation is to take place. Given their acquired experience, the bodies and working parties existing under Interreg II C will participate in the preparatory work at the request of the responsible authorities.

A single programme has been drawn up for each area of cooperation as defined in point 13.

24. The conditions concerning the implementation of strand C programmes are set out in the Interregional Cooperation Communication.

25. The content of the programmes will be similar to that of the single programming documents described in Article 19(3) of the general Regulation, adjusted to meet the needs and circumstances peculiar to cross-border, transnational and interregional cooperation and will include:
- an ex ante evaluation in accordance with Article 41(2) of the general Regulation analysing in particular the strengths and weaknesses as regards cooperation of the area concerned and the expected impact, including that on the environment (local, global) and, where appropriate, equal opportunities for men and women, and the improvements made to cooperation structures,
 - an account of the process of joint programming (e.g. Joint Programming Committee) including the arrangements made to consult partners,
 - a statement of the joint strategy and priorities for the development of the geographical area covered by the programme broken down by subprogramme, as appropriate, including the priorities, the specific objectives, quantified where they lend themselves to quantification and an indication of how this strategy and these priorities have taken account of the indicative guidelines referred to in Article 10(3) of the general Regulation,
 - a summary description, if necessary by subprogramme for strand A, of the measures planned to implement the priorities, including the information needed to check compliance with aid schemes under Article 87 of the Treaty; the nature of the measures required to prepare, monitor and evaluate the programme,
 - an indicative financing plan specifying for each priority and each year, in accordance with Articles 28 and 29 of the general Regulation, the financial allocation envisaged for the contribution of the ERDF and for Phare, TACIS, MEDA, CARDS, the Cohesion Fund and ISPA, the EIB, where appropriate, as well as the total amount of eligible public or equivalent funding and estimated private funding relating to these contributions; the total contribution of the ERDF financial assistance planned for each year which will be compatible with the relevant financial perspective;
 - the provisions for implementing the programme including:
 - the designation by the competent authorities participating in the programme of the common structures for cooperation established on the basis of specific agreements taking into account national legislation, which will be responsible for the following functions:
 - a managing authority within the meaning of Article 9(n) and Article 34 of the general Regulation,
 - a paying authority within the meaning of Article 9(o) and Article 32 of the general Regulation at programme level, and if necessary subsidiary paying authorities,
 - a joint technical secretariat for the operational management of the programme, in particular for the tasks set out in point 30 without prejudice to the global responsibility of the managing authority laid down by Article 34 of the general Regulation.

These three functions (managing authority, paying authority, and joint technical secretariat) are undertaken by these bodies either separately or together, taking account of the specificities of the implementation of Interreg III,
 - a Monitoring Committee for the whole of the programme in accordance with Article 35 of the general Regulation (see point 28); and a Steering Committee (or, where appropriate a number of them) (see point 29);
 - a description of the arrangements for managing the programme including those concerning a transparent publicity phase allowing the widest possible degree of participation by public and private actors and the mechanisms for launching calls for proposals and for the joint selection of the operations, and the role of the Steering Committee (see point 29) and the various responsibilities for finance and financial control, in accordance with Articles 38 and 39 of the general Regulation; it will include, where appropriate, use of a global grant as provided for in point 26,
 - a description of the systems for joint monitoring and evaluation, including the role of the Monitoring Committee (see point 28); as foreseen in Article 36(1) of the general Regulation, the competent authorities will take into account the methodology for defining monitoring indicators for the collection of monitoring data and for the preparation of evaluations,
 - the definition of a system of financial management permitting a transfer from the ERDF (and preferably also from the respective national co-financing arrangements) to a single account for each programme and the rapid and transparent forwarding of this finance to the final beneficiaries; the joint arrangements may, for this purpose, include signature of an agreement between the various authorities of the countries participating in the programme as well as an obligation on the various partners, at project level, to also sign an agreement concerning their mutual financial and legal responsibilities,

- a description of the specific arrangements and procedures for checking on the programme, setting out the various responsibilities for finance and financial control, in accordance with Articles 38 and 39 of the general Regulation,
 - information on the resources required for preparing, monitoring and evaluating assistance.
26. The programmes drawn up in this way will be submitted to the Commission by the authorities designated by the Member States concerned and in agreement with those Member States.

When the Commission approves each programme, it will grant a single contribution from the ERDF without financial breakdown by Member State. The Commission may also make a global grant for all or part of the programme in agreement with the Member States concerned.

27. Each programme will be supplemented by a programme complement as defined in Article 9(m) and described in Article 18(3) of the general Regulation.

This programme complement will be sent to the Commission no later than three months after the Commission decision approving the programme. The programme complement will be prepared in accordance with the same arrangements for cooperation and partnership as those governing the programme.

VI. MONITORING, IMPLEMENTATION AND EVALUATION OF INTERVENTIONS

28. Programme monitoring will be carried out by the Programme Monitoring Committee in accordance with Article 35 of the general Regulation. The main duties of the committee, which meets at least once a year, are:

- to confirm or approve the programme complement,
- in accordance with Article 15 of the general Regulation, to establish the criteria to be used in the selection of operations with the aim of determining the cross-border or transnational character or interest of the operations,
- to make later amendments to the programme or the programme complement,
- to monitor and evaluate the programme as a whole and approve the terms of reference of calls for proposals.

The Monitoring Committee comprises representatives of the regional and local authorities and the national authorities if the latter so wish. The participation of the economic and social partners and of non-govern-

mental organisations is desirable and applies according to the requirements of Article 8 of the general Regulation. The Commission and, where appropriate, the EIB, will participate in the work of the Monitoring Committee in an advisory capacity.

29. The joint selection of operations and the coordinated monitoring of their implementation will be carried out by one or, if necessary, several Steering Committees for the operations organised for each subprogramme. This committee will be constituted on the same principles of cooperation and partnership as the Monitoring Committee. The Commission may attend as an observer.

Optionally, the duties of the Steering Committee may be carried out by the Monitoring Committee acting also as a Steering Committee.

30. In the implementation of its tasks, the managing authority is assisted by the joint technical secretariat where it does not assume the secretariat function itself.

In addition to its responsibilities under Article 34 of the general Regulation, the managing authority (see point 25) is responsible for organising the preparation of the decisions to be taken by the Monitoring and Steering Committees. In particular, it will accept, consider and give a preliminary assessment of operations proposed for financing or will coordinate such tasks. It will also coordinate the work of the authorities or bodies designated as required to implement the various subprogrammes and measures.

31. The ERDF contribution will be paid to a single bank account in the name of the paying authority or the managing authority (where it is also the paying authority). On the basis of decisions concerning the selection of projects by the Steering Committee or the Monitoring Committee acting as Steering Committee, this ERDF participation will then according to Article 32(1), last subparagraph, of the general Regulation be paid by the paying authority to the final beneficiaries or, as appropriate, to the authorities or bodies designated to implement the various subprogrammes and measures. In this case, these authorities will then make the payments to the final beneficiaries. In the case of operations involving partners in different Member States, the final beneficiary will be the partner in charge of the operation which will undertake financial management and coordinate the various partners in the operation. This partner in charge will bear financial and legal responsibility to the managing authority. The partner in charge will establish with these partners, possibly in the form of an agreement, the division of the mutual responsibilities.

32. Chapter III of the general Regulation (Contributions and financial management by the Funds) and the provisions on monitoring, evaluation and financial control, with the exception of Article 44, will apply to the programmes. In accordance with Article 21(4) of that Regulation, the programmes may be revised on the initiative of Member States or the Commission in agreement with the Member States concerned after the mid-term evaluation referred to in Article 42 of that Regulation.

33. [deleted]

VII. COORDINATION BETWEEN ERDF, PHARE, TACIS, MEDA, CARDS, EDF, SAPARD AND ISPA

34. For the purposes of Article 20(2), first subparagraph, of the general Regulation, coordination between the assistance under the ERDF and the other instruments contributing to the financing of the Interreg III Initiative concerns geographical eligibility, multi-annual programming, the eligibility of operations and the mechanisms for implementation, monitoring, evaluation and control.

The significant improvement of the common structures in relation to the situation in the previous programming period as mentioned in point 8 will continue to be carried out, with regard to the cooperation programmes described in this chapter, according to the rate of progress made with regard to coordination between the ERDF and the other financial instruments.

The Commission commits itself to presenting to the Consultative Committee referred to in Article 48(3)(d) of the general Regulation, once a year, a report on the progress achieved as regards coordination between the ERDF and the other financial instruments.

34.a In the Neighbourhood Communication the Commission introduced the neighbourhood programme approach for 2004 to 2006. The neighbourhood programmes will support cross-border and transnational cooperation along the external border of the Union with non-candidate countries and will be build on the existing or planned Interreg programmes and structures. The establishment of the neighbourhood programmes will make it possible to set out the new systems to allow for joint project preparation, submission and selection procedures, thus increasing the level of involvement and ownership of beneficiaries on the external side of the border. On 23 October 2003 the Commission presented the Guidance Note⁽¹⁾ on the preparation of neighbourhood programmes describing the steps required to create a neighbourhood programme and advising how to amend existing documents, structures and working methods.

⁽¹⁾ http://europa.eu.int/comm/regional_policy/interreg3/doc/pdf/neighbour_guidance.pdf

Cross-border cooperation (strand A)

35. For the purposes of cross-border cooperation across the Community's external borders, border areas in neighbouring countries will be included in the programme proposals presented to the Commission by the designated authorities in the Member States in agreement with the neighbouring countries concerned. The definition of these areas must be coherent with the criteria adopted for Interreg III. With regard to a NUTS III zone listed in Annex I participating in several cross-border cooperation programmes involving countries benefiting from Phare-CBC, or the participation of NUTS III zones covered by point 10, paragraph 2, in such programmes, the details of this participation will be agreed between the Commission and the designated authorities in the Member States, in agreement with the bordering countries concerned.

36. The Interreg III programme for cross-border cooperation (strand A), as defined in points 21, 22, 25 and 26, will be the joint cross-border programming document referred to in Article 7 of Commission Regulation (EC) No 2760/98 of 18 December 1998 on the Phare-CBC programme⁽²⁾, hereinafter described as the 'Phare-CBC Regulation'. In the case of financing by the ERDF, the Commission will decide on the contribution by the Fund when it approves the programme. The contributions of Phare-CBC, Tacis, MEDA, CARDS, Sapard or ISPA will respect the principles and rules of these instruments and the amounts introduced in the financing plan will be indicative. Attention will be given to an appropriate balance of funding on both sides of the borders concerned, taking into account the financing available, differences in the level of economic development and absorption capacities.

37. In the case of ISPA, in accordance with Article 2(2), second subparagraph, of Council Regulation (EC) No 1267/1999 of 21 June 1999 establishing an Instrument of Structural Policies for Pre-accession⁽³⁾, exceptions to the application of a minimum size (EUR 5 million) required in principle for the measures under this instrument may be allowed, taking account of the particular conditions decided by the Commission on the basis of specific recommendations made by the Monitoring Committee.

38. The Monitoring Committee, the Steering Committee(s), the joint technical secretariat and, where appropriate, the managing authority (see point 25) will be set up with the participation of representatives of the third countries participating in the programme.

Where a joint managing authority is not possible, representatives of the third countries will participate in the activities of the managing authority within the limits of their respective competences.

⁽²⁾ OJ L 345, 19.12.1998, p. 49. Regulation as last amended by Regulation (EC) No 1822/2003 of 16 October 2003 (OJ L 267, 17.10.2003, p. 9).

⁽³⁾ OJ L 161, 26.6.1999, p. 73.

39. In the case of programmes financed by the ERDF and by PHARE-CBC, the Monitoring Committee for the programme as described in point 28 and the Joint Cooperation Committee as described in Article 7 of the PHARE-CBC Regulation form a single Committee, hereinafter referred to as the 'Interreg/Phare-CBC Monitoring Committee'.

The Interreg/Phare-CBC Monitoring Committee will decide upon internal rules of procedure, taking account of the institutional, legal and financial systems of the countries concerned. These rules will, where appropriate, give details on the application of point 28 and Article 7 of the Phare-CBC Regulation.

The Interreg/Phare-CBC Monitoring Committee will include representatives of the competent authorities in the Member States and the third countries concerned and of the Commission and where appropriate the EIB. The representative(s) of the Commission and where appropriate the EIB will participate in the work of the Interreg/Phare-CBC Monitoring Committee, as regards operations co-financed by the ERDF, in an advisory capacity. It is the responsibility of this Committee to confirm the programme complement pursuant to Article 15 of the general Regulation or to approve modifications to it.

40. The operations and projects will be selected on the basis of their eligibility for Interreg III by the Steering Committee or Committees or by the Interreg/Phare-CBC Monitoring Committee acting as Steering Committee (see point 29).
41. Approval of the operations or projects to be financed under the programme will follow the specific rules of the ERDF and of any other financial instrument contributing to the programme.
42. Approval of the projects to be financed by Phare-CBC will follow the procedure laid down by Articles 7(3) and 8 of the Phare-CBC Regulation.

In accordance with Article 5(2) of that Regulation, there will be special provisions concerning a limited percentage of programmes for small projects involving local actors. Small projects not exceeding EUR 50,000 (Community contribution) to be financed by PHARE-CBC will be approved by the Joint Cooperation Committee or by a specific Steering Committee responsible for such small projects.

Grant schemes in the field of Economic and Social Cohesion can finance projects in the range of EUR 50,000 to EUR 2 million (Community contribution). Individual projects under grant schemes will be identified through a call for proposals and approved by the Joint Cooperation Committee.

For the projects which do not belong to grant schemes, exceptions to the otherwise required minimum size of projects (EUR 2 million) will be allowed only on the basis of a case-by-case assessment and under the circumstances of genuine cross-border cooperation falling within the priorities defined in the joint cross-border programming documents. The Interreg/Phare-CBC Monitoring Committee (see point 39) will make specific recommendations concerning exceptions to the minimum size of projects with a view to the procedures indicated in the first paragraph of this point. On the basis of a case-by-case assessment, in those border areas which meet the conditions of Article 12 of Council Regulation (EC) No 1266/99 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy⁽¹⁾ concerning the coordination of the pre-accession instruments, the ex-ante control by the Commission may be replaced by the 'extended decentralised implementation system' with Commission ex post control.

Transnational cooperation (strand B)

43. Third countries may participate in transnational cooperation as defined in Chapter III of these guidelines, on the basis of programme proposals presented to the Commission by the designated authorities in the Member States in agreement with the third countries concerned.

Projects in countries benefiting from support through Phare linked with transnational cooperation in the framework of Interreg III can be supported through the national Phare programmes.

In the case of financing by the ERDF, the Commission will decide on a contribution by the Fund when it approves each programme. In the case of Phare, Tacis, MEDA, CARDS, EDF, Sapard and ISPA, the approval of the projects to be financed by these programmes will follow the procedures laid down in their respective regulations and operational rules including where appropriate the procedures set out in the Neighbourhood Communication.

Point 37 can, where appropriate, also be applied to transnational cooperation.

44. The Commission will ensure the application of points 38 to 42 to transnational cooperation.

Interregional cooperation (strand C)

45. The coordination between ERDF and external financial instruments concerning the strand C is dealt with in the Interregional Cooperation Communication.

46. [deleted].

⁽¹⁾ OJ L 161, 26.6.1999, p. 68.

VIII. FINANCING

47. The Interreg III Community initiative will be jointly financed by the Member States and the Community.
48. In conformity with Article 20(2) of the general Regulation, the total contribution by the ERDF to Interreg III during the period 2000 to 2006 is fixed at EUR 4 875 million, at 1999 prices. In accordance with Article 7(7) of the general Regulation, the ERDF contribution was indexed at 2 % a year up to 2003 and was decided at 2003 prices for the years 2004 to 2006. The Commission has now also determined the rate of indexation applicable for the period 2004 to 2006. Without prejudice to the exceptions provided for in Article 29(3)(a) of that Regulation, the ceiling on the ERDF contribution will be 75 % of the total cost in the Objective 1 regions and 50 % elsewhere.
- In conformity with the conclusions of the accession negotiations, the total contribution by the ERDF to the new Member States to Interreg III during the period 2004 to 2006 is fixed at EUR 425 million, at 1999 prices.
- The Commission will adopt indicative financial allocations for each Member State. In breaking down this amount, Member States will ensure that, on an indicative basis, at least 50 % of their total allocation for Interreg III is allocated to cross-border cooperation under strand A. The Commission and the Member States will also ensure that all borders are treated in an equitable manner. At least 14 % of the indicative allocation for each Member State will be allocated to strand B and 6 % to strand C.
49. For relevant third countries participating in Interreg III, cooperation will be assisted by Phare-CBC as well as by ISPA, Sapard and Phare national programmes as appropriate. For Tacis, MEDA, CARDS and EDF, allocations for coordinated activities are determined, and in accordance with existing operational rules and where appropriate in conformity with the Neighbourhood Communication, with a view to maximising cross-border and transnational cooperation across the Community's external borders.
- Loans from the EIB may also be available.
50. In accordance with Article 3(2) of the ERDF Regulation, to implement the Interreg III initiative the ERDF will finance measures for rural development eligible under the EAGGF, for the development of human resources eligible under the ESF and for the adaptation of fisheries structures eligible under the FIGF.
51. The Community Initiatives may provide technical assistance to the conception, financing, and implementation of programmes under Article 20 of the general Regulation.
52. Within the programmes, specific technical assistance measures may be provided for, in particular with a view to the creation and development of common structures. In this regard, in accordance with Article 29 of the general Regulation, the normal co-financing rates will apply in all cases where technical assistance is undertaken at the request of a Member State.
- Exceptionally, if such a technical assistance measure is taken at the initiative of the Commission because it would be of benefit to more than one Member State, it could be financed at up to 100 %.
53. In order to further exchanges of experience and good practice, in particular through networking actions linked to experience gained under strands A, B and C of Interreg III, a maximum of EUR 47 million may be used.
- The normal co-financing rates will apply when such measures are requested by the Member States.
- If, however, such measures are taken on the initiative of the Commission, they could be financed at up to 100 %.
- The Commission has approved the Interact Support Programme for cross-border, transnational and interregional cooperation. The tasks of the Interact programme include:
- coordination and exchanges of experience and good practice at Community level of actions undertaken through Interreg III,
 - technical assistance and promotion of the creation and consolidation of joint structures for programming, monitoring and management,
 - coordination of interregional cooperation. Collection of information on projects approved (in order to avoid double financing of projects and to promote further synergies) and their implementation,
 - publications, databases and web sites.

54. Funding at 100 % undertaken on the initiative of the Commission and falling within the definition of the two types of technical assistance described in point 52 (second paragraph) and point 53 (third paragraph) will account for no more than 2 % of the total ERDF contribution as set out in point 48.

IX. CORRESPONDENCE

55. The Commission invites Member States and the designated regional authorities, where applicable in agree-

ment with the third countries concerned, to present detailed proposals for Community Initiative programmes under the Interreg III Initiative.

56. All correspondence relating to this notice should be addressed to:

Directorate-General for Regional Policy
Commission of the European Communities
B-1049 Brussels.

ANNEX I

STRAND A: ELIGIBLE AREAS

BELGIË/BELGIQUE	BR DEUTSCHLAND	Märkisch-Oderland
Antwerpen (Arr)	Aachen, Kreisfreie Stadt	Merzig-Wadern
Arlon	Aachen, Landkreis	Miesbach
Ath	Altötting	Mittlerer Erzgebirgskreis
Bastogne	Annaberg	Mönchengladbach, Kreisfreie Stadt
Brugge	Aue-Schwarzenberg	Neustadt an der Waldnaab
Dinant	Aurich	Niederschlesischer Oberlausitzkreis
Eeklo	Bad Tölz-Wolfratshausen	Nordfriesland
Gent (Arr)	Baden-Baden, Stadtkreis	Oberallgäu
Ieper	Barnim	Oder-Spree
Kortrijk	Bautzen	Ortenaukreis
Liège (Arr)	Berchtesgadener Land	Ostallgäu
Maaseik	Bitburg-Prüm	Ostholstein
Mons	Bodenseekreis	Ostvorpommern
Mouscron	Borken	Passau, Kreisfreie Stadt
Neufchâteau	Breisgau-Hochschwarzwald	Passau, Landkreis
Philippeville	Cham	Pirmasens, Kreisfreie Stadt
Sint-Niklaas	Cottbus, Kreisfreie Stadt	Plauen, Kreisfreie Stadt
Thuin	Daun	Plön
Tongeren	Düren	Rastatt
Tournai	Emden, Kreisfreie Stadt	Regen
Turnhout	Emmendingen	Rendsburg-Eckernförde
Verviers	Emsland	Rosenheim, Kreisfreie Stadt
Veurne	Euskirchen	Rosenheim, Landkreis
Virton	Flensburg, Kreisfreie Stadt	Rottal-Inn
ČESKÁ REPUBLIKA	Frankfurt (Oder), Kreisfreie Stadt	Saarbrücken, Stadtverband
Jihočeský	Freiberg	Saarlouis
Plzeňský	Freiburg im Breisgau, Stadtkreis	Saar-Pfalz-Kreis
Karlovarský	Freyung-Grafenau	Sächsische Schweiz
Ústecký	Garmisch-Partenkirchen	Schleswig-Flensburg
Liberecký	Germersheim	Schwandorf
Královéhradecký	Görlitz, Kreisfreie Stadt	Schwarzwald-Baar-Kreis
Pardubický	Grafschaft Bentheim	Spree-Neiße
Vysočina	Greifswald, Kreisfreie Stadt	Steinfurt
Jihomoravský	Heinsberg	Südliche Weinstraße
Olomoucký	Hof, Kreisfreie Stadt	Südwestpfalz
Zlínský	Hof, Landkreis	Tirschenreuth
Moravskoslezský	Karlsruhe, Landkreis	Traunstein
DANMARK	Karlsruhe, Stadtkreis	Trier, Kreisfreie Stadt
Bornholms Amtskommune	Kaufbeuren, Kreisfreie Stadt	Trier-Saarburg
Frederiksborg Amtskommune	Kempton (Allgäu), Kreisfreie Stadt	Uckermark
Fyns Amtskommune	Kiel, Kreisfreie Stadt	Ücker-Randow
København og Frederiksberg Kommuner	Kleve	Viersen
Københavns Amtskommune	Konstanz	Vogtlandkreis
Roskilde Amtskommune	Landau in der Pfalz	Waldshut
Sønderjyllands Amtskommune	Leer	Weiden in der Opf, Kreisfreie Stadt
Storstrøms Amtskommune	Lindau-Bodensee	Weißeritzkreis
	Löbau-Zittau	Wesel
	Lörrach	Wunsiedel im Fichtelgebirge
	Lübeck, Kreisfreie Stadt	Zweibrücken, Kreisfreie Stadt

ELLAS	FRANCE	Biella
Achaia	Ain	Bolzano-Bozen
Aitoloakarnania	Aisne	Brindisi
Chania	Alpes-de-Haute-Provence	Campobasso
Chios	Alpes-Maritimes	Caltanissetta
Dodekanisos	Ardennes	Chieti
Drama	Ariège	Como
Evros	Bas-Rhin	Cuneo
Florina	Corse du Sud	Ferrara
Ioannina	Doubs	Foggia
Irakleio	Haut-Rhin	Forli - Cesena
Kastoria	Haute Corse	Gorizia
Kavala	Haute-Garonne	Imperia
Kefallinia	Haute-Pyrénées	Lecce
Kerkyra	Haute-Savoie	Lecco
Kilkis	Hauts-Alpes	Livorno
Lasithi	Jura	Macerata
Lefkada	Meurthe-et-Moselle	Novara
Lesvos	Meuse	Pesaro e Urbino
Pella	Moselle	Pescara
Preveza	Nord	Ravenna
Rethymni	Pas-de-Calais	Ragusa
Rodopi	Pyrénées-Atlantiques	Rimini
Samos	Pyrénées-Orientales	Rovigo
Serres	Savoie	Sassari
Thesprotia	Seine Maritime	Siracusa
Thessaloniki	Somme	Sondrio
Xanthi	Territoire de Belfort	Teramo
Zakinthos		Torino
	MAGYARORSZAG	Trieste
	Bács-Kiskun	Trapani
	Békés	Udine
ESPAÑA	Baranya	Valle d'Aosta
Badajoz	Budapest	Varese
Cáceres	Borsod-Abaúj-Zemplén Csongrád	Venezia
Cádiz	Győr-Moson-Sopron	Verbano-Cusio-Ossola
Ceuta	Hajdú-Bihar	Vercelli
Girona	Heves	LUXEMBOURG (G.D.)
Guipúzcoa	Komárom-Esztergom	Luxembourg (Grand-Duché)
Huelva	Pest	
Huesca	Nógrád	LATVIJA
Lleida	Somogy	Kurzeme
Málaga	Szabolcs-Szatmár-Bereg	Latgale
Melilla	Vas	Rīga
Navarra	Zala	Vidzeme
Ourense	IRELAND	Zemgale
Pontevedra	Border	
Salamanca	Dublin	LIETUVA
Zamora	Mid-East	Alytaus
	South-East	Klaipėdos
		Marijampolės
EESTI	ITALIA	Panevėžis
Kirde-Eesti	Agrigento	Šiaulių
Kesk-Eesti	Ancona	Tauragės
Lääne-Eesti	Ascoli Piceno	Telšiai
Lõuna-Eesti	Bari	Utenos
Põhja-Eesti	Belluno	Vilniaus

KYPROS	Wiener Umland/Nordteil (cooperation with the Czech Republic and Slovakia)	SLOVENSKÁ
Kypros		Bratislavský kraj
	Wiener Umland/Südteil (cooperation with Slovakia and Hungary)	Trnavský kraj
MALTA		Trenčanský kraj
Malta		Nitrianský kraj
Gozo - Comino	POLSKA	Žilinský kraj
	Jeleniogórsko-wałbrzyski	Banskobystrický kraj
NEDERLAND	Bialskopodlaski	Prešovský kraj
Achterhoek	Chełmsko-zamojski Gorzowski	Košický kraj
Arnhem-Nijmegen	Zielonogórski	SUOMI/FINLAND
Delfzijl en omgeving	Nowosądecki	Åland
Midden-Limburg	Ostrolecko-siedlecki	Etelä-Karjala
Midden-Noord-Brabant	Opolski	Etelä-Savo
Noord-Limburg	Krośnieńsko-przemyski	Itä-Uusimaa
Noord-Overijssel	Białostocko-suwalski	Kainuu
Oost-Groningen	Łomżyński	Keski-Pohjanmaa
Overig Groningen	Gdański	Kymenlaakso
Overig Zeeland	Gdańsk-Gdynia-Sopot	Lappi
Twente	Bielsko-bialski	Pohjanmaa
West-Noord-Brabant	Rybnicko – Jastrzębski	Pohjois-Karjala
Zeeuwsch-Vlaanderen	Elbląski	Pohjois-Pohjanmaa
Zuid-Limburg	Olsztyński	Uusimaa
Zuidoost-Drenthe	Elcki	Varsinais-Suomi
Zuidoost-Noord-Brabant	Szczeciński	SVERIGE
ÖSTERREICH	PORTUGAL	Dalarnas Län
Außerfern	Alentejo Central	Jämtlands Län
Bludenz-Bregenzer Wald	Algarve	Norrbottnens Län
Innsbruck	Alto Alentejo	Skåne Län
Innviertel	Alto Tras-Os-Montes	Stockholms Län
Klagenfurt-Villach	Baixo Alentejo	Värmlands Län
Mittelburgenland	Beira Interior Norte	Västerbottens Län
Mühlviertel	Beira Interior Sud	Västra Götalands Län
Nordburgenland	Cavado	UNITED KINGDOM
Oberkärnten	Douro	Brighton and Hove
Oststeiermark	Minho-Lima	Conwy and Denbighshire
Osttirol		- (only that part eligible under Interreg IIA)
Pinzgau-Pongau	SLOVENIJA	East of Northern Ireland
Rheintal-Bodenseegebiet	Pomurska	East Sussex CC
Salzburg und Umgebung	Podravska	Gibraltar
Südburgenland	Koroška	Gwynedd
Tiroler Oberland	Savinjska	Isle of Anglesey
Tiroler Unterland	Spodnjeposavska	Kent CC
Unterkärnten	Gorenjska	Medway Towns
Waldviertel	Notranjsko-kraška Goriška	North of Northern Ireland
Weinviertel	Obalno- kraška	South-west Wales
West- und Südsteiermark	Jugovzhodna Slovenija	West and south of Northern Ireland
Wien (cooperation with the Czech Republic, Slovakia and Hungary)	Osrednjeslovenska	

ANNEX II

STRAND A:

INDICATIVE LIST OF PRIORITY TOPICS AND ELIGIBLE MEASURES

As provided for in the general Regulation, all the operations part-financed by the ERDF must come within the scope of the Structural Funds and comply with the rules on the eligibility of expenditure. They must equally be in conformity with other Community legislation and policies, including rules on competition.

1. Promotion of urban, rural and coastal development

Analysis of cross-border area.

Preparation of guidelines and joint planning for management of the area including the cross-border areas as an integrated geographical unit (including the prevention of natural and technological disasters).

Promotion of multi-sectoral frameworks for land use.

Planning and protection of cross-border areas, in particular sites of Community importance such as Natura 2000 sites.

— Urban development

Preparation of joint guidelines for the planning and management of areas between agglomerations close to borders, paying particular attention to the principles and guidelines of 'Sustainable urban development: a framework for action' (COM(98) 605 final).

Cooperation between urban and rural areas to promote sustainable development.

Renovation and development of historic urban centres using a joint cross-border strategy (excluding housing).

Planning of cross-border industrial areas.

— Rural development

Cross-border planning of agricultural land and other cross-border improvements to land tenure.

Diversification of activities to promote new employment opportunities or generate supplementary incomes for the rural population.

Cross-border rural development, principally through the marketing and promotion of quality products, the encouragement of tourist and craft activities, improvements to living conditions and the renovation and development of villages and preservation of the rural heritage; development and maintenance of certain protected cross-border areas.

Improvement, sustainable development and conservation of cross-border forestry resources and the extension of cross-border wooded areas, subject to compliance with Chapter VIII of the EAGGF Regulation on rural development (including the prevention of natural disasters in mountain areas).

— Coastal development

Preparation of joint guidelines for the planning and management of coastal areas.

Protection of the coastal environment through prevention, control, and the restoration of environmentally run-down areas, the removal of waste and the creation and/or joint use of resources and infrastructure (including for the treatment of waste water).

Protection of the quality of water resources on land and at sea in coastal areas.

2. Development of business spirit and small and medium-sized firms (SMEs), tourism and local development and employment initiatives (LDEI)*— Business spirit and SMEs*

Development of cross-border networks of economic relations between SMEs for the creation or development of commercial, professional or cross-border development organisations to improve cooperation, information, the transfer of management skills and technology and studies and market research.

Support and encouragement for the development of SMEs through investment aid.

Improving cross-border access to finance, credit and business services.

Development of appropriate cross-border financial instruments.

Operational expenditure by the organisations mentioned above may be part-financed only during a start-up phase not exceeding three years, and on a sliding scale.

— *Tourism*

Development of quality and environmentally friendly tourism (including farm tourism) through projects for investment, design and introduction of new tourist products (cultural tourism, environmental tourism) which create sustainable jobs.

Promotional measures, market studies and establishment of shared reservation systems.

— *Local development and employment initiatives (LDEI)*

Establishment of networks of neighbourhood services or services on other topics under the LDEI ⁽¹⁾.

3. Integration of the labour market and promotion of social inclusion

Creation and/or development of an integrated labour market on both sides of the border in accordance with the tasks of the ESF (Article 1 of the ESF Regulation), while taking due account of the obligation to help promote equal opportunities for men and women, and involving the social partners.

In the areas where there is a Eures cross-border partnership, particular attention will be paid to the implementation of operations complementary to or supportive of this partnership which help improve operation of the cross-border labour market. These operations will be defined in agreement with the Eures local partners.

Encouraging cooperation in vocational training, the mutual recognition of diplomas and systems for the transfer of pension rights.

Development of cross-border territorial pacts for employment.

Cross-border social integration.

4. Cooperation on research, technological development, education, culture, communications, health and civil protection

Encouraging cooperation between research, technology and development centres, in the areas of education (school, higher and university and vocational training), culture (including the media and sport), communications, health and civil protection through the creation and/or joint use of resources and institutions and facilities to promote employment and raise competitiveness in cross-border areas.

Improved access for the local population to cross-border facilities in these fields.

Investments in education and health which have a local and job-creating dimension.

Cultural events (exhibitions, festivals) are not eligible unless they generate lasting cooperation and employment. As a rule, therefore, one-off events cannot be financed. Regular events can be supported only during the start-up phase. The aspects supported will be mainly organisational rather than artistic (production, purchase of works, payments to artists).

The projects selected for co-financing through other Community financial instruments in these areas such as the framework programmes for research and technological development, Culture 2000, Media II, Socrates, Leonardo da Vinci, Tempus etc. are not eligible for assistance under this Initiative.

5. Protection of the environment, energy efficiency and renewable sources of energy

Protection of the environment through prevention (including natural and technological disasters), monitoring, the restoration of a run-down environment, the rational use of energy, recycling and waste disposal and the creation and/or joint use of resources and infrastructure (including waste-water treatment).

Efficient energy management, alternative and renewable sources of energy.

Management for tourism of natural sites straddling a border, in particular those of Community interest.

⁽¹⁾ A European strategy for encouraging local development and employment initiatives; Commission Communication COM(95) 273 (OJ C 265, 12.10.1995)

6. Basic infrastructure of cross-border importance

— *Improvements in transport*

Removing obstacles to public transport, particularly between towns near borders.

Promoting environmentally friendly means of transport including, in particular, alternative modes of transport (cycling, walking) with their respective infrastructure.

Eliminating bottlenecks (including at sea).

Connections to the trans-European networks; the completion of these networks in itself is eligible only in duly justified cases, and then only at external borders.

— *Improvements to other infrastructure*

Development and improvement of cross-border infrastructure.

Provision of cross-border facilities in telecommunications and water and energy systems.

Improvement of information and communication networks and services.

Operating costs for the actions described in point 6 are excluded.

7. Cooperation in the legal and administrative fields

Preparatory work (pilot projects, studies) to reduce the problems posed by the remaining obstacles to the single market under the 'Action plan for single market' (e.g. protection of consumers' rights, financial services, public procurement, regional aid) or by the existence of different legal systems (e.g. social security, taxation) and administrative systems (e.g. illicit trafficking, immigration and asylum, civil protection, creation of cross-border industrial areas).

Improving security at external borders, through joint training of the staff involved and better mutual information systems.

Projects selected for co-financing by other Community financial instruments in these fields such as Falcone, Grotius, Odysseus, Oisin, STOP, the Robert Schuman measure and the Council action plan adopted on 3 December 1998 are not eligible for assistance under this Initiative.

The normal administrative costs of the public administrations concerned are excluded.

8. Cooperation between citizens and institutions

Increased communication and cooperation between citizens, private or voluntary organisations and administrations and institutions to develop the relations and institutional basis underlying cross-border integration in border areas, and the introduction of general and targeted language training to that end to promote employment.

Creation of Funds with limited resources (Micro Project Facility) to implement small projects promoting cross-border integration of people (people-to-people type) whose management will be directly entrusted to the cross-border cooperation initiatives (e.g. the Euregios).

One-off events will not be eligible under these Funds unless they form part of a joint strategy for the development or improvement of cross-border integration.

8.a. Neighbourhood programme priority topics:

To promote sustainable economic and social development in the border areas,

To contribute to working together to address common challenges, in fields such as environment, public health, and the prevention of and fight against organised crime,

To ensure efficient and secure borders,

To promote local, people-to-people type actions.

9. Technical assistance

Studies and technical support for the preparation of cross-border strategies.

Technical support to establish cross-border partnerships through the creation or development of joint structures for implementation of the cross-border cooperation programme.

The contribution by the ERDF to technical assistance may be up to 100 % and will be reduced to take account of assistance already granted under Interreg I and II.

ANNEX III

STRAND B: ELIGIBLE AREAS

Programme	Member States	Eligible areas - (not necessarily all NUTS II areas)
WESTERN MEDITERRANEAN	Italy	Piedmont, Lombardy, Liguria, Tuscany, Umbria, Lazio, Campania, Sardinia, Basilicata, Calabria, Sicily, Valle d'Aosta, Emilia-Romagna
	Spain	Andalusia, Murcia, C. Valenciana, Catalonia, Balearic Islands, Aragon, Ceuta, Melilla
	France	Languedoc-Roussillon, Provence-Alpes-Côtes d'Azur, Rhône-Alpes, Corsica
	Portugal	Algarve, Alentejo
	United Kingdom	Gibraltar
	Malta	Whole country
	Greece	Whole country
ALPINE SPACE	Austria	Whole country
	Germany	Upper Bavaria and Schwabia (in Bavaria), Tübingen and Freiburg im Breisgau (in Baden-Württemberg)
	France	Rhône-Alpes, Provence-Alpes-Côte d'Azur, Franche-Comté, Alsace
	Slovenia	Whole country
	Italy	Lombardy, Friuli-Venezia Giulia, Veneto, Trentino-Alto Adige, Valle d'Aosta, Piedmont, Liguria
ATLANTIC AREA	Ireland	Whole country
	United Kingdom	Cumbria, Lancashire, Greater Manchester, Cheshire, Merseyside, Worcestershire and Warwickshire, Avon, Gloucestershire and Wiltshire, Dorset and Somerset, Cornwall and Devon, Staffordshire, Herefordshire, Shropshire, West Midlands, Clwyd, Dyfed, Gwynedd and Powys, Gwent, Mid-Glamorgan, South Glamorgan and West Glamorgan, Northern Ireland, Highlands and Islands, South Western Scotland
	France	Aquitaine, Poitou-Charentes, Loire Region, Brittany, Lower Normandy, Upper Normandy, Limousin, Centre, Midi-Pyrénées
	Spain	Galicia, Asturias, Cadiz, Canary Islands, Cantabria, Navarre, Basque Country, Seville, Rioja, Castilla-Léon, Huelva
	Portugal	Whole country
SOUTH-WEST EUROPE	Portugal	Whole country
	Spain	Whole country
	France	Midi-Pyrénées, Limousin, Auvergne, Aquitaine, Languedoc-Roussillon, Poitou-Charentes
	United Kingdom	Gibraltar

Programme	Member States	Eligible areas - (not necessarily all NUTS II areas)
NORTH-WEST EUROPE	France	Nord/Pas-de-Calais, Picardy, Upper Normandy, Île-de-France, Lower Normandy, Centre, Champagne-Ardenne, Lorraine, Burgundy, Alsace, Franche-Comté, Brittany, Loire Region
	Belgium	Whole country
	Netherlands	Overijssel, Gelderland, Flevoland, Utrecht, North Holland, South Holland, Zeeland, North-Brabant, Limburg
	Luxembourg	Whole country
	Germany	North Rhine-Westphalia, Hessen, Rheinland-Pfalz, Saarland, Baden-Württemberg, Schwabia, Unter-, Mittel- and Oberfranken (in Bavaria)
	United Kingdom	Whole country
	Ireland	Whole country
NORTH SEA AREA	United Kingdom	North-east Scotland, eastern Scotland, Highlands and Islands (except Comhairle Nan Eilean and Lochaber, Skye and Lochalsh and Argyll), Tees Valley and Durham, Northumberland and Tyne and Wear, Humberside, North Yorkshire, South Yorkshire, West Yorkshire, Derbyshire and Nottinghamshire, Lincolnshire, Leicestershire, Rutland and Northamptonshire, East Anglia, Essex.
	Netherlands	Friesland, Groningen, Drenthe, Overijssel, Flevoland, North Holland, South Holland, Zeeland
	Belgium	Antwerp, East Flanders, West Flanders
	Germany	Lower Saxony, Schleswig-Holstein, Hamburg, Bremen
	Denmark	Whole country
	Sweden	Västra Götalands, Hallands, Värmlands, Kronobergs län, Skåne län
BALTIC SEA AREA	Denmark	Whole country
	Sweden	Whole country
	Latvia	Whole country
	Lithuania	Whole country
	Estonia	Whole country
	Finland	Whole country
	Poland	Whole country
	Germany	Schleswig-Holstein, Mecklenburg-Pomerania, Berlin, Brandenburg, Bremen, Hamburg, Regierungsbezirk Lüneburg (in Lower Saxony)

Programme	Member States	Eligible areas - (not necessarily all NUTS II areas)
CADSES	Austria	Whole country
	Germany	Baden-Württemberg, Bayern, Saxony, Saxony-Anhalt, Berlin, Brandenburg, Thuringia, Mecklenburg-Pomerania
	Italy	Apulia, Molise, Abruzzo, Marche, Friuli-Venezia Giulia, Veneto, Emilia-Romagna, Lombardy, Trentino-Alto Adige, Umbria
	Czech Republic	Whole country
	Hungary	Whole country
	Poland	Whole country
	Slovakia	Whole country
	Slovenia	Whole country
	Greece	Whole country
NORTHERN PERIPHERY	Finland	All Objective 1 regions and adjacent areas in Pohjois-Pohjanmaa, Keski – Suomi and Keski-Pohjanmaa
	Sweden	All Objective 1 regions, adjacent coastal areas and Gävleborgs län
	United Kingdom	Scotland, with particular emphasis on the Highlands and Islands
ARCHIMED	Greece	Whole country
	Italy	Sicily, Calabria, Basilicata, Apulia, Campania
	Cyprus	Whole country
	Malta	Whole country
CARIBBEAN AREA	France	French Guiana, Guadeloupe, Martinique
AÇORES-MADEIRA-CANARIAS AREA	Portugal	Azores, Madeira
	Spain	Canary Islands
INDIAN OCEAN AREA	France	Réunion

ANNEX IV

STRAND B: PRIORITIES AND MEASURES

As indicated in the general Regulation, all operations co-financed by the Structural Funds must be in conformity with other Community legislation and policies, including rules of competition.

In the context of the promotion of harmonious, balanced and sustainable development, the measures of this strand will contribute to economic and social integration and to the development of the cooperation areas concerned.

1. Spatial development strategies including cooperation among cities and between rural and urban areas with a view to promoting polycentric and sustainable development

- Drawing up of spatial development perspectives for the transnational territory.
- Territorial impact assessment of policies and projects affecting the transnational territory.
- Development of cooperation between metropolitan areas and 'gateway cities' in order to develop larger zones of global economic integration, especially in the Community periphery.
- Development of strategic alliances and networking among small and medium-sized towns and cities, including measures to strengthen the role of smaller towns in the development of rural regions.
- Cooperation on research and development matters and access to innovation, especially with regard to city networks.
- Awareness raising on long-term spatial perspectives and to promote networking of planning and research institutions for developing joint observation and monitoring.

2. Development of efficient and sustainable transport systems and improved access to information society

- Improving access to national and transnational transport networks and hubs, especially through connections of the secondary networks; motorway and main road construction are excluded.
- Promoting inter-modality and modal shift towards more environmentally compatible transport modes, in particular maritime transport, inland waterway transport and rail transport as well as non-motorised modes of transport.
- Favours the use of information and communication technologies for developing networking and 'virtual' clustering especially for supporting joint business and marketing strategies and with a view to providing SMEs with better access to innovation, particularly technological innovation.
- Favours the use of information and communication technologies for improving public services, including the transfer of know-how and technologies amongst local administrations and the development of applications of public interest (education and training, health care, etc.)
- Development of telematic services and applications based on the possibilities offered by the information society of overcoming distances and promoting access to knowledge and innovation, in particular in sectors such as electronic commerce, training, research and teleworking.

3. Promotion of the environment and good management cultural heritage and of natural resources, in particular water resources

- Contributing to the further development of a European ecological network (Natura 2000), linking protected sites of regional, national, transnational and Community importance.
- Creative rehabilitation of cultural landscapes degraded by human activities, including areas threatened or degraded by agricultural abandonment, in the framework of integrated spatial development strategies.
- Innovative promotion of natural and cultural assets in rural regions as potential for development of sustainable tourism, in particular in sparsely populated areas.
- Promotion of cooperation for the protection and creative development of cultural heritage.
- Drawing up and implementing joint strategies and actions for risk management in areas prone to natural disasters.
- Drawing up and implementation of integrated strategies and actions for the prevention of flooding in transnational river-catchment areas.

- Drawing up and implementation of integrated strategies and actions relating to the transnational cooperation territory for the prevention of drought.
- Concerted management of coastal waters.
- Promotion of renewable energies.

4. Specific priorities

- Promotion of integrated cooperation of maritime regions and of insular regions. The cooperation may include bilateral cooperation actions.
- Promotion of integrated cooperation of ultraperipheral regions.
- Neighbourhood Programme priority topics:
 - to promote sustainable economic and social development in the border areas,
 - to contribute to working together to address common challenges, in fields such as environment, public health, and the prevention of and fight against organised crime,
 - to ensure efficient and secure borders,
 - to promote local, people-to-people type actions.

5. Technical assistance

Technical support for the establishment of transnational partnerships through the creation or development of joint structures for implementation of the transnational cooperation programme.

GENERAL STATEMENTS

As established in the Communication of 28 April 2000 (included here for completeness)

Statement of the Commission concerning the Italian regions and those of the third countries of the Adriatic

When the political conditions to encourage cooperation under Interreg III between the Italian regions and those of the third countries of the Adriatic are met, the Commission will examine the most suitable methods of encouraging this cooperation with the other cooperation instruments.

Statement of the Commission concerning the particular commitment taken by the European Council of Berlin

The Commission confirms that all the particular commitments taken by the European Council of Berlin relating to the Community Initiatives in favour of Austria and the Netherlands will be respected, in particular in the framework of Interreg III.

Statement of the Commission concerning cooperation between Interreg III and the Balkans

When the political conditions to encourage cooperation under Interreg III between those Member States most concerned, notably Austria, Greece and Italy, and those of third countries in the Balkans are met, the Commission will examine the most suitable methods of encouraging this cooperation with the other cooperation instruments.

STATEMENTS CONCERNING STRAND A

Statement by the Commission relating to Belfast

The Commission welcomes the positive results obtained under the Special Programme for Peace and Reconciliation in Northern Ireland and the border counties of Ireland and under the Northern Ireland-Ireland Interreg II A programme.

In order to ensure that the successes of these two programmes can be built upon in the future, the Commission considers that Belfast (both Outer Belfast and Belfast at Nuts III level) should participate in the new Interreg III strand A programme for 2000 to 2006 in the framework of the 20 % flexibility rule for adjacent areas – point 10 of the Interreg III guidelines.

Statement by the Commission relating to the application of Interreg III strand A on Belgium

In order to guarantee fruitful use of cross-border programmes with the Netherlands, the Federal Republic of Germany, the Grand Duchy of Luxemburg and France, the Commission considers that the arrondissements of Hasselt, Huy, Waremmes et Marche-en-Famenne should, as a priority, participate in the new Interreg III strand A programme for 2000 to 2006 in the framework of the 20 % flexibility rule for adjacent areas – point 10 of the Interreg III guidelines, taking account of, in particular, the necessary coherence of the projects presented under the programmes concerned.

STATEMENTS CONCERNING STRAND B**Statement by the Commission on cooperation in the Barents Sea area**

In the framework of the future Interreg III B transnational cooperation programme for the Baltic Sea area, the Commission takes particular note of the request expressed by Sweden and Finland to be able to develop a priority to further the cooperation of these two Member States with their neighbours (Norway and Russia) in the Barents Sea area.

Statement by the Commission on cooperation in the southern Baltic

The Commission considers that the cooperation currently supported under the Swebaltcop Article 10 project should continue under the new Interreg III Initiative. Given the nature of this cooperation, future activities should be organised within the framework of the strand B Baltic Sea programme. In case of difficulties concerning coordination between Interreg III and Phare the Commission is ready to examine other possibilities for encouraging this cooperation.

STATEMENTS ON CHAPTER VII**Statement of the Commission concerning the implementation of Chapter VII**

The automatic decommitment deadlines set out in Article 31(2) subparagraph 2, of the general Regulation, could be extended, on the basis of an examination on a case by case basis, to take account of the delays due to the decision-making procedures of the external financial instruments.

Statement of the Commission on Interreg III and Tacis

Being aware of the importance of the northern dimension and of the current difficulties in taking it into account within the framework of cooperation between the Interreg III Community Initiative and the Tacis instrument, the Commission declares its readiness to seek effective coordination and a consistency between Interreg III programmes and Tacis assistance through i.a. operational guidelines, in order to improve the conditions necessary for this cooperation, without prejudice to political conditions which could possibly be attached to the implementation of Tacis.

Statement of the Commission on Interreg III and MEDA

Being aware of the importance of the Mediterranean dimension and of the current difficulties in taking it into account within the framework of cooperation between the Interreg III Community Initiative and the MEDA instrument, the Commission declares its readiness to seek effective coordination and a consistency between Interreg III programmes and MEDA assistance through i.a. operational guidelines, in order to improve the conditions necessary for this cooperation.

Statement by the Commission on Espon

If the 15 Member States are prepared to present jointly a proposal for a cooperation network among the spatial development institutes (Espon), including a financial mechanism and in relation to the observation and analysis of spatial development tendencies in Europe, the Commission is disposed to co-finance this cooperation through the 'networks' budget heading provided for in point 53 of the Interreg III guidelines.

(THIS ANNEX REPLACES ANNEX A TO THE INTERREGIONAL COOPERATION COMMUNICATION)

ANNEX A

PROGRAMMING AREAS

Programme	Member States	Eligible areas
SOUTH ZONE	Italy	Piedmont, Lombardy, Liguria, Tuscany, Umbria, Lazio, Campania, Sardinia, Basilicata, Calabria, Sicily, Valle d'Aosta
	Greece	Eastern Greece, Peloponnese, North Aegean, South Aegean, Crete, Ionian Islands, western Greece, Attica
	Portugal	Whole country
	Spain	Whole country
	France	Midi-Pyrénées, Limousin, Auvergne, Aquitaine, Languedoc-Roussillon, Poitou-Charentes, Provence-Alpes-Côte d'Azur, Rhône-Alpes, Corsica, French Guiana, Guadeloupe, Martinique, Réunion
	United Kingdom	Gibraltar
	Cyprus	Whole country
	Malta	Whole country
WEST ZONE	France	Nord/Pas-de-Calais, Picardy, Upper Normandy, Île-de-France, Lower Normandy, Centre, Champagne-Ardenne, Lorraine, Burgundy, Alsace, Franche-Comté, Brittany, Loire Region
	Belgium	Whole country
	Netherlands	Whole country
	Luxembourg	Whole country
	Germany	North Rhine-Westphalia, Hessen, Rheinland-Pfalz, Saarland, Baden-Württemberg
	United Kingdom	Whole country (except Gibraltar)
	Ireland	Whole country
NORTH ZONE	Denmark	Whole country
	Germany	Lower Saxony, Schleswig-Holstein, Hamburg, Bremen, Mecklenburg-Pommerania
	Sweden	Whole country
	Finland	Whole country
	Estonia	Whole country
	Latvia	Whole country
	Lithuania	Whole country
	Poland	Zachodniopomorskie, Pomorskie, Warminsko-Mazurskie, Podlaskie, Kujawo-Pomorskie

Programme	Member States	Eligible areas
EAST ZONE	Austria	Whole country
	Germany	Bavaria, Saxony, Saxony-Anhalt, Berlin, Brandenburg, Thuringia,
	Italy	Friuli-Venezia Giulia, Veneto, Trentino-Alto Adige, Emilia-Romagna, Apulia, Molise, Abruzzo, Marche
	Greece	Eastern Macedonia, Thrace, western Macedonia, central Macedonia, Thessaly, Ipeiros
	Czech Republic	Whole country
	Hungary	Whole country
	Slovakia	Whole country
	Slovenia	Whole country
	Poland	Dolnośląskie, Lubelskie, Lubuskie, Łódzkie, Małopolskie, Mazowieckie, Opolskie, Podkarpackie, Śląskie, Świętokrzyskie, Wielkopolskie