How to efficiently use European structural funds for renewable energy and energy efficiency projects in Bulgaria, Cyprus, Czech Republic, Poland and Romania?

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"The Regions are essential in reaching ambitious goals in the energy sector through judicious Cohesion policy investment. [...] I see huge potential for creating sustainable jobs and growth through devising innovative technologies that help reduce our carbon footprint. The sooner regions act, the sooner they can benefit from a low-carbon lifestyle."

This quotation from Danuta Hübner, EU Commissioner for Regional Policy, shows how the European Commission is willing to strongly support projects in the energy sector in order to achieve the goals of the Lisbon and Gothenburg agenda and of the climate and energy package, adopted in January 2008.

During the new programming period 2007-2013, 450 operational programmes for Cohesion policy include € 9 billion investment for energy-related projects, € 4.8 billion for renewable energies and € 4.2 billion for energy efficiency and energy management measures. €63.8 billion can be added for support to Research and Development, partly dedicated to energy projects.

Besides this financial support, the European Commission will support Member States to reach their targets and to quicken programmes implementation in the energy sector. Sharing experiences and best practices is encouraged through the European initiative “Regions for economic change”.

For more information on the initiative “Regions for economic change”:
http://ec.europa.eu/regional_policy/cooperation/interregional/ecochange/index_en.cfm

Investments in the energy sector through the Cohesion policy also supports the objectives of the climate and energy package, which aims at reducing greenhouse gas emissions of 20%, increasing energetic efficiency of 20% and at reaching a proportion of 20% renewable energies in the total energy consumption in the EU and a proportion of 10% biofuels in the total vehicles’ consumption.

For more information on the initiatives of the European Commission in the sector of energy:
http://ec.europa.eu/energy/index_en.htm

In the new EU Member States, structural and cohesion funds play a central role in implementing the EU energy strategy and in promoting low energy intensity development models. The EU Action Plan for Energy Efficiency pays particular attention to "spur energy efficiency in the new Member States"; this statement is one of the 10 Action Plan priority actions.

Energy intensity (see Figure 1: Energy Intensity in the new member states) is very high in the 2004 and 2007 Member States in comparison with EU-15, especially in Bulgaria, Estonia and Slovakia. Consequently there is a high potential for energy savings in Central and Eastern Europe.

The Structural and cohesion Funds offer new possibilities for the new EU Member States to invest in energy efficiency and renewable energy projects. All operational programmes have been approved by the European Commission and in February 2008 statistics on the breakdown of cohesion contribution to renewable energies (RE) and energy efficiency (EE) by Member State have been published. Figure 2 shows the share of structural and cohesion funds (SCF) allocated to RE and EE per country and per type of RE.

Figure 1: Energy Intensity in the new member states

---

There is no common situation in the 2004 and 2007 member states, except that the percentage of investment in EE and RE from the SCF budget is rather low in all countries. All countries except Cyprus invest mostly in energy efficiency, cogeneration or demand-site management. Some countries invest a lot in solar energy such as Cyprus; other countries in Biomass such as Czech Republic, Latvia or Poland. Differences can be explained by the local specificities (sunshine rate or the agricultural resources for example) but also by political choice.

In order to reach the EU 20/20/20 targets, many new member states rely on SCF money to make the necessary investments. However these funds, ear-marked EE and RE, represent a high amount in absolute value (even if they represent a small amount of all SCF) and can only be tapped with proper management.

In this context, the Intelligent Energy for Europe project called "PromoSCene" aims at supporting SCF managing authorities particularly in Bulgaria, Cyprus, Czech Republic, Poland and Romania to increase the rate of energy investments by providing advice, tools and training. It also aims at improving the communication channels between the stakeholders of the energy sector and the structural funds actors.

Started in January 2007, the project runs until August 2009 and includes 11 partners, all main actors at the national level in the implementation of SCF for EE and RE: SenterNovem from the Netherlands as the coordinator, the Austrian Energy Agency, the French Environment and Energy Management Agency, the Center for Renewable Energy Sources from Greece, the German Energy Agency, the Polish National Energy Conservation Agency, the Energy Efficiency Center from Czech Republic, the Energy Efficiency Agency to the Bulgarian Minister of Economy and Energy, the Cyprus Institute of Energy, the Romanian Agency for Energy Conservation and the Institute of Power Studies and Design from Romania.

In the frame of this project, several information seminars have been taking place in Poland, Bulgaria, Romania, Czech Republic and Cyprus in order to raise awareness about the critical need for energy investment, and to identify barriers and challenges managing authorities meet while promoting investments in this field.

The goal of the following guide is to provide to managing authorities of new EU Member States information on the efficient use of structural and cohesion funds in the field of energy. It answers questions such as “In which programmes can managing authorities find measures for EE and RE?” or “How to monitor projects during their implementation and how to evaluate them?” or “How to use State Aids?”

This guide’s intent is to answer these practical questions and gives lessons learnt and examples of best practices from experienced member states.

The guide starts with a summary of the priorities of SCF operational programmes taking EE and RE into consideration in Poland, Bulgaria, Romania, Czech Republic and Cyprus, and the available amount for financial support. After having identified the priorities, recommendations during projects’ lifecycle and especially methodological tools (general management, selection, promotion) with concrete examples are suggested. Before concluding, three best practices projects are analysed.

![Figure 2 : Share of SCF budget allocated to RE and EE NMS (2007-2013)](image-url)
Part 1: Possibilities for financing energy-related projects under the Structural Funds for 2007-2013

1.1 Available structural and cohesion funds for 2007-2013

The structural and cohesion funds, mostly used at a regional and local level, support economic growth, employment, innovation, research, sustainable development, accessibility, information and communication technologies, culture and tourism. They also finance EE and RE investments in order to promote sustainable development and fight against climate change.

Approximately € 347 billion are available for EU member states between 2007 and 2013 to achieve the goals of the EU Cohesion Policy. Three objectives were set (see Figure 3: Structural and Cohesion funds allocation by objective) and three funds finance these objectives:

• European Fund for Regional Development (ERDF),
• European Social Fund (ESF)
• Cohesion Fund (CF)

![Allocation by objective](image)

Source: European Commission, DG Regional Policy, National Strategic Frameworks 2007-2013, page 5:

For the target countries of PromoSCene (Bulgaria, Cyprus, Czech Republic, Poland and Romania), € 112.137 billion of CSF will be invested during the 2007-2013 period. The table below mentions the amounts of available funding regarding the objective and the funds per country.
<table>
<thead>
<tr>
<th>Country</th>
<th>Cohesion Fund</th>
<th>Convergence</th>
<th>Phasing-out</th>
<th>Phasing-in</th>
<th>Regional Competitiveness and Employment</th>
<th>European Territorial Cooperation</th>
<th>Total</th>
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</table>

Source: European Commission, DG Regional Policy, National Strategic Frameworks 2007-2013, page 5
Figure 4: SCF indicative allocation by member state for period 2007-2013
The Operational programmes (OPs) are the implementation tools of the Cohesion Policy and are managed by the so-called Managing Authorities. There are three different types of operational programmes:

- **Sectoral OPs**: they are sectoral and concern territories all over the country, usually managed at the national level.
- **Regional OPs**: they are based on specific regional priorities and are geographically limited to local and regional projects.
- **OPs for territorial cooperation**: priorities and funding opportunities of these programmes are exclusively available for cross-border, transnational and interregional spaces.

Each operational programme has a specific managing authority. In Austria, for example, the Austrian Conference on Spatial Planning (ÖROK) ensures the coordination of the Objectives “Convergence” and “Regional Competitiveness and Employment”. But for all programmes with environmental objectives, the managing authority is the Kommunalkredit Public Consulting (KPC). Other countries have a different approach in managing the funds; this is explained in the next section.

Each country also chooses which institutions (national or regional) will endorse the roles of coordinating managing and paying authorities. For example, in Greece, the managing authority is the Department of Development Planning belonging within the Hellenic Ministry of Economy and Finance. A special payment service has been set up at the Ministry of Economy and Finance. And in Romania, the Ministry of Public Finance is the managing authority at a national level and coordinates all operational programmes with the European Commission. The same Ministry is certifying and paying authority.

A. Management approach of the funds for selected member states

All member states manage Structural and Cohesion Funds through various Sectoral and Regional Operational Programmes (OPs). The Managing Authority (MA) of each of these programmes therefore plays a key role in coordinating all actions across government and beyond.

The programming approach varies from country to country. Generally, there are three types of programming approaches that have been used in the past by the old member states in handling EU Structural and Cohesion Funds (EU SCF). These are the following:

1. **Central approach** - whereby the activities and funding initiatives are coordinated centrally (i.e. through the Ministries)
2. **Hybrid approach** – whereby the activities and funding initiatives are coordinated centrally (i.e. through the Ministries) but there is a certain degree of decentralisation also (i.e. Regional authorities)
3. **Regional approach** - whereby the activities and funding initiatives are coordinated regionally (i.e. Prefectures, Regions, and Municipalities etc.)

The PromoScene project shows that new member states all seem to have implemented a central approach, whilst the older member states have implemented hybrid approaches with Austria being the only exception, having implemented a regional approach. It is quite evident that, although many of the schemes are very similar, each national scheme is unique and suited its particular country needs and requirements. Furthermore, it is also quite evident that similar types of approaches (i.e. central, hybrid or regional) are undertaken by countries with similar experiences in the handling of such funds. All approaches have their own advantages, depending on strengths and performance of the governmental system.

<table>
<thead>
<tr>
<th>Implemented Programming Schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
</tr>
<tr>
<td>Czech Republic</td>
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<td>Bulgaria</td>
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<td>Romania</td>
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<tr>
<td>Poland</td>
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<tr>
<td>Cyprus</td>
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</tbody>
</table>
As a general rule, it is vital to locate the MAs of Operational Programmes in line with the position in the national hierarchy and the existing administrative structures. As these are different in each of the countries studied, it is logical that there is variety in the number of OPs and the balance between Sectored and Regional Operational Programmes. For example, a federal country such as Germany attaches more weight to Regional Programmes than a more centralized country such as Cyprus. At the level of Managing Authorities, a smaller number of OPs clearly lead to fewer requirements.

Below are the management approaches for the countries within the PromoSCene consortium.

**a) Greece**

Greece has opted for a **hybrid approach** to the handling of the EU SCF.

The Ministry of Economy acts as the central coordinator of the whole scheme and a Managing Authority is appointed within the Ministry of Economy, staffed by employees of the Ministry.

The nationwide Sectoral Operational Programmes (SOP) are handled and implemented by the various Ministries in whose jurisdiction the SOP lies. Managing authorities are appointed within each Ministry, staffed by employees of the Ministry. In many of the SOP, Intermediate Bodies (IB) are also appointed for the implementation of the projects. The IB are either regional agencies or agencies with significant sectoral expertise.

The Regional Operational Programmes (ROP) are handled and implemented by the Regions in whose jurisdiction the ROP lies. Managing authorities are appointed within each Region, staffed by employees of the Region.

**b) France**

France has opted for a **hybrid approach** to the handling of the EU SCF.

The State acts as the central coordinator of the whole scheme with an appointed central Managing Authority. However, there is a regional organisation for the financing of the individual projects as there are delegated regional managing authorities.

The OP are negotiated between the State and the Commission with the support of the DIACT (Délégation interministérielle à l’aménagement et à la compétitivité des territoires) in France. The regions are closely involved in the process through the Framework plan State-Regions.

The management of the SF is delegated to the regional branch of the State (SGAR - secrétariats généraux pour les affaires régionales – in Prefectures), except in one experimental region, Alsace, where the Regional Council is fully in charge.

In some cases, for example energy, the authority can be delegated to intermediate bodies with a wide range of delegation (From projects’ instruction only to full delegation including payments). This delegation is done at a regional level.

**c) Poland**

Poland has opted for a **central approach** to the handling of the EU SCF.

The Ministry of Regional Development acts as the central coordinator of the whole scheme and a Managing Authority is appointed within it, staffed by employees of the Ministry.

Intermediate Bodies are appointed for the implementation of the projects within the framework of the ROP and SOP. The IBs are the Ministries under whose jurisdiction the Operational Programmes lay.

**d) Czech Republic**

The Czech Republic has opted for a **central approach** to the handling of the EU SCF.

The Ministry of Regional Development acts as the central coordinator of the whole scheme and a Managing Authority is appointed within it, staffed by employees of the Ministry.

The nationwide Operational Programmes (SOP) are handled and implemented by the various Ministries in whose jurisdiction the SOP lays. Managing authorities are appointed within each Ministry, staffed by employees of the Ministry.

**e) Germany**

Germany has opted for a **hybrid approach** to the handling of the EU SCF.

Due to Germany’s federal structure, the German Ministry of Economy and Technology acts as the central coordinator of the whole scheme.

However, the Operational Programmes (OP) are handled and implemented independently by each State and the central coordinating role is undertaken by the Ministry of Economy of each State (a Managing Authority is appointed within it, staffed by employees of the Ministry). The implementation tasks of each OP in each State are delegated to the Ministries in whose jurisdiction the OP belongs.
f) Austria
Austria has opted for a **regional approach** to the handling of the EU SCF. In Austria for each ROP a regional managing authority is appointed which is responsible for the efficiency and regularity of the management and implementation of the programme. These regional managing authorities are usually offices of the regional governments. The Ministry of Economic Affairs and Labour is responsible for measures concerning the labour market (national ESF programme).


g) Bulgaria
Bulgaria has opted for a **central approach** to the handling of the EU SCF. The Ministry of Finance acts as the central coordinator of the whole scheme. The nationwide Sectoral Operational Programmes (SOP) are handled and implemented by the various Ministries in whose jurisdiction the SOP lies. Managing authorities are appointed within each Ministry, staffed by employees of the Ministry. In many of the SOP, Intermediate Bodies (IB) are also appointed for the implementation of the projects. The implementing bodies are either a directorate within the same ministry or executive agency to the same ministry with significant sectoral expertise and regional offices.


h) Romania
Romania has opted for a **central approach** to the handling of the EU SCF. An appointed National Committee acts as the central coordinator of the whole scheme and a Managing Authority for European Support is appointed to carry out the necessary tasks. The nationwide Sectoral Operational Programmes (SOP) are handled and implemented by Intermediate Bodies (IB) that is either regional agencies or agencies with significant sectoral expertise.


i) Netherlands
The Netherlands have opted for a **hybrid approach** to the handling of the EU SCF. The SOP and ROP are coordinated by the Ministries in whose jurisdiction the SOP lays. However, the appointed Managing Authorities consist of delegated Provinces, Cooperations, Foundation and Municipalities. Coordination at a national level is done by the Ministry of Economic Affairs.


j) Cyprus
In Cyprus there is only one fund manager authority for the EU funds that is the Planning Bureau of the Ministry of Finance. The Planning Bureau allocates the structural funds accordingly to the project suggestions of the Ministries. The Energy Service of the Ministry of Commerce Industry and Tourism is responsible for the regulation of the implementation of the projects related to Energy Efficiency and Renewable Energy Sources that will be co-financed from the Structural Funds. The Structural Funds for energy related investments are available only to public organizations and companies owned by the public sector.

### B. Operational Programmes of target countries:
**Bulgaria, Cyprus, Czech Republic, Poland and Romania**

All operational programmes within the Territorial Cooperation Objective for the five target countries are listed below:

1. **CROSS BORDER COOPERATION**
   - **Bulgaria**
     - Operational Programme ‘Romania-Bulgaria’
   - **Cyprus**
     - Operational Programme ‘Mediterranean Programme’
   - **Czech Republic**
     - Operational Programme ‘Poland - Czech Republic’
     - Operational Programme ‘Germany (Saxony) - Czech Republic’
     - Operational Programme ‘Austria - Czech Republic’
     - Operational Programme ‘Slovakia - Czech Republic’
     - Operational Programme ‘Czech Republic - Germany’
   - **Poland**
     - Operational Programme ‘Poland - Czech Republic’
     - Operational Programme ‘Poland - Germany’


Operational Programme ‘Poland - Slovakia’
Operational Programme ‘Poland - Germany’
Operational Programme ‘Lithuania - Poland’
Operational Programme ‘Poland - Germany (Saxony)’
Operational Programme ‘South Baltic’
Operational Programme ‘Baltic Sea’

**Romania**
Operational Programme Romania – Bulgaria
Operational Programme Hungary – Romania
Operational Programme Romania – Serbia
Operational Programme Romania – Ukraine – Republic of Moldova
Operational Programme Blak See

### 2. TRANSNATIONAL COOPERATION

**Bulgaria**
Operational Programme ‘South East Europe (SEE)’

**Czech Republic**
Operational Programme ‘Central Europe’

**Poland**
Operational Programme ‘Central Europe’

**Romania**
Operational Programme South-East Europe (SEE)
Operational Programme Hungary – Slovakia – Romania – Ukraine

### 3. INTERREGIONAL COOPERATION

INTERREG IVC
URBACT II
ESPON 2013
INTERACT

All breakdowns by themes and available funds are available at the end of this guide.

At the regional level, several ERDF operational programmes under the 2007-2013 structural funds offer opportunities for RE and EE activities. This is the topic of the next section.

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**Sustainable Energy priorities in Operational Programmes of the target countries**

Some of the target countries already dealt with the managing structural funds during the former programming period.

For example, the Czech Republic experienced energy-oriented projects with structural funds during the previous programming period. Structural funds were allocated to the Czech Republic at its entrance in the EU (2004-2006). **Renewable energy projects** could be subsidised through the OP «Industry and enterprises». Beneficiaries were mostly small and medium sized enterprises in processing industry. However, projects dealing with energy crops or alternative fuels for transportation were not eligible.

Support to heat and power production, **renewable energy sources and low emission combustion technologies** were eligible to the OP «Infrastructure». Beneficiaries were mainly the public sector and NGOs. Between 2004 and 2006, CZK 1 270 million (about € 45 million) were invested for energy efficiency projects. Nevertheless it is not a big share regarding the total amount for all 2004-2006 OPs in Czech Republic (€ 1 454 million).

In the new programming period, there are also numerous possibilities for EE and RE projects in the OPs of structural and cohesion funds the target countries. The table below shows which programmes contain direct and indirect priorities on EE and RE and the total amount available for these projects. The tables are focusing on both national and European cooperation programmes.

---

1. European Commission, DG Regional Policy, National Strategic Frameworks 2007-2013, pages 17, 19, 43, 60 and 65:
2. http://www.inforse.dk/europe/EU_SF_eval_2004-06.htm#SFEval
3. Average exchange rate in 2006 according to the Czech National Bank: 28.343 CZK per €
<table>
<thead>
<tr>
<th>Priority</th>
<th>Details: measures or examples of projects</th>
<th>European Funds for 2007-2013 (€) for the priority</th>
<th>National Funds for 2007-2013 (€) for the priority</th>
<th>Total in € for 2007-2013 for the priority</th>
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</thead>
<tbody>
<tr>
<td>Bulgaria: OP Environment</td>
<td>Construction of installations for recovery of the emitted gas emissions (methane) from the municipal waste landfills, for the production of electricity.</td>
<td>311 732 038</td>
<td>55 011 536</td>
<td>366 743 574</td>
</tr>
<tr>
<td>Bulgaria: OP Development of the Competitiveness of the Bulgarian Economy</td>
<td>- Introducing energy-saving technologies in enterprises - Introduction of renewable energy sources satisfying the needs of the enterprises</td>
<td>504 762 113</td>
<td>89 075 667</td>
<td>593 837 780</td>
</tr>
<tr>
<td>Bulgaria: OP Regional Development: Energy related measures are horizontally included into separate projects</td>
<td>Energy consumption audits and energy measures for all projects related to public institutions and housing (thermal insulation, replacement of woodwork, alternative energy resources...)</td>
<td>713 207 777</td>
<td>125 860 196</td>
<td>839 067 973</td>
</tr>
<tr>
<td>Czech Republic: OP Environment</td>
<td>Renewable source of energy: - Building new district heating systems with biomass boiler houses, biomass boilers, solar energy systems for preparing hot water, heat pumps - Support the increase of electricity production from RES (wind, hydro, photovoltaic) - Combine production of heat and electricity from RES (ORC, biogas plants with cogeneration) Energy savings: - Problem for energy savings in public buildings (public health buildings, school buildings, town halls...)</td>
<td>672 971 287</td>
<td>118 759 639</td>
<td>791 730 926</td>
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Cohesion Fund
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<th>Priority</th>
<th>Details: measures or examples of projects</th>
<th>European Funds for 2007-2013 (€) for the priority</th>
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<th>Total in € for 2007-2013 for the priority</th>
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<tr>
<td><strong>NATIONAL PROGRAMMES: EUROPEAN FUND FOR REGIONAL DEVELOPMENT (ERDF)</strong></td>
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<tr>
<td><strong>Czech Republic: OP Enterprise and Innovation</strong></td>
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</table>
| Priority 3: Effective energy: ECO-ENERGY (already 2 calls of proposals) | - Energy savings and utilisation of secondary energy sources  
- Increase efficiency by energy production, transmission and consumption  
- Production of electricity and heat from renewable energy sources (RES) except for wind and photovoltaic power plant technology  
- Heating from RES | 121 652 502 | 21 468 089 | 143 120 591* |
| **Cyprus: OP Sustainable Development and Competitiveness** | | | | |
| Priority Axis 1: Basic Infrastructure in the Environment and in the energy sectors: Waste treatment | - Creation of facilities for the complete management of solid household waste and creation of transit stations (Sanitary Landfills).  
- Upgrading of existing waste dumping sites.  
- Creation of infrastructure for the collection and management of hazardous waste and use of new technologies for their safe collection, transfer, handling and storage.  
- Construction of pipes for the collection and transfer of waste, construction of pumping stations and waste treatment stations, tanks for storing processed water, central water distribution pipes. | 162 095 000 | 28 599 850 | 190 700 000 |
| Priority Axis 1: Basic Infrastructure in the Environment and in the energy sectors: Increase the contribution of renewable energy sources to the energy balance in Cyprus | - Installation of solar heating and cooling systems in public buildings.  
- Installation of photovoltaic systems in public buildings, schools and army bases.  
- Development of solar consecrated power station for the production of electricity and desalinated water | | | |
| **Poland: OP Infrastructure and Environment** | | | | |
| Priority line 9: Environment-friendly infrastructure and energy efficiency | - Highly efficient energy generation  
- Efficient energy distribution  
- Thermo modernisation of public utility buildings  
- RES generation  
- Bio fuel energy generation  
- Power grid for RES | 748 037 701  
Cohesion Fund | 655 009 248 | 1 403 046 949 |

* This is the original budget. The current budget is twice as high.
### Part 1

#### NATIONAL PROGRAMMES: EUROPEAN FUND FOR REGIONAL DEVELOPMENT (ERDF)

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<tr>
<th>Priority</th>
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<th>Total in € for 2007-2013 for the priority</th>
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<tr>
<td><strong>Poland: OP Infrastructure and Environment</strong></td>
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</table>
| Priority line 10: Energy security and sources diversification | - Development of new and expansion of existing transfer networks concerning electric energy, natural gas and crude oil  
- Investments concerning the construction of technical facilities and equipment ensuring the proper functioning of transfer systems and underground natural gas storage areas.  
- RES Industry | 974 280 000 | 718 931 765 | 1 693 211 765 |
| **Romania: SOP Environment** | | | | |
| Priority Axis 3: Reduction of pollution and mitigation of climate change by restructuring and renovating urban heating systems towards energy efficiency targets in the identified local environmental hotspots | - Reduction of the negative impact on the environment and human health in those urban agglomerations that suffer most from pollution by old urban heating systems  
- Promote the efficient use of the non-renewable energy sources and, where possible, the use of renewable or less polluting sources of energy for urban heating plants. | 229 268 644 (Cohesion Fund) | 229 268 644 | 458 537 288 |
| Priority Axis 2: Development of integrated waste management systems and rehabilitation of historically contaminated sites  
Key Area of Intervention 1 - Development of integrated waste management systems and extension of waste management infrastructure | - Increase the population covered by municipal waste collection and management services of adequate quality and at affordable tariffs  
- Reduce the quantity of landfilled waste  
- Increase the quantity of recycled and reused waste  
- Set up efficient waste management structures  
- Reduce the number of historically contaminated sites | 934 223 079 | 233 555 770 | 1 167 778 849 |
| **Romania: SOP Increase of Economic Competitiveness** | | | | |
| Priority Axis 1 – An innovative and eco-efficient productive system  
Key Area of Intervention 1: Productive and environment friendly investments and preparation for market competition, especially of SMEs  
Key Area of Intervention 2: Access to finance for SMEs  
Key Area of Intervention 3: Sustainable entrepreneurship development | - Support for strengthening and upgrading the productive sector by tangible and intangible investments  
- Support for the implementation of international standards  
- Support to access to new markets and internationalization  
- Sustainable entrepreneurship development  
- Development of business support structures of national and international dimension  
- Support for enterprises’ integration in supplier chains and clusters | 928 651 290 | 145 558 815 | 1 074 210 105 |
### NATIONAL PROGRAMMES: EUROPEAN FUND FOR REGIONAL DEVELOPMENT (ERDF)

#### Romania: SOP Increase of Economic Competitiveness

#### Priority Axis 2 – Research, Technological Development and Innovation for Competitiveness:
1. **Key Area of Intervention 1:** R&D partnerships between universities/research institutes, and enterprises for generating results directly applicable in economy
   - Join R&D projects between knowledge institutes and enterprises,
   - Development of R&D infrastructure in enterprises and creation of new R&D jobs
   - Promoting innovation in enterprises
   - Support for high-tech start-ups and spin-offs
   - Development of R&D infrastructure in enterprises and creation of new R&D jobs
   - Promoting innovation in enterprises

#### Priority Axis 4: Increasing energy efficiency and security of supply, in the context of combating climate change:
1. **Key Area of Intervention 1:** Efficient and sustainable energy (improving energy efficiency and environmental sustainability of the energy system)
2. **Key Area of Intervention 2:** Valoration of renewable energy sources (RES) for producing green energy
3. **Key Area of Intervention 3:** Diversification of interconnection networks in view of strengthening security of energy supply
4. **Key Area of Intervention 4:** Increasing energy efficiency and security of supply, in the context of combating climate change:
   - Supporting investment in installations, equipment for industrial operators, in order to improve energy efficiency leading to energy savings.
   - Supporting investments in upgrading and building new power and heating production capacities by valorisation of renewable energy sources: biomass, micro hydro, solar, wind, geothermal, bio fuels and other renewable resources.
   - Supporting investments for interconnecting the national electricity and natural gas transport networks to European networks

<table>
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<tr>
<th>Priority Axis</th>
<th>Details: measures or examples of projects</th>
<th>European Funds for 2007-2013 (€) for the priority</th>
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<th>Total in € for 2007-2013 for the priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Axis 2</td>
<td>- Join R&amp;D projects between knowledge institutes and enterprises, - Support for high-tech start-ups and spin-offs - Development of R&amp;D infrastructure in enterprises and creation of new R&amp;D jobs - Promoting innovation in enterprises</td>
<td>536 395 116</td>
<td>109 864 060</td>
<td>646 258 176</td>
</tr>
<tr>
<td>Priority Axis 4</td>
<td>- Supporting investment in installations, equipment for industrial operators, in order to improve energy efficiency leading to energy savings. - Supporting investments in upgrading and building new power and heating production capacities by valorisation of renewable energy sources: biomass, micro hydro, solar, wind, geothermal, bio fuels and other renewable resources. - Supporting investments for interconnecting the national electricity and natural gas transport networks to European networks</td>
<td>638 475 369</td>
<td>87 064 824</td>
<td>725 540 193</td>
</tr>
<tr>
<td>Priority</td>
<td>Details: measures or examples of projects</td>
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</table>
| Priority Axis 1 – Modernization and development of TEN-T priority axes aiming at sustainable transport system integrated with EU transport networks | - construction of new motorways and construction of bypasses for cities located on, or adjacent to TEN-T priority axis 7.  
- completing the construction of the motorway on the northern branch of TEN-T Priority axis 7  
- rehabilitating/upgrading/modernizing TEN-T Priority axis 22  
- increase the competitiveness of inland waterway transport and increase its share against road and rail. | 3 276 605 085 | 578 269 513 | 3 854 874 598 |
| Romania: SOP-Transport | | | | |
| Priority Axis 2 – Modernization and development of national transport infrastructure outside the TEN-T priority axes aiming at sustainable national transport system | - increase passenger and freight traffic with higher degree of safety, speed and quality of service including rail inter-operability  
- modernization and development of national road infrastructure sections that are located outside the TEN-T priority axes.  
- improve inter-regional accessibility and enhance regional development in Romania by facilitating the movement and therefore promoting the use of locally available supplies and raw materials to industrialized regions  
- achieving rail inter-operability on the national rail infrastructure outside TEN-T priority axes  
modernization and development of Danube and Black Sea ports, with a view to increasing efficiency and attractiveness for users and raising traffic for this transport mode | 967 662 078 | 429 647 576 | 1 397 309 654 |
<table>
<thead>
<tr>
<th>Priority</th>
<th>Details: measures or examples of projects</th>
<th>European Funds for 2007-2013 (€) for the priority</th>
<th>National Funds for 2007-2013 (€) for the priority</th>
<th>Total in € for 2007-2013 for the priority</th>
</tr>
</thead>
</table>
| Priority Axis 3 – Modernization of transport sector aiming at higher degree of environmental protection, human health and passenger safety | - promote intermodal transport and will implement projects to facilitate modal shift for freight, principally from road to rail/road or waterway/road.  
- ensuring implementation of European standards of safety and security across all transport modes including intermodal.  
- introduction of efficient nonpolluting/environment-friendly transport infrastructure initiatives, with European standards and requirements across all transport modes including inter-modal activities and in observance to the Kyoto Agreement. | 229 640 833 | 93 254 972 | 322 895 805 |
| **Romania: SOP-Transport** | | | | |
| Priority Axis 1: Support to the sustainable development of urban growth poles | - Rehabilitation of the urban infrastructure and improvement of urban services, including urban transport  
- Development of sustainable business environment  
- Rehabilitation of social infrastructure, including social housing and improvement of social services | 1 117 806 529 | 273 365 256 | 1 391 171 785 |
| **Romania: ROP** | | | | |
| Priority Axis 2: Improvement of regional and local transport infrastructure | - Rehabilitation and modernization of the county road network  
- Rehabilitation and modernization of the urban streets network  
- Construction/ rehabilitation/ modernization of ring roads (with county road status) in order to eliminate the road bottlenecks and to ensure the safe crossing of localities | 758 355 021 | 118 355 985 | 876 711 006 |
### Part 1

#### Priority Axis 4: Strengthening the regional and local business environment

**Key Area of Intervention 1:** Development of sustainable business support structures of regional and local importance

**Key Area of Intervention 2:** Rehabilitation of unused polluted industrial sites and preparation for new activities

**Key Area of Intervention 3:** Support the development of micro-enterprises

#### Priority Axis 5: Sustainable development and promotion of tourism

**Key Area of Intervention 1:** Restoration and sustainable valorization of cultural heritage and setting up/modernization of related infrastructure

**Key Area of Intervention 2:** Creation, development, modernization of the tourism infrastructure for sustainable valorization of natural resources and for increasing the quality of tourism services

<table>
<thead>
<tr>
<th>Priority</th>
<th>Details: measures or examples of projects</th>
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<th>Total in € for 2007-2013 for the priority</th>
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<tbody>
<tr>
<td><strong>Romania: ROP</strong></td>
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<tr>
<td>Priority Axis 4: Strengthening the regional and local business environment</td>
<td>- Construction/rehabilitation/extension of buildings only for productive and services activities; - Rehabilitation/extension of the internal road system inside the location and also the access roads; - Set up/rehabilitation/modernization/extension of the basic utilities (water, sewage, natural gas and electricity networks); - Extension of the BSS (waste removal, cleaning, etc); - Cleaning of the unused polluted industrial sites and land improvement; - Other related activities needed for rehabilitation of the unused polluted industrial sites and preparation for new economic activities.</td>
<td>633 423 700</td>
<td>76 471 117</td>
<td>709 894 817</td>
</tr>
<tr>
<td><strong>Priority Axis 5:</strong> Sustainable development and promotion of tourism</td>
<td>- Restoring, protecting and conserving world cultural heritage and related infrastructure; - Restoring, protecting and conserving national cultural patrimony and related infrastructure, with an important tourist potential in order to introduce them in tourist circuits; - Restoring, protecting and conserving the urban cultural patrimony</td>
<td>558 903 264</td>
<td>57 862 924</td>
<td>616 766 188</td>
</tr>
</tbody>
</table>

#### Transnational Cooperation (3rd objective of the ERDF)

**Central Europe**

**Austria, Czech Republic, Germany, Italy, Hungary, Poland, Slovenia and Slovakia**

**Priority 3:** Using our environment responsibly

Provide funding for projects in the field of risk management and prevention, management of resources, energy efficiency...

<table>
<thead>
<tr>
<th>Details: measures or examples of projects</th>
<th>European Funds for 2007-2013 (€) for the priority</th>
<th>National Funds for 2007-2013 (€) for the priority</th>
<th>Total in € for 2007-2013 for the priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide funding for projects in the field of risk management and prevention, management of resources, energy efficiency...</td>
<td>63 962 879</td>
<td>13 100 831</td>
<td>77 063 710</td>
</tr>
<tr>
<td>Priority</td>
<td>Details: measures or examples of projects</td>
<td>European Funds for 2007-2013 (€) for the priority</td>
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<tr>
<td><strong>TRANSNATIONAL COOPERATION (3rd objective of the ERDF)</strong></td>
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<tr>
<td><strong>South East Europe</strong></td>
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<tr>
<td>Albania, Austria, Bosnia Herzegovina, Bulgaria, Croatia, F.Y.R.O.M., Greece, Hungary, Italy, Moldova, Montenegro, Romania, Serbia, Slovakia, Slovenia, Ukraine</td>
<td>Priority 2: Protection and improvement of the environment</td>
<td>Water management, flood prevention and management, the prevention of environmental risks, the management of natural resources and the promotion of resources and energy efficiency.</td>
<td>53 739 828</td>
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<tr>
<td><strong>Mediterranean Space</strong></td>
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<tr>
<td></td>
<td>Priority 2: Environmental protection and promotion of sustainable territorial development</td>
<td>Objective 2.2: Promotion of renewable energy and improvement of energy efficiency</td>
<td>65 685 053</td>
</tr>
<tr>
<td><strong>CROSS BORDER COOPERATION AT EU INTERNAL BORDERS (3rd objective of the ERDF)</strong></td>
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<tr>
<td><strong>Austria-Czech Republic</strong></td>
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<tr>
<td></td>
<td>Priority 2: Regional Accessibility and Sustainable Development</td>
<td>Improve accessibility in the region, enhance risk prevention, develop/manage natural areas, natural heritage and alternative energy use, and improve institutional cooperation structures</td>
<td>53 513 186</td>
</tr>
<tr>
<td><strong>Romania-Bulgaria</strong></td>
<td></td>
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<tr>
<td></td>
<td>Priority axis 2: Environment - Sustainable use and protection of natural resources and environment and promotion of efficient risk management in the cross-border area</td>
<td>- Cooperation between the existing institutional frameworks (e.g. environment protection agencies, administrations of the protected areas) for the maintenance of the sustainability of ecosystems and protection of the shared natural environment, a cross-border integrated approach and networking; - Joint development and promotion of tools and techniques to promote sustainable resource use; - Joint studies on climate change impacts on the area and joint action plans for reducing these impacts; - Joint studies related to the increase of the energy efficiency and of the use of renewable energies; - Support to establishment of area environmental (including greenhouse gas emissions) monitoring centres and laboratories, and facilitating cooperation between existing agencies and institutions in the cross-border area; - Joint research studies, inventories, data collection, information and know how exchange on cross-border area’s natural resources protection</td>
<td>76 238 315</td>
</tr>
<tr>
<td>Priority</td>
<td>Details: measures or examples of projects</td>
<td>European Funds for 2007-2013 (€) for the priority</td>
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<tr>
<td>CROSS BORDER COOPERATION AT EU INTERNAL BORDERS (3rd objective of the ERDF)</td>
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<tr>
<td>Hungary-Romania</td>
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</tbody>
</table>
| Priority Axis 1: Improve the key conditions of joint, sustainable development of the cooperation area (Improvement of cross-border transport, communication and environmental protection) | - Improved transport infrastructure to facilitate better access within the border area.  
- Common natural resources efficiently used, natural values protected in the border area. | 114 482 217 | 20 202 744 | 134 684 961 |
| Key Area of Intervention 1: Improvement of cross-border transport facilities | | | | |
| Key Area of Intervention 3: Protection of the environment | | | | |
| TRANSNATIONAL COOPERATION AT EU EXTERNAL BORDERS (ENPI CBC) | | | | |
| Romania-Ukraine-Moldova | | | | |
| Priority 1: Towards a more competitive border economy | - Closing the gaps in the energy grid networks in the border areas  
- Provision of local renewable energy schemes (biomass, solar and wind energy, bio-energy).  
- Best practice transfer in the energy sector: study trips across the border, common planning and trainings  
- Elaboration of feasibility studies, technical projects, environmental impact assessment, cost-benefit analysis or cost-effectiveness analysis related to the activities covered by the present measure, including the improvement of energy networks and the increased use of renewable energy sources | 57 023 130 | | 57 023 130 |
| Key Area of Intervention 2: Cross-border initiatives in transport, border infrastructure and energy | | | | |
| Romania-Ukraine-Moldova | | | | |
| Priority Axis 2 – Environment and Emergency Preparedness | - Increase in the overall competitiveness of the economy in the border area  
- Improvement of the quality of life for the communities of the area | 5 085 356 IPA fund | 1 725 799 | 11 505 330 |
| Key Area of Intervention 2: Develop and implement effective strategies for waste and waste water management | | | | |

More information on all existing programmes:

Figure 5: Detail of the EE and RE related priorities in Bulgaria, Czech Republic, Cyprus, Romania and Poland’s operational programmes
Examples of projects funded by Structural Funds in Europe

- Photovoltaic electricity production in Saint-Pierre, La Réunion, France © European Communities, 1995-2009
- Wood fired electrical generating plant in Güssing, Burgenland, Austria © European Communities, 1995-2009
- Promoscene National Information Seminar in Romania, organised by Romanian partner ISPE.
- Wind power plant in Petrovice, Czech Republic (c) SEVEn
- Photovoltaic solar panels in Habuš, Czech Republic (c) SEVEn
- Photovoltaic power plant in Habuš, Czech Republic (c) SEVEn
Part 2: Support and advices for managing authorities during the steps of the management cycle

2.1 Structural and Cohesion Fund Management cycle

Managing authority and grant beneficiaries do not have to respect the same lifecycle for projects. Whereas beneficiaries must account for their managing authority and for their partners, managing authorities must account for beneficiaries (payments, support, and advice), their national bodies and finally the European Commission at the top. Both parties have to consider mutual constraints to make sure the project goes smoothly. In the best case, beneficiaries should have a unique contact officer during project implementation. For the managing authority, it enables constant monitoring of the project.

For the handling process of a subsidy request, five steps can be identified:

- **Information / communication**

  For the programming period 2007-2013, communication and publicity obligations were reinforced by the European Commission. New commitments of managing authorities are expected in this area. Regulation 1828/2006 indicates the procedure to follow and the major principles managing authorities have to follow. This step is capital as it is the basis for collecting subsidy requests. The goal is to encourage people, organizations, enterprises or institutions to apply for structural funds taking into account from the very beginning a good understanding of the main expectations by the project leaders.

- **Instruction**

  At this stage, managing authorities have to control cost eligibility of forecasted expenditures and to analyse the pertinence and coherence of the project, and consequently of the use of national contributions and European funds. At the end of the instruction process, the application is considered as complete and will be submitted to the Project selection committee.

- **Decision**

  After the instruction comes the decision. This step is more political than formal and technical. Elements such as the project’s partners or impact are taken into consideration. If some qualitative elements are missing or should be added, the decision can be postponed to the next programming committee. The general treasury and the services of financial control are joining the decision body.

- **Monitoring**

  All subsidised projects are subjected to continuous monitoring actions. As subsidies are not paid in one single installment, managing authorities follow the edition of payments and of joint conventions. All along the project implementation, managing authorities have to check that project leaders manage accurately their investment. This requires constant vigilance in order to avoid serious incidence at the closing of the project.

- **Control**

  Finally, managing authorities undergo different types of control in order to ensure the application of the Community rules and principles of sound financial management. It aims at preventing, detecting and correcting irregularities, as well as recovering lost amounts if required.

  At this stage there are three controls: the service control, the quality control and the “5% control”.

The Figure 6 shows the process of a subsidy request in **Czech Republic**. But the process does not end after the payment authorization. As explained above, as soon as the funding decision is made the monitoring and the control stages start.

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PromoSCene aims to match the information needs of the managing authorities in the targeted New Member States with expertise and lessons learnt from more experienced countries. Based on interviews and national seminars that were held with managing authorities, the PromoSCene consortium has identified 5 key topics concerning the information needs:

1) Promotional issues
2) Management procedures
3) Selection criteria for project appraisal
4) Financial issues (including state aid)
5) Monitoring issues

The relevant information, good practices, and lessons learnt on these key topics are addressed in the subsequent sections below.

2.2 Importance of promotion and communication

As described in the paragraph 2.1., promotion is capital in order to promote structural funds and to generate new projects. Especially, the success of promoting energy efficiency via structural funds depends to a considerable extent on the ability of those involved to address local or regional issues of concern, to build on existing procedures and objectives of programme management and to respect the institutional framework of operation.

According to the regulation 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, “the Member States and the Managing Authority for the operational programme shall provide information on and publicise operations and co-financed programmes. The information shall be addressed to European Union citizens and beneficiaries with the aim of highlighting the role of the Community and ensure that assistance from the Funds is transparent”. In other terms, managing authorities have to draw out a Communication Plan which remains close to the EC communication strategy:

Figure 6: Steps in a subsidy request in Czech Republic. Source: SEVEn, Czech Energy Agency

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• increase visibility of the programmes to the general public, raise awareness of Structural Funds and particularly of the role of the European Union together with the Member States;

• ensure transparency of programmes for actual and potential beneficiaries, also facilitating the effective participation of applicants in the programme.

**Invest quickly in order to avoid automatic decommitment**

Promotion is also at the beginning of the virtuous circle in order to avoid “automatic decommitment” (also called “n+2 rule”: see chapter 2.5.2 of this guide). Indeed, if potential beneficiaries are well informed, they can submit their projects and may be subsidised. For managing authorities, promotion is an important measure to avoid the n+2 rule.

### 2.2.1. Promotional Issues

It is the duty of Managing authorities to conduct publicity and information campaigns during the life of Operational programmes. This is necessary in order to engage as many stakeholders in the implementation process in order to increase the impact of the programmes. Potential final beneficiaries must be simply and clearly informed of the funding possibilities and most importantly of the procedures for accessing funds. It is vital that an Operational Programme is structured in a clear way and procedures (from application forms to necessary additional paperwork) are stated clearly and bureaucracy is minimised.

At the same time, the general public must be informed of the overall objectives of the programmes and most importantly of the benefits being brought to the region and the local communities, as local negative reaction has been experienced in the near past due to bad promotion (for example for wind mills in the region of Peloponnesus, in Greece). For individual projects there are clear rules on publicity with regard to the EU contribution to project funding like signposting for example.

In the 2000-2006 period, all programmes had to produce and follow a Communications Action Plan. Although some of these were effective, others were not well conceived or executed for various reasons. Targeting reporting publicity and information actions to Programme Monitoring Committees was often inadequate.

For the 2007-2013 period, a Communication Plan has to be developed for every Operational Programme. **Managing Authorities can engage public relations companies to assist in this process.** This is a very important aspect as it is allowed to use professionals to deal with the critical issue of publicity. The Communication Plan describes the target audiences, the information and messages to be communicated, and the means of communication. The choice of the means for publicity and information depends on the nature of the message and of the target audience but it follows the rules set by the Managing Authorities together with the external consultants.

For specific rules on information and publicity measures the Commission has drafted a Regulation which the interested parties should adhere to:


Techniques include the visual and audio media, advertising and exhibitions, newsletters and websites, targeted information meetings and seminars, visual tools (such as CD ROMs) and branding campaigns (use of logos, slogans, gadgets, etc), and plaques and signposts. The communication plan also outlines the resources available for these activities.

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2.2.2. Promotion outlined

Promotion and communication is based on a number of good practice rules and principles. According to the “Practical Guide to communicating on the Structural Funds 2000-2006” these can be classified as follows.

a) Internal or external communication

Internal communication
That is, within a given group. For example, in a particular region, the Managing Authority communicates with the various section managers. Or at the European level, the «information managers» employed by the Managing Authorities exchange data.

External communication
A group communicates with an external target. For example, a Managing Authority which wants to reach the potential beneficiaries of a programme or the inhabitants of a particular region. External communication can be direct or indirect.

b) Direct or indirect communication

Direct communication
The emitter communicates directly with the recipient, without an intermediary. Examples: a Managing Authority sends a personalized letter to the SMEs in the region or carries out a poster campaign.

Indirect communication
The emitter decides to communicate the message through intermediaries: the media (radio, television, press, etc.), schools, associations, specialist information networks or any other body to which the emitter may entrust the content. Indirect communication is usually by means of advertising or journalists.

c) Paid communication

Paid media communication
The emitter purchases space (advert or spot) with a media support. The cost is proportional to the support’s audience and impact. This is advertising.

Communication through journalists
Journalists are provided with information which they then process and retransmit independently through their media. Journalists do not act according to any instructions, cannot receive any direct remuneration from the information source, and must respect a professional code of conduct.

Mixed communication
Sometimes the communication assumes a combination of forms. In this case the information is through a number of channels. Example: an advert in a newspaper invites readers to order a brochure through a free phone number (thus mixing direct and indirect communication); the emitter reaches an agreement with one medium (programme sponsorship), in return for which this medium undertakes to broadcast information in «journalistic» form, that is free of control (a combination of paid communication and press relations).

2.2.3. What other countries have been doing

In most cases, structural funds’ weak implementation is linked to administrative burdens, intervention of too many co-financers, but also insufficient communication and support initiatives.

Make it easy for them

This is why simplifying, explaining and assisting project owners concerning the rules and procedures of structural funds are the keys to successful dialogues between the managing authority and the beneficiary. Structural funds rules are complex at first sight, thus it is the role of the managing authority to explain and clarify the rules. Human resources within the managing authority should be dedicated to information and support to potential beneficiaries.

Disseminate the information

Most countries studied use standard promotion material like folders, brochures and websites to disseminate information on the structural and cohesion funds. For example in the Netherlands, the Managing Authorities use targeted channels of communication such as Chamber of Commerce magazines, local magazines and TV-programmes. In the Czech Republic, the Ministry of Environment, managing authority of the OP «Environment», has launched a communication plan including short films, a website (www.opzp.cz), leaflets, documentaries, advertisement... The intermediate body of this same OP «Environment» is the State Environment Fund, and has a communication department counting 7 people working in two units: an internal and external communication unit and an information support unit.

The production of audiovisual materials is a very interesting process developed by the Czech Managing Authority. In the frame of the communication plan, they produced a short promotional film about the OP «Environment». The film is now available on the managing authority website and a DVD has been disseminated as a supplement to a Czech Magazine, called Priorita Magazine. Furthermore, the Ministry of Environment produced a thematic series of 13 episodes about ecology and environmental problems. It was then broadcasted on public TV.

In the Netherlands, the most effective identified way of promoting structural funds is achieved through networking and informal exchanges between the managing authority and the potential beneficiaries.

In Poland, the Ministry of Regional Development launched an information campaign on different supports such as TV or Internet. It has created a new website: http://www.funduszeeuropejskie.gov.pl/, radio spots and outdoor advertisement. The key message is “good information...for a good start” and aims at attracting potential beneficiaries. These initiatives enable a higher reputation for the programme and attract potential beneficiaries.

Use direct contact

Sometimes the information is better exchanged through a direct contact with the beneficiaries. For example in the Netherlands, the most effective identified way of promoting structural funds is achieved through networking and informal exchanges between the managing authority and the potential beneficiaries.

In Austria fund managers also inform potential beneficiaries via telephone. They organize workshops and seminars in their regions in order to promote the provincial OP. Also, the Brandenburg Economic Development Board in Germany functions as a one-stop agency for all kinds of business support services.

Cooperate with specialized networks

Cooperation with other institutions, for example the chamber of trade and commerce, is envisaged in Germany and the Netherlands as well. In Poland, the Communication strategy is being elaborated by the National Strategic Reference Framework Coordinating Authority (located in the structures of the ministry responsible for the regional development) in cooperation with Managing Authorities. The Managing Authority elaborates Communication plan for the operational programme, which contains action objectives, characteristics of the target groups, description of the planned information, promotion and training initiatives.

In conclusion, dissemination and promotion are present in all countries with simple tools, and this approach proves efficient as long as it is coordinated in a full communication plan. Direct contact (through meetings or phone interviews) has been equally identified in several countries to give very good results.

2.2.4. Promotion and communication basics

The “Practical Guide to communicating on the Structural Funds 2000-2006” reminds basic rules of communication which help to keep the target in focus and hence build an efficient communication plan.

Place yourself in the position of the recipient
The message must always seek to answer the concrete questions people are asking. This is an important reflex to acquire.

Remain simple and concrete
The natural tendency is to try and explain everything, including all the institutional details. The price paid for this will be immediate: the message will not get across.

Target your message
The information must be chosen in accordance with the target groups and their expectations. Different economic, social and cultural groups need to be addressed differently.

Use different channels
Example: a TV commercial will arouse curiosity. It can be usefully followed up by press releases in newspapers and even a personalized mail-out.

Drive home the message
Communication cannot be sporadic, disappearing and then reappearing. Actions must be repeated and effort must be maintained. Only a sustained effort will achieve long-term results.

2.2.5. Promotional Tools

The tools for setting-up a communication plan are known to be simple but what is important is to have a plan for using them effectively and not just provide the target audience with posters and newsletters which usually don’t reach their recipients in time nor are wholly distributed. It won’t be effective at all to have cases where printed promotion material was late and thus piled up in storehouses.

The “Practical Guide to communicating on the Structural Funds 2000-2006” lists the usual tools available and the reader is advised to download and read this reference text as it is official and concise, providing useful info.

The use of external service providers
In the field of communication, it often proves necessary to use the services of external agencies. When doing so, the national legislation must be respected, which takes into account the European Directive on public service contracts (Directive EEC/92/50), as well as the World Trade Organisation agreement on government contracts.

The poster campaign
At certain periods during the life of programmes it is important to quickly and effectively inform the general public by launching a high impact advertising campaign. This means purchasing advertising space, in the form of radio, TV or cinema commercials, press ads or posters. A poster campaign is a very effective means of advertising, the potential of which is sometimes under-estimated.

Press relations
Journalists detest propaganda and like facts and concrete stories. They also have to react quickly. Effective communication with journalists requires careful thought. It takes time and effort to compile a good press file. But it is an investment which pays off in the longer term. It enables you to target the journalists, to contact them effectively and receive a better «return» as a result.

The press release
The press release is information which is communicated proactively to the media so that they can pass it on in an expanded form and present it in the appropriate manner.
The press conference
Press conferences are held to mark an important event and enable journalists to be the first to receive information on a particular subject. A press conference provides an opportunity for the organizer to inform journalists on a given subject, while making their job easier in terms of information processing.

The Internet site
A website has become an essential tool. Here are a few simple rules to ensure it is effective.
First of all, the site must try to meet the information needs of the target groups who are likely to use it. In principle, everybody can have access to the Internet. In practice, only a section of the population uses it. Conclusion: The Internet is not yet a tool for the general public.
The media want «tailor-made» information. It is therefore recommended to create a space on the Internet site which is reserved for journalists, accessed directly from the home page by means of a simple «click».

The newsletter
The newsletter is a very practical tool for communicating concise information to various target groups, regularly and proactively. It can also be sent electronically, in which case certain tips should be borne in mind. It is not just a source of information but an instrument to increase awareness – to generate interest, for example, in a particular call for tenders, new information sources or particularly innovative experiences.

2.2.6. Promoting Energy related Projects

The European Union has defined three essential targets for structural and regional policy, which should be achieved through specially designed funding programmes and with financial support from EU structural fund15.

The objective “Convergence” should stimulate economic impulses through the improvement of infrastructure and administration.
The objective “Regional competitiveness and employment” should support the demand for investment in metropolitain and regional areas and so to result in balanced, economic and social development.
The objective “Territorial co-operation” looks at co-operation in border regions between individual regions of different countries and also within countries themselves, used as a way of binding the regions in the EU together.

How to link the objectives with energy related projects
The benefits of RE, EE and RUE are perfectly in line with the SF and CF objectives. The financial resources of SF and CF can give a significant push to Energy Projects development in regions of the European Union. There are positive changes towards these targets with an important one being the increased total amount of financial resources available, about 3% compared with 1% of the previous period.
The Environmental, Economic and Social targets of the country can be aided by “clean technologies” which also contribute to decreasing the negative impacts of climate change. Energy demand declines through energy efficiency measures and this among others, improves the competitiveness of a community or region through cost reduction, job creation, added value and improvement of living conditions.

It is the role of the Managing Authority to inform the media (including websites, preferably bilingual) in the most appropriate way on the structural interventions co-funded by the European Union. The information provided must make clear the participation of the EU (particularly through reference to the level of Community contribution and the participation percentage in the actions being promoted). The messages used must indicate the involvement of each individual Fund. The promotion of interventions approved by the Commission, and the significant phases of their implementation, are the object of awareness raising activities through national or regional media, as appropriate in each case. Press releases and announcements must refer to the involvement of the European Union in simple language intelligible to the general public.

15 Structural Funds Objective 2, 2007–2013, With KWF and EU structural funds : www.kwf.at/eu_ziel2/Ziel_2_Infobrosch_E_Checke_121207.pdf
2.2.7. Implementation of information and publicity measures

The information and publicity measures are presented in the form of an action plan involving communication on the CSF level and the level of each Operational Programme. To ensure homogeneity, cohesion and synergy among the CSF and OP information and publicity measures, the CSF Managing Authority provides the OP. Managing Authorities with uniform guidelines and frameworks and takes responsibility for overall monitoring, supervision and coordination. Each Managing Authority appoints individuals responsible for information and publicity matters and notifies the Commission of the appointment. To ensure publicity of the projects co-financed by the various Funds, the competent Managing Authority is responsible for implementing the information and publicity measures envisaged in the CSF. Still, administrative barriers are high for RE projects and project developers are reluctant to use SF for funding as there are delays in project development, as experienced by old member states.

2.2.8. Case studies on Webpages

Here are a set of websites good examples presented during the Structural Funds Information Team (SFIT) meeting organised by DG Regional Policy in June 2005. It emerged that in the programming period 2000-2006 the best web sites were:

Italy, Regione Friuli Venezia Giulia
http://www.regione.fvg.it/progcom/progcom.htm

UK, Government Office for the East of England
http://www.goeast.gov.uk/goeast/european_funding/?a=42496

Netherlands, Province of Flevoland
http://www.flevoland.nl/smartsite.dws?id=7

Germany, Berlin Region
http://www.berlin.de/strukturfonds/index.html

In order to discover more best practices, DG Regio has been developing a network dedicated to communication issues: the INFORM network. Every year, seminars and conferences are organised between communication coordinators in EU Member States in order to exchange best practices and to find new ideas on how to communicate about structural funds. All materials of their conferences are available on the DG Regio website. It can inspire communication experts in different Member States.

2.2.9. Experience from other EU projects, useful links

a) SEIPLED, Sustainable Energy Investment Projects for Local Economic Development

Regions involved:
Emilia Romagna Region (Italy), Berlin and Saxony (Germany), Styria (Austria), Cornwall (United Kingdom), Klaipeda County (Lithuania), Central Macedonia (Greece).

This Energy Intelligent for Europe project, ended in 2007, had a manifold objective. First, it set up working groups of energy and local development experts, capable of actually submitting projects to SF and other local programmes with success. Second, the project aimed at demonstrating the viability of integrated projects, where the sustainable energy dimension reinforces local development aspects (new jobs, new enterprises, added value for farmers). Next, the project assisted the beneficiary to integrate sustainable energy issues in projects funded by SF and finally helped disseminate the approach in 64 external already active contacts, mainly in new MS.

Results of a study from SOGES on the evaluation of web sites about Structural Funds.
Main results and lessons learnt:

• The SEIPLED gained experience can provide useful hints to actors involved in proposing or submitting projects. The following four points represent the main lessons learnt during the SEIPLED work:
  • To follow a bottom-up approach: the Advisory Groups demonstrated to be an effective tool to overcome the separation between the energy experts and the economic developers.
  • The development of suitable indicators for each regional programme, defining not only the energy and environmental, but also the socio-economic targets, therefore allowing a clearer integration of energy programmes in the local development planning.
  • A top-down approach was also necessary, as the regional managing authorities were regularly contacted, all the relevant regional policy and legislation was taken into account (WP3), to avoid unforeseen hindrances in the implementation.
  • The available funding channels have been all explored and identified, to avoid any double funding or possible duplication of efforts.

The main recommendations are:

• The regional programmes have to start from a clear strategic idea, avoiding the simple distribution of money rain-like, by open calls for projects, which typically satisfy the political aspirations but do not achieve any stable development change.
• The energy aspects have to be integrated in a clear development idea, capable of convincing the politicians of the benefits for the regional business community. Energy has to consider also the social aspects, particularly in less favoured areas.
• The relationship with the functionaries in charge of the local economic planning must be based on a clear cooperation, where the energy experts give their support without substituting the economists. Involving all relevant stakeholders in the preparation process as early as possible (pressure from bottom-up) helped convincing the respective Ministry (mostly economic affairs) in considering energy related investment programmes.
• The gradual development of innovative programmes requires the respect of all the necessary phases: the elaboration of the concepts, the experimental applications, the development of the necessary regulations.

More info on http://www.ecuba.it/seipled.

b) RUSE, Redirecting Urban areas Development towards sustainable Energy

The RUSE operation mainly aims at improving the use of Structural Funds and other financial resources on sustainable energy issues by municipalities and other stakeholders in charge of urban development issues in the New Member States.

The RUSE operation has four main objectives:

• Making municipalities and related bodies in New Member States more aware of existing SF-related experience
• Improving capacity building on energy issues in both individual bodies (municipalities) and collective structures (city networks, agencies)
• Supporting municipalities to design projects in a sustainable manner and enabling them to submit successful proposals in particular under ERDF programmes
• Promoting the integration of energy issues from the point of view of energy demand and the promotion of renewable energy

To achieve these objectives a series of activities have been implemented within the RUSE operation:

• Dissemination of good practice
• Exchange of experience and knowledge
• Creation of a network of expertise
• Provision of information services in the participating countries

More info on http://www.ruse-europe.org/.

c) Energy4Cohesion

The project was set-up to lay the ground for an extended use of decentralized and sustainable energy actions of the European Cohesion Programmes after 2006. Starting from the favourable framework conditions the EU set for the Cohesion Policies, the project helped to bring these priorities into the national and regional Cohesion and Structural Programmes. An alliance out of industry, SMEs, political pressure groups and development organizations targeted decision makers in countries with underdeveloped rural regions.
The project demonstrated best practice in eight target regions by the design of Master Plans that aim at the implementation of RE projects in selected regions. It identified the best funding mechanisms and elaborated suitable cooperation schemes.

The following target regions were selected: **Czech Republic: Zlin Region, Latvia: Limbazi Region, Slovak Republic: Velky Krtis, Lithuania: Kaunas Region, Poland: Poviat Nowa Sol, Greece: Prefecture of Evros, Estonia: Saaremaa Island, Italy: Alta Locride.**

**Main lessons learnt:**

- The renewable energy references within the National Development Programmes for the period 2007-2013 will be very heterogeneous in the individual Member States. It is politically desired that renewables will have a prominent place in the Cohesion Policies after 2006, but more action is needed. The success of strategies will strongly depend on the implementation at national and regional level.
- Some conditions have to be met for the development of renewable energy within Cohesion Policies:
  - Transparent and well managed Programme structure, since these technologies are often promoted from small and remote actors.
  - The financial threshold for Structural Funds applications has to be well adapted to the needs of renewable energy, this means that the investment sizes of a project should also be possible below 3 Mio Euro.
  - Funding of technology producers is strongly welcomed, since in the long run the extended use of regional renewable energy resources is only possible with domestically produced technologies. SCFs should be well adapted to the national RE & RUE promotion schemes. The main focus for RE & RUE promotion should be:
    - monitoring and analysis of best practices;
    - support of RE project developers and;
    - RE training for SF management.


### 2.2.10. Support initiatives from the European Commission

In the context of the cohesion policy, an enhanced cooperation has been developed between the European Commission and the European Investment Bank Group and other International Financial Institutions on financial engineering. Several financial tools were implemented and can be used by the Managing Authorities and Implementing Bodies in order to facilitate their SCF management.

**a) JASPERS, a joint assistance to support projects in European regions**

JASPERS is a major joint policy initiative of the EIB, European Commission (Regional Policy Directorate-General - DG Regio) and the European Bank for Reconstruction and Development (EBRD). JASPERS offers technical assistance to beneficiary countries to prepare high-quality projects which are eligible for support from the SCF in EU Member States covered by the convergence objective but with priority being given to large projects and to projects in the new EU10 + Bulgaria and Romania. All assistance is being offered free of charge.

JASPERS is complementary to the project preparation work carried out by national and local authorities and is aimed at providing assistance as required for any stage of the project cycle from the early stages of project conception through to the final application for EU funding or the decision to provide EU funding by the national authorities (the responsibility for decisions depends on the size of the project). This assistance may cover technical, economic and financial aspects and any other preparatory work needed to deliver a fully developed project. It is geared to providing advice, ensuring coordination, developing and reviewing project structures, removing bottlenecks, filling gaps and identifying problems not addressed, e.g. state aid, environmental impact assessment, etc.

Key areas for JASPERS include:
- Trans-European networks (TENs)
- The transport sector outside of TENs, including rail, river and sea transport
- Inter-modal transport systems and their interoperability
- Management of road and air traffic
- Clean urban and public transport
- The environment, including energy efficiency and renewable energy
• Private public partnerships

JASPERS focuses on larger projects with total costs exceeding EUR 25 million for environmental projects and EUR 50 million for transport or other sectors. However, there will be flexibility about these thresholds in the case of the smaller countries or where projects serve as pilot actions for best practice.


b) JEREMIE: joint European resources for micro to medium enterprises

JEREMIE, “Joint European Resources for Micro to medium Enterprises”, is an initiative of the Commission together with the European Investment Bank (EIB) and the European Investment Fund (EIF) in order to promote increased access to finance for the development of micro, small and medium-sized enterprises in the regions of the EU. Improving access to finance is a priority area of the renewed Lisbon agenda for growth and jobs in an effort to increase the availability of capital in Europe for new business formation and development. Past experience has shown that this is an area where the programme authorities would like to do more, but they lack both expertise and access to risk capital. JEREMIE, by creating a framework for cooperation with the specialised financial institutions, the EIB and EIF, as well as other international financial institutions, is designed to help to overcome these difficulties.

JEREMIE was launched by the Commission and the EIB/EIF in October 2005 and receives large support from institutions, regions and financial institutions17.

How JEREMIE works

In a first phase, the EIF finalised 53 national and regional evaluation studies on the supply of financial engineering products through a standard evaluation methodology, in cooperation with respective national/regional Managing Authorities.

For the period 2007-2013, JEREMIE intervenes in the programming of actions. Where management authorities wish to profit from the JEREMIE framework, they would need to allocate resources from the programme to a holding fund, for example a suitably qualified financial institution at national level, which would in turn launch calls to select financial intermediaries with the ability to make funds available on competitive terms to micro, small or medium sized enterprises. Special emphasis should be given to supporting the Lisbon growth and jobs agenda, by emphasising technology transfer, start-ups, technology and innovation Funds and micro credit. The final result is that the management authority gains access to a turn-key system that will greatly facilitate the implementation of the otherwise complex task of organising more actions in this important field for European economic competitiveness.

Main JEREMIE benefits are the followings:

• Front-loaded payments from the Structural Funds - Contributions from the Operational Programmes to the JEREMIE Holding Fund will be eligible for interim payments by EU Structural Funds, giving Managing Authorities more advantages in allocating these resources. Structural Fund contributions to the Holding Funds must be invested in SMEs by 2015;
• Flexibility benefits of a portfolio approach - The Holding Fund will be able to reallocate the resources to one or more financial products in a flexible way, depending on the actual demand over time; furthermore, the umbrella fund approach will allow a diversification of risks and expected returns due to financial products having different default rates;
• Recycling of funds - The Holding Fund is of a revolving nature, receiving repayments from the financial intermediaries for further investments in the SME sector. This makes SME support via EU Structural Funds more sustainable than using the pure grant approach;
• Leverage - A significant implied advantage of JEREMIE is its potential ability to engage EIB long term loans, and the financial sector, either at the Holding Fund level, with additional capital from financial institutions, or at the level of the financial instruments through co-financing, e.g. in both cases in cooperation with the EIB;
• The EIF’s expertise as a Holding Fund manager can be of particular added value in the less-developed regions/ Member States, where there is a need for capacity-building initiatives and transfer of know-how between local institutions and the EIF;
• In those regions where JEREMIE is managed by another body, the EIF can also be involved as an adviser, for a wide range of services such as due diligence/second opinions, setting-up of financial vehicles, etc.

17 Source: http://jeremie.europa.eu
The JEREMIE initiative allows regions and Member States to benefit from a flexible, efficient, “visible”, and revolving financial platform for SMEs, while building strong long-term partnerships with their local financial institutions.

More information on http://jeremie.europa.eu

c) JESSICA: joint European support for sustainable investment in city areas

JESSICA, Joint European Support for Sustainable Investment in City Areas, is an initiative of the Commission in cooperation with the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB), in order to promote sustainable investment, and growth and jobs, in Europe’s urban areas. This approach requires a new mindset for local authorities when dealing with JESSICA, as «An effective public-private partnership requires both a strategic and long term vision and technical and management competences on the part of local authorities».

How JESSICA works

JESSICA offers the managing authorities of Structural Funds programmes the possibility to take advantage of outside expertise and to have greater access to loan capital for the purpose of promoting urban development, including loans for social housing where appropriate. Where a managing authority wishes to participate under the JESSICA framework, it would contribute resources from the programme, while the EIB, other international financial institutions, private banks and investors would contribute additional loan or equity capital as appropriate. Since projects will not be supported through grants, programme contributions to urban development funds will be revolving and help to enhance the sustainability of the investment effort. The programme contributions will be used to finance loans provided by the urban development funds to the final beneficiaries, backed by guarantee schemes established by the funds and the participating banks themselves. No State guarantee for these loans is involved; hence they would not aggravate public finance and debt.

JESSICA offers new opportunities for the use of Structural Funds for the integrated development of urban areas and allows a continuous availability of funds for revenue generating components of urban renewal and development programmes. Building on a market-driven approach that is essential for the success of urban development funds, the Structural Funds used in JESSICA are expected both to leverage substantial amounts of investment into areas in need of social cohesion and to speed up their transformation.


Good practices on SCF management

The detailed management of any programme financed by the Structural Funds is always the responsibility of the Member State. For each programme, the State designates a “managing authority”. It is this authority which, first of all, adopts the programme complement and then, if necessary, amends it. It also handles the selection of projects, for example through calls for proposals. Consequently, this is the authority that organizations (local authorities, firms, associations, etc.) wishing to receive support from the Structural Funds must approach.

Good programme management requires that Managing Authorities and their intermediary bodies are familiar with all projects, conduct regular on-site visits, and are in receipt of regular reports and updates on the physical progress of the project, as well of the financial data. Authorities must be particularly aware of potentially difficult or risky projects and follow them closely.

In these grounds, the new regulations require that an Audit Authority is established for every Operational Programme, separate from the Certifying Authority. Although these authorities could be located within the same ministry, the separation of functions remains the essential principle. The Commission has also introduced the single audit concept for the new programming period. This means that the commission will rely more on the work of audits conducted by the Member State and reduce its own audit activity. More responsibility therefore lies with each Member State to conduct the necessary checks and controls15.

### 2.3.1. Effective management of Structural Funds

Key indicators, based on the experiences available, are coded in the following key messages, as outlined in a concise report by NEI:\(^{19}\):

1) Establish the appropriate structures quickly and precisely; these structures cannot be directly copied from Member states, but need to reflect the existing administrative structures and traditions.

2) Overall, simple management structures (SPDs rather than CSFs, or otherwise a small number of OPs) require less administrative capacity than complicated structures. However, simple management structures can sometimes lead to more complicated (two-tier) implementation structures and extended Monitoring Committees.

3) Human resources are vital: detail the staff requirements and provide the conditions for recruiting, retaining and training qualified staff, preferably for all administrative staff but at least for the key staff managing the Structural Funds.

4) Develop systems, procedures, manuals, guidelines and other tools in order to increase productivity, efficiency, consistency and quality of work, while reducing the vulnerability of organizations and their dependence on individuals.

5) Prepare for a head-start by utilising existing experiences that have been gained in the pre-accession stage, wherever applicable and useful. It is crucial that organizations develop a capacity to learn from their previous experiences.

6) Divide management attention to all areas of the policy life cycle, notably on financial management & control and implementation, but also on programming and monitoring & evaluation.

### 2.3.2. Staffing of Managing Authorities

Although the regulations make only limited references to human resources, the staffing of MAs is perhaps one of the most central issues in the Management of the Funds. This is a crucial issue, known to old member countries and there are various training programmes and structures developed in order to have the right people at the right posts for the sound management of operational programmes. The report on “Key indicators for Candidate Countries to Effectively Manage the Structural Funds” by NEI outlines some of the issues that have to be taken into account. The reader is advised to download this report and use it for reference.

Numbers of staff vary widely from one MA to the other, depending on the type of programmes and the delegation of tasks. Due to its nature, the management of the Cohesion Fund tends to be less laborious, while the management of Community Initiatives leads to relatively high staffing requirements.

Perhaps more important than the quantity is the quality of the staff. Overall, MAs are staffed by highly educated personnel, with a strong background in finance, engineering, law and/or economics. The ability to recruit and retain such personnel depends largely on the attractiveness of the government as an employer. Prestige is attached to working in the public sector for some countries. In countries where the public sector is in less good standing, the need to create parallel structures becomes more pressing.

Just as important as the right structure and sufficient human resources is the existence of an operational project development and management system. It has to be clear how the project cycle will function; how will projects be identified, formulated, implemented and evaluated? What will be the project selection criteria? One of the criteria could be the cost-effectiveness of potential projects. Tools to carry out Cost Benefit Analyses (CBA) should then be available and staff should be familiar with these manuals or guidelines. The same holds true for Project Cycle Management (PCM) tools in general.

In order to be able to facilitate the process of submitting project proposals, clear, simple and easy to understand application forms should be prepared, if necessary including measure-specific features but standardized where possible. From the form, it should be clear what the project selection process will be.

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\(^{19}\) NEI, Key indicators for Candidate Countries to Effectively Manage the Structural Funds: www.evaluate.cz/dokumenty/hodnot_zpr_eu/souhrna_studie.pdf
Project / proposal appraisal techniques

a) Choice of Techniques

A number of formal techniques are used for project appraisal. These include:
- financial analysis;
- economic appraisal (including cost-benefit analysis and cost-effectiveness);
- scoring, weighting and rating (SWR) systems including multi-criteria analysis;
- environmental impact assessment.

Project appraisal may merit the use of one or more of these techniques, which may add up to a feasibility study of the project. The techniques chosen should be those which can best assess the applicant project’s capability to satisfy policy needs. This choice, and the degree of application of techniques, should:
- be technically appropriate;
- be proportionate to project size;
- have realistic information requirements;
- be supported by the necessary technical knowledge;
- incorporate measures of value-for-money;
- use comparative benchmarks;
- use a degree of quantification.

b) Financial Appraisal

Financial analysis judges a project’s commercial or financial viability. The two important components are the forecast cash flow and the return on capital invested. These are inter-related as even if the long-term return on capital is good, the cash flow must be adequate to support the project in the short and medium-term if external financing is to be minimized. Likewise, a positive cash flow could conceal the fact that long-term returns to capital are poor compared to alternative projects or future investment needs. For commercial projects, a good practice analysis will begin by reviewing the financial section of the Business Plan, including:
- projected revenue flows;
- profit and loss accounts;
- balance sheet projects.

c) Cost-Benefit Analysis

Full formal socio-economic cost-benefit analysis (CBA) is an expensive procedure. It goes beyond financial appraisal by examining the social costs and benefits in terms of their net impact on society’s wellbeing. Whereas a financial appraisal may estimate Net Present Value (NPV) in terms of income and expenditure flows only, CBA measures the NPV of a project by subtracting all discounted costs from discounted benefits. This should exceed zero if the project is to proceed. However, if a project is being compared with others, the scale of the positive value has to be considered, along with other factors such as net capital outlay.

A CBA requires that costs and benefits be transformed into the same monetary measure. The main tasks in this procedure are identification of costs and benefits:
- estimation of opportunity costs and non-market costs/benefits;
- relative valuation of costs and benefits at different times, including a possible assessment of risks or uncertainty.

A thorough CBA will internalize into NPV an estimate of the “externalities”, or spill-over costs and benefits, that occur when an activity imposes costs, or benefits, on activities or individuals not directly associated with a project. Externalities are not reflected in market prices. Consideration can also be given to establishment of a discount rate that allows for wider social benefits (due to the influence which this rate can have on the appraisal, this decision is usually undertaken at a policy level).
d) Project Application

In all kinds of schemes, potential project managers complete an application form. In these cases, applicants are provided with detailed information of the application requirements. In some cases, applicants are required to produce a business plan in the first instance.

Completion of an application form is not necessarily the next step after scheme promotion. In some cases, agencies provide assistance with project identification or design. Some agencies do not provide direct assistance with the application process, but are necessarily pro-active in their promotion and in ensuring that applications come forward. In several cases, OP managers will find out that inadequate information provided by applicants is an ongoing problem and hence assistance from them (experienced stuffing) is essential if satisfactory applications are to be forthcoming.

2.4.1. Project application ranking

The most commonly used types of appraisal are financial analysis and technical assessments. Guidelines in relation to sophisticated appraisal techniques (e.g., CBA) often lack sufficient detail, and personnel undertaking project appraisal have not always been trained in the application of advanced techniques. According to a study by Fitzpatrick Associates "Review of Project Selection procedures and Appraisal Techniques in the CSF" the following is true for CSF Scoring and Weighting Techniques.

In some countries scoring techniques are used in order to weight criteria like performance in economics, environmental, social issues, and technology maturity. Such techniques are considered good practice internationally because they make explicit the weighting of criteria used in decision-making and the thought processes which lead to the ranking and selection of projects.

"Scoring, weighting and ranking" (SWR) techniques should be adopted by more schemes. Considerable scope exists for extension of their use. They aid the internal decision-making processes and increase the openness and transparency of project selection. They can allow weightings to be changed explicitly over time (e.g., less emphasis on the quantity of jobs created as unemployment falls). They can also help agency executives to understand their roles more clearly and can provide greater information to agency managers about why projects are being selected/rejected.

Essentially, an SWR brings a degree of systematic quantification to what are primarily qualitative judgments. It does so by:

- identifying the different criteria, and sub-criteria, against which projects under a scheme should be appraised;
- assigning a weighting to each individual criterion based on that criterion's importance in the process (no explicit weights imply co-equal weights);
- rating and scoring each project application numerically against the different criteria;
- ranking the different applications against each other.

Schemes can then decide where the “cut-off” point should be in the ranking. A minimum score may be required overall, or for individual criteria, and available funding will also determine how many projects are funded.

Scoring, weighting and ranking is a good practice appraisal technique to help CSF implementing organizations to choose between individual eligible projects. It is complementary to good project selection procedures, such as clear project selection stages or transparency in the selection process. SWR systems do not cover eligibility criteria as all projects reaching this point in the process will have already been deemed to be eligible for funding under the scheme according to the minimum requirements set by the Operational Programme.

2.4.2. Project qualification criteria

Starting with a project idea, what follows is qualification for funding. This means that a project idea should be in accordance with a national Operational Programme, meeting several other criteria like size in terms of investment, availability of sufficient resources and equity funding, in order to mention some basic requirements.
Examples of eligible costs for energy investments and maximum percentages of eligible expenses per category are presented in Figure 7, Figure 8 and Figure 9. They are all are extracted from the Greek Guide of Energy Investments.

<table>
<thead>
<tr>
<th>Technology</th>
<th>Maximum expenses allowed (€) (2002 value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind parks</td>
<td>900 / installed kWₑ</td>
</tr>
<tr>
<td>Geothermal application in greenhouses</td>
<td>100 000 / 1000m² of glass-covered greenhouse</td>
</tr>
<tr>
<td></td>
<td>60 000 / 1000m² of plastic-covered greenhouse</td>
</tr>
<tr>
<td>Small-scale hydroelectric plants in water courses</td>
<td>1 500 / installed kWₑ</td>
</tr>
<tr>
<td>Small-scale hydroelectric plants in hydraulic systems</td>
<td>1 100 / installed kWₑ</td>
</tr>
<tr>
<td>Co-generation of electricity and heat</td>
<td>1 050 / installed kWₑ, in plants &lt; 1MWₑ</td>
</tr>
<tr>
<td></td>
<td>750 / installed kWₑ, in plants &gt; 1MWₑ</td>
</tr>
<tr>
<td>Co-generation of electricity and heat from biomass</td>
<td>• Agricultural residues: 1 600 / installed kWₑ</td>
</tr>
<tr>
<td></td>
<td>• Sewage: 1 300 / installed kWₑ</td>
</tr>
<tr>
<td></td>
<td>• Industrial and domestic solid waste matter:</td>
</tr>
<tr>
<td></td>
<td>1 500 / installed kWₑ</td>
</tr>
<tr>
<td>High-technology glass-covered greenhouse units with cleaning system and use of exhaust gases from CHP</td>
<td>175 / m²</td>
</tr>
<tr>
<td>District heating/district cooling from either biomass or natural gas</td>
<td>750 / installed kWₑₙ.</td>
</tr>
<tr>
<td></td>
<td>900 / installed kWₑₙ, in case of full conversion of the generated heat energy into cooling</td>
</tr>
<tr>
<td>Biofuels (bioethanol, biodiesel)</td>
<td>500 / ton</td>
</tr>
<tr>
<td>Central solar systems-conventional collectors</td>
<td>300 / m²</td>
</tr>
<tr>
<td>High-efficiency central solar systems</td>
<td>500 / m²</td>
</tr>
<tr>
<td>Photovoltaic systems</td>
<td>8 800 / kWp</td>
</tr>
<tr>
<td>Passive systems</td>
<td>5% of the total construction cost of the building or 20% in case of installation of an electronic management system (BMS) that will control the passive systems</td>
</tr>
</tbody>
</table>

Figure 7: Eligible expenses in technologies RES and electricity and heat co-generation (€)

<table>
<thead>
<tr>
<th>No.</th>
<th>ELIGIBLE CATEGORY OF EXPENSES</th>
<th>UPPER LIMIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Main equipment (supply of equipment, software, materials, cost of transportation and installation)</td>
<td>100 %</td>
</tr>
<tr>
<td>2</td>
<td>Energy audit or determination of the exploitable energy potential</td>
<td>2 %</td>
</tr>
<tr>
<td>3</td>
<td>Fees of consultants</td>
<td>6 %</td>
</tr>
<tr>
<td>4</td>
<td>Refurbishment of land, buildings and infrastructure</td>
<td>8 %</td>
</tr>
<tr>
<td>5</td>
<td>Training in the use of equipment and software</td>
<td>3 %</td>
</tr>
<tr>
<td>6</td>
<td>Hiring of auxiliary equipment and measuring apparatuses</td>
<td>3 %</td>
</tr>
<tr>
<td></td>
<td>MAXIMUM OF ALL SUPPORTING EXPENSES (2-6)</td>
<td>12 %</td>
</tr>
</tbody>
</table>

Figure 6: Maximum percentages of eligible expenses per category

21 Ministry of Development (Greece), "Energy Investments Guide" 2002
Financial Issues

2.5.1. Eligibility of expenditures

Eligible expenditures are the costs that can be considered in the calculation of the EU funding.

In order to determine the categories of eligible expenditures, Member States must follow the regulations on structural funds but are free to adopt stricter rules of eligibility of expenditures. Two different methods were chosen by the Member States: some Member States decided to adopt CSF eligibility criteria that fit more to their own national eligibility rules. This coordination is relevant as it eases the fulfilment of national and ERDF application forms: same criteria, same budget form. Some others states decided to stay close to the 2000-2006 EC eligibility rules, such as France.

Example: Eligibility rules in Bulgaria:
http://www.eufunds.bg/docs/PMS_Eligibility_eng.pdf

Three types of expenditures are identified. The following examples are taken from the French decree on eligible expenditures:

- **Direct eligible expenditures**: depreciation of real estates, subcontracting, human resources (gross wages), some bank costs, direct functioning costs...
- **Indirect eligible expenditures**: part of the functioning costs of the beneficiary (electricity, telephone, rents...).
- **Non-eligible expenditures**: retrievable value-added tax or bank interest, for example.

For more information on the eligibility of expenditures:

<table>
<thead>
<tr>
<th>CRITERION</th>
<th>WEIGHTING COEFFICIENT (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment budgeted cost greater than Euro 440,000</td>
<td>20</td>
</tr>
<tr>
<td>Investment budgeted cost less than or equal to Euro 440,000</td>
<td>-</td>
</tr>
</tbody>
</table>

| 1    | Internal Rate of Return | 20 |
| 2    | Saving of Primary Conventional Energy | 25 |
| 3    | Environmental Impact    | 15 |
| 4    | Social implications     | 10 |
| 5    | Reliability and Maturity of Investment Proposal | 30 |
| TOTAL|                          | 100|
One important rule given at the EC level is about the period of eligibility (Art. 56 of general Regulation (EC) No. 1083/2006). It specifies that expenditure are said to be eligible when they incur between 1st January, 2007 and 31st December, 2015.

What are the beginning date and ending date of a CSF funding?

**The first day of eligibility** is determined by the managing authority and can be different from one case to the other; most of the time it matches with the grant agreement date, the notification date or even before if the «retroactivity rules» is applied (see below).

---

**What is the «retroactivity rule»?**

Structural funds can finance projects that have already started. The only condition to enforce this rule is that the project must not yet be finished (proof: receipts and bank accounts). This possibility is given to the managing authorities by the EC regulations. Managing Authorities can also be stricter and decide not to apply this rule.

Reference: Art. 56§1 of general Regulation (EC) No. 1083/2006: «Operations must not have been completed before the starting date for eligibility».

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**The last day of eligibility** is chosen by the managing authority, and is limited by an "eligibility duration" which can be 36 months (maximum) or less.

Both of these dates are specified in the grant agreement.

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### 2.5.2. The n+2 rule

**Automatic decommitment**

**Article 93, general regulation**

**Principles**

1. The Commission shall automatically decommit any part of a budget commitment in an operational programme that has not been used for payment of the pre-financing or interim payments or for which an application for payment has not been sent in conformity with Article 86 by 31 December of the second year following the year of budget commitment under the programme, with the exception mentioned in paragraph 2.

2. For Member States whose GDP from 2001 to 2003 was below 85 % of the EU-25 average in the same period, as listed in Annex II, the deadline referred to in paragraph 1 shall be 31 December of the third year following the year of the annual budget commitment from 2007 to 2010 under their operational programmes.

At the beginning of each programming period, annual financial objectives are foreseen. Each programme is required to spend the foreseen funds by the end of the second year following the year in which they were allocated. This is called the n+2 rule. The regulation (EC) 1083/2006 art.93 establishes the general principles of application of this rule. It states that “the Commission must automatically decommit any part of a commitment for which it has not received an acceptable payment application by the end of the second year following the year of commitment.”

For Member States whose GDP from 2001 to 2003 was below 85% of the EU-25 average in the same period, as listed in Annex II, the deadline referred to in paragraph 1 shall be 31 December of the third year following the year of the annual budget commitment from 2007 to 2010 under their operational programmes. If the programmes fail to spend the annual funds, this money will be returned to the Commission budget and lost for the programmes. The goal is to remedy fund under-consumption and to impose a regular implementation rhythm. For example in France, for the previous programming period, one year before closure of the Objective 2 (2000-2006) only 57% of credits were engaged and only 10% of these engaged funds were consumed. With the n+2 rule, managing authorities have to “use” relatively quickly their structural funds, at least before the n+2 rule comes in action. If all funds are not attributed to the right objectives, decommitment will occur.

For more information on the n+2 rule:

2.5.3. Special focus on housing projects

Since the beginning of the new programming period, ERDF can fund energy efficiency projects in housing buildings in all the new 2004 and 2007 Member States. A maximum of 4% of the available ERDF (article 7 of ERDF regulation 1080/2006, amended by regulation 397/2009) can be focused to those measures. The European Parliament has adopted this new percentage in April 2009.

Specific operations such as insulation of walls, roofing and windows (double-glazing), solar panels, and replacement of old boilers for more energy-efficient ones can benefit from these interventions. This regulation only applies to:
- Low-income households such as multi-family residential buildings and social housing organizations,
- Buildings owned by public authorities or non-profit operators for use as housing designated for low-income, households or people with special needs.

This opportunity was not given to the UE15 Member States before January 30th, 2008. On this day, the President of the European Commission, José Manuel Barroso, decided to enlarge those measures to all Member States after long bargains with Member States, Regions and Housing associations. This change led to an amendment to Article 7 of ERDF 1080/2006.

The new Article 7 of ERDF 1080/2006 has to specify that “in each Member State, expenditure on energy efficiency improvements and on the use of renewable energy in existing housing shall be eligible up to an amount of 4% of the total ERDF allocation”.

The definition of categories of eligible housing expenses is to be devoted to Member States, in national rules, «in conformity with Article 56, paragraph 4 of Regulation (EC) No. 1083/2006, in order to support social cohesion”.

This decision is to be effective in March or April 2009, after the European Parliament vote, as it is a co-decisional procedure (decision made by the European Parliament jointly with the Council of Europe representing the states).

For more information on social housing (CECODHAS):
http://www.cecodhas.org/index.php
2.5.4. Co-financing and State Aids

- **Co-financing**

Co-financing is one of the main rules of the structural funds. This rule specifies that the structural funds can't finance 100% of a project, so that beneficiaries have to find additional subsidies or private support in order to complete the project financing.

One of the managing authorities task: to help finding co-financing

One of the main problems for the ERDF project applicant is to find co-financing and managing authorities can be very useful by helping them during the project draft and building up with them the receipt column of their budget form, case by case.

Managing authorities can also act earlier in the programming process. A good practice can be found in France: the national body, its 26 regional implementations (“préfectures de région”) and the 26 decentralised regions created a very similar counterpart to the ERDF: this co-financing instrument is called “CPER” (contract for projects between the State and the regions) and its 26 regional programming documents match with the 26 ERDF OPs. Both programmes are budgeted for the period 2007-2013, and the priorities, measures and budget lines of the CPER are highly complementary to those of the ERDF operational programmes. In order to ensure maximum efficiency in the co-financing, the monitoring of CPER is also done through PRESAGE, the monitoring software for projects benefiting from European funds.

In Aquitaine (French region) for example, 1.3 billion Euros will be invested by the State and the region in the CPER accompanying the structural funds.

- **State Aids**

The primary objective of State Aids regulation by the European Union is to avoid distortion on competition and inter-community trade. The principle of this regulation is that all State Aids are considered to be an advantage for enterprises and to disturb competition rules. The State aid regulation is defined by the Articles 87 and 88 of EC Treaties (If the Treaty of Lisbon is ratified by all Member States, both articles will be replaced by Article 107 and 108, Section 2).
Part 2

What is a State Aid?
According to the definition given by DG Competition, “State aid rules cover only measures involving a transfer of state resources (including national, regional or local authorities, public banks and foundations, etc.). Furthermore, the aid does not necessarily need to be granted by the State itself. It may also be granted by a private or public intermediate body appointed by the State. The latter could apply for example in cases where a private bank is given the responsibility to manage a state funded SME aid scheme.

Financial transfers that constitute aid can take many forms: not just grants or interest rate rebates, but also loan guarantees, accelerated depreciation allowances, capital injections, tax exemptions etc.”

Who is concerned by State Aids regulation?
Any enterprise in a competitive environment is ruled by the State Aids regulations. Individuals or public organizations are not concerned by those rules.
Moreover, subsidies concerning all enterprises are authorized and do not fall under Articles 87 and 88 EC Treaties.

Is it possible to combine different State Aids?
It is possible to combine different public aids but be careful not to exceed the authorized aid rate foreseen in the regulation texts.

All regulations on State Aids:

What are the consequences of State aid regulation?
All State Aids must be notified to the European Commission, except:
Those falling under special regulations such as the general block exemption regulations for example (social aid, regional aid, environmental aid, aid for R&D, de minimis, innovation aid, aid for promoting women entrepreneurship). Member States do not need to notify State Aids in this case.
There are also specified sector regulations for example. Member States do not need to notify State Aids in this case;
After validation from the European Commission, the Member State can implement the new State Aid. All current notifications, decisions and draft legislations are listed in the State Aid Weekly newsletter.

See the State Aid Weekly

More information on State Aid regulation

Guidelines on Regional Aid

Search engine for a State Aid case in a specific country:
http://ec.europa.eu/competition/elojade/isef/index.cfm

What is the general block exemption regulation (GBER)?
The GBER authorizes the following aid types:
• aid in favour of SMEs
• aid for research and innovation
• regional development aid
• training aid
• employment aid
• aid in the form of risk capital
• environmental aid
• aid promoting entrepreneurship.
Treaty establishing the European Community (Nice consolidated version)
Part Three: Community policies
Title VI: Common rules on competition, taxation and approximation of laws
Chapter 1: Rules on competition
Section 2: Aids granted by States

Article 87
1. Save as otherwise provided in this Treaty, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the common market.

2. The following shall be compatible with the common market:
   (a) aid having a social character, granted to individual consumers, provided that such aid is granted without discrimination related to the origin of the products concerned;
   (b) aid to make good the damage caused by natural disasters or exceptional occurrences;
   (c) aid granted to the economy of certain areas of the Federal Republic of Germany affected by the division of Germany, in so far as such aid is required in order to compensate for the economic disadvantages caused by that division.

3. The following may be considered to be compatible with the common market:
   (a) aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment;
   (b) aid to promote the execution of an important project of common European interest or to remedy a serious disturbance in the economy of a Member State;
   (c) aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest;
   (d) aid to promote culture and heritage conservation where such aid does not affect trading conditions and competition in the Community to an extent that is contrary to the common interest;
   (e) such other categories of aid as may be specified by decision of the Council acting by a qualified majority on a proposal from the Commission.


How to know under which regulations the subsidy request is falling?
It depends on the subsidy request; however the European regulations on State Aids are valid for all Member States. It might happen that specific rules are to apply in Romania and Bulgaria who became Member States in 2007. The most important is to carefully read the regulations. In case there was any doubt, you may contact desk officers at DG Competition to know if the presented case can benefit of State Aids.

Is it possible to combine State Aids and structural funds and how?
«The operational programmes under the structural funds for 2007-2013 specify a standard form clause indicating “any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted”. It is the responsibility of the managing authorities to ensure that this condition is fulfilled». The co-financing from structural funds and other state aids is possible, if it respects the rules elaborated by the Managing Authorities. Operational programmes and implementation documents contain information on the use of state aids. It might be different for each operational programmes and it also depends on the measure treated.


You can contact them by calling the European Commission standard: +32 2 299 11 11.

The Figure 10 below indicates which State Aid regulation is favourable for co-financing projects within the cohesion policy.

<table>
<thead>
<tr>
<th>Types of Aid</th>
<th>Rather YES</th>
<th>Rather NO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regional Aid</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Article 87(3) (a) of the Treaty applies to State aid to promote the development of “areas where the standard of living is abnormally low or where there is serious underemployment”. For the period 2007-2010, regions with less than 75% of the EU-15 average GDP/cap (PPS) 4 are also eligible under Article 87(3) (a). “aid to facilitate the development of ... certain economic areas”</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td><strong>Horizontal rules</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cross-industry or “horizontal” rules set out the Commission’s position on particular categories of aid which are aimed at tackling problems which may arise in any industry and region.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Aid for climate change and for other environmental protection (which is especially interesting for energy efficiency and renewable energy projects)</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>- Aid for research and development and innovation</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>- Aid for the rescue and restructuring of firms in difficulty</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>- Aid for small and medium-sized enterprises</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>- Aid to employment</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>- Training aid</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>- Aid for risk capital</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>- Aid for services of general economic interest</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td><strong>Sectoral rules</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Commission has also adopted industry-specific or “sectoral” rules defining its approach to State aid in particular industries.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Agriculture, forestry, fisheries and aquaculture</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>- Transport</td>
<td>×</td>
<td></td>
</tr>
</tbody>
</table>

*Always carefully read the regulations and guidelines in order to know if the project can benefit from State Aids. This chart gives an indication of opportunities.
Special focus on State Aids opportunities in the energy sector contained in the regulations for aid for climate change and for other environmental protection (horizontal rules)

**Aid for energy saving**

*Investment aid*
Eligible costs: they are strictly limited to the extra costs directly related to energy saving at a higher level than Community standards (...). Furthermore, the operating benefits and operating costs arising during the first three years of the investment (for SMEs), first four years (for large undertakings outside of the EU CO2 Emissions Trading Scheme) or first five years (for large undertakings which are part of the EU CO2 Emissions Trading Scheme) are deducted and added respectively. Eligible investments can be made on land, real estate, plant equipment and technology transfer.

*Operating aid*
The aid is limited to the compensation for the net extra production costs taking into account the benefits resulting from the energy saving. The investment aid granted is deducted from the production costs. It is limited to five years.

**Aid for renewable energy sources**

*Investment aid*
Eligible costs: Strictly limited to the extra investment costs borne by the beneficiary compared with a conventional power plant or heating system with the same capacity. Eligible costs must be calculated net of any operating benefits and operating costs arising during the first five years of this investment. Eligible investments can be made on land, real estate, plant equipment and technology transfer.

*Operating aid*
Aids during the operation of the power plant are aimed at covering the difference between the cost of producing energy from renewable energy sources and the market price of the form of energy concerned.

**Aid for cogeneration**

*Investment aid*
Eligible costs are limited to the extra investment costs necessary to build a high-efficiency cogeneration plant as compared to the reference investment. They must be calculated net of any operating benefits and costs arising during the first five years of the investment. Eligible investments can be made on land, real estate, plant equipment and technology transfer.

*Operating aid*
The same rules as for renewable energy must be applied. Eligible installations are undertakings distributing electric power and heat to the public where costs of producing exceed its market price. For industrial use: only where it can be shown that the production cost of one unit of energy using that technique exceeds the market price of one unit of conventional energy.

**Aid for investment in energy-efficient district heating**
Eligible costs are strictly limited to the extra investment costs borne by the beneficiary compared with a conventional heating system with the same capacity. Eligible costs must be calculated net of any operating benefits and operating costs arising during the first five years of this investment. Eligible investments can be made on land, real estate, plant equipment and technology transfer.

The Vademecum “Community Law on State Aid” contains fact sheets on each type of State and describes precisely which State Aid is available in which situation and which rate of eligible costs can be financed by State Aids.

2.5.5. Revenue generating projects

Unlike most of the EC funding, a specific rule (art 55 general regulation) is applied to structural funds and specifies that revenue generated from projects have to be deducted from the amount to which the co-financing rate for the priority axis applies.

This rule is of the highest importance for energy projects: most of the time, the energy produced is considered as a source of revenue.

Technical calculations enable the managing authorities to estimate the revenue. An EC guidance document describes these calculations. The duration of the reference period is determined by EC rules and national authorities.

At the end of 2008, structural funds rules for revenue generating projects became more flexible. Smaller projects don’t have to fulfil those rules anymore.

In order to know the calculation methods and duration periods, check the national regulations on how to deal with revenue generating projects. Furthermore, if the revenues cannot be evaluated during the budget preparation, they will be deduced from European subsidies.

**Article 55 (structural funds general regulation)**

**Revenue-generating projects**

1. For the purposes of this Regulation, a revenue-generating project means any operation involving an investment in infrastructure the use of which is subject to charges borne directly by users or any operation involving the sale or rent of land or buildings or any other provision of services against payment.

2. Eligible expenditure on revenue-generating projects shall not exceed the current value of the investment cost less the current value of the net revenue from the investment over a specific reference period for:
   (a) investments in infrastructure;
   (b) other projects where it is possible to objectively estimate the revenues in advance. (…)
2.6 Monitoring and evaluation

2.6.1. Support to beneficiaries

Beneficiaries need information and support all along the building and the implementation of their project. Questions are very often linked to accounting and control measures. Here are some good practices developed by the Member States to give the best answer to beneficiaries’ fears and questions:

- In order to facilitate relations between managing authorities and beneficiaries, it is important to have a unique contact person whose role is to answer the beneficiaries’ questions.
- Managing authorities sometimes organise Frequently Asked Questions sessions and publish the results on their website.
- **Hotline**: in Czech Republic for example, a “Green Hotline” was implemented as a support for beneficiaries within the Operational Programme «Environment».
- **Ongoing trainings of managing authorities staffs** enables them to be up-to-date with new regulations and moreover with useful practices. Those measures imply that human resources of managing authorities are well-informed, well-trained and have pedagogic behaviours.

Before launching such initiatives, managing authorities have to pay attention to the potential needs, the cost of such services and how to communicate on it.

Support and communication with beneficiaries is very appreciable to receive feedback from “on-site” experience. Thanks to these exchanges, managing authorities can improve their communication and find new solutions to emerging or recurrent problems.

2.6.2. Monitoring and evaluation

This part gives some keys for project monitoring and evaluation, in order to meet regulatory requirements and to favour objectives achievements for the European Commission.

First of all, it is important to distinguish the concepts of monitoring and evaluation. As stated in the Monitoring and evaluation guidance for structural funds projects and partnerships in Wales*, monitoring is “the regular and systematic collection of data which are then used to help better manage a project or programme”. Evaluation is much wider in scope than monitoring and makes an “assessment of the overall achievements of a project”.

a) Monitoring

The main aim of monitoring is to avoid unpleasant surprises in the middle or at the end of implementation process. From the start of the project and on, managing authorities and beneficiaries should work **hand in hand** so that indicators are clear, specific to the project and measurable. Beneficiaries should be informed of deadlines before starting implementing.

**There are mainly three categories of monitoring indicators:**
- Activity: actions that are carried out during the project implementation,
- Result: output that is a direct consequence of the activity,
- Financial indicators: involved budget, engaged funds, payments.

It is important not to choose too many indicators and to use indicators similar to the ones that were used for the project selection.

---

Part 2

In France for example, the software PRESAGE is used in every region to monitor the implementation of Operational Programmes and all projects. All implementing bodies are connected and use PRESAGE: managing authorities, certification authorities as well as regional and local institutions... It is a shared database which is updated in real time and which monitors each step of a project lifecycle from the first subsidy request to completion of the project. This initiative is financed by the national Technical Assistance Operational Programme financed by the ERDF, and entitled Europ’Act. All member states have besides the ERDF and ESF programmes, a programme of technical assistance (financed by the ERDF) aiming at communicating on structural funds and at supporting managing authorities.

In Czech Republic, three different tools are used to monitor structural funds programmes and projects (see boxed text)

**MSSF - Monitoring System of Structural Funds**

The Monitoring System of Structural Funds is a group of integrated and compatible solutions supporting the management of state and EU co-funded projects. Particular solutions consisting of MSSF-CENTRAL, MSSF-MONIT and MSSF Benefit / ELZA differ in their targeting and thereby in their functionality: MSSF-CENTRAL is used on the central level by managing authorities of operational programmes, MSSF-MONIT is used on the execution level by intermediate bodies and MSSF Benefit / ELZA is used by the applicants.

**MSSF - Central**

MSSF-CENTRAL is the main software tool for OP managing authorities and is used at the ministry level (Ministry for Regional Development, Ministry of Labour and Social Affairs, Ministry of Agriculture, Ministry of Trade and Industry, Ministry of Environment and Ministry of Transport). MSSF-CENTRAL supports the process of technical and financial monitoring, including programme objectives, priority axis, operational programmes, priorities, measures, sub measures, financial plans and summaries. Besides, it allows cooperation with the national development plan, administration of indicators and provides summarized data on the preparation and implementation of the operational programmes and on the total EU funding in the Czech Republic.

**MSSF - Monit**

MSSF-MONIT is a software tool for intermediate bodies which supports project preparation and implementation processes such as the evaluation of applications, project technical and financial monitoring, reporting to superior bodies etc.

**MSSF - Benefit / Elza**

MSSF – Benefit / ELZA is a software tool for the project owners who apply for funds. MSSF-Benefit / ELZA facilitates the work of intermediate bodies in ensuring that the application files are correct and include all necessary data and documentation. The tool is also used for further communication between the applicant and implementation body during the project life, for example for payment requests or reporting.

b) Evaluation systems

**The Project evaluation aims at addressing questions such as:**
Did the project achieve its objectives respecting its timetable and budget?
What were the (concrete) results?
What worked well?
What can be improved?
What is the impact of the project?
How efficient is project management and coordination? Etc.

There is a quantitative part but also a qualitative part in the evaluation. It is recommended to be realistic and to focus on objective data, for example data which can be collected “on-site”.
Evaluation can be done by external experts in order to ensure neutrality. Furthermore, independent evaluators have more hindsight and may offer high expertise in the specific fields of actions concerned.

Here are the different steps to a project evaluation:

- Decide on the scope of the evaluation. Involve your project team and other key people
- Identify good evaluation questions
- Agree on who should do the evaluation
- Select appropriate evaluation methods
- Collect and analyse the information
- Report findings
- Disseminate

Focus on different types of evaluation

<table>
<thead>
<tr>
<th>Focus of Evaluation</th>
<th>Types of Evaluation</th>
<th>FOCUS OF EVALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Needs Demand</td>
<td>Inputs Processes</td>
<td>PROJECT</td>
</tr>
<tr>
<td>Feasibility Study</td>
<td>Process Formative</td>
<td>Outcome Impact</td>
</tr>
<tr>
<td>Ex ante evaluation</td>
<td>Evaluability assessment</td>
<td>Ex-post evaluation</td>
</tr>
</tbody>
</table>


Figure 11: Different types of evaluation.

The chart above lists different topics of evaluation systems at different times the project lifecycle. The methodological choice is very important and is linked to the evaluation objectives.
The size of the project also influences the topic of the evaluation. For example in Austria, evaluation methods are different regarding the size of the project. If a project eligible costs are less than 350 000€, evaluation is done on the basis of environmental indicators. The bigger the project is, the deeper the evaluation must be. Projects with eligible costs between 350 000 and 3.5 million Euros should provide a written statement explaining the reason of the choice of specific environmental indicators as well as additional indicators on the enterprise. Larger projects (over 3.5 million Euros) should also add to all the previous evaluation measures a detailed description of the environmental impacts. Hereafter are some examples of indicators used for the evaluation of projects in the energy sector in Austria:

- Renewable energy/CHP: Installed capacity (kW_{el})
- Renewable energy /CHP: Installed capacity (kW_{th})
- Renewable energy /CHP: Renewable energy production: MJ/year
- Energy efficiency: energy source saved
- Energy efficiency: energy saved in MJ/year
- Energy efficiency: energy saved in EUR/year
- GHG emission reductions, t CO_{2}-eq/yr
- Number of newly created jobs
- Lifetime of the project/depreciable life in years (in accordance to list of fixed assets.)
- (annual energy saved*lifetime)/total project costs
- (annual energy saved*lifetime)/EU contribution
- (annual t CO_{2} saved*lifetime)/total project costs
- (annual t CO_{2} saved*lifetime)/EU contribution
- Number of newly created jobs/EU contribution
- Number of newly created jobs/total project costs

Formative and summative evaluations are more specific:

- **Formative evaluation** targets project managers; the evaluation method is mostly qualitative. Collected data deals with implementation problems, progress on outputs and focused small scale analysis.
- **Summative evaluation** targets policy makers and interested public and funding stakeholders. The evaluation method is quantitative even if qualitative input is also requested.

The dissemination of the results of evaluations is important. Thanks to evaluations, the good practices can be widespread while the malfunctioning ones can be improved and may be solved.

c) Reports and controls

- **Reports**

  - **National managing authorities** have to report their results to the European Commission. Each year, they write an annual report on the implementation of the national reform programme (NRP). It contains the contributions of structural funds to the implementation of the NRP. The European Commission then publishes an annual report for the Spring European Council which summarizes the national reports. Each Member State also has to write a strategic report on the implementation of cohesion policy by the end of 2009 and 2012. Conclusions are drawn from the contribution of programmes to cohesion policy and the strategic orientations of the European Commission. Based on the 27 reports the Commission drafts a strategic report before 1st April 2010 and 2013.
  - **Grant beneficiaries** must submit to their managing authorities monitoring reports on the actions progress and on expenditures and earnings accounts. These reports are part of the «service control».
• Controls

In order to avoid sanctions from the European Commission the services responsible of structural funds have to do some controls. There are three major types of controls: service, quality and the 5% control. Irregularities that are systemic may incur a 20% reduction in funding. The managing body will be asked to reimburse this sum to the Commission and will be responsible for recovering the amounts in question directly from the beneficiaries.

Service control

The goal of the service control is to check the reality and technical conformity of SF co-financed actions regarding the planned budget and action. This control has to be done by the department in charge of the managing authority after the request for interim or final instalment.

This step includes a control of the list of available proofs and/or an on-site control. Service control checks if:

• expenditures were done within eligibility period and if they were really linked to the project,
• programme conditions and eligibility rules were respected,
• services were done and the foreseen results were achieved,
• the rules related to State Aids, environmental protection, equal opportunities and tenders were respected.

In order to check expenditures eligibility and its reality, public project owners must return a list or a copy of their invoices with a summary attesting their payments by their public accounting authority. Private beneficiaries must do the same, but the summary should be done by a chartered accountant or an auditor. Bank statements must also be submitted as proofs of payment.
Quality control

The European Commission stipulates in its article 62 of the general regulation that each Member States has to implement quality controls. Their objective is to give a sufficient assurance that all subsidy requests correspond to “exact, regular and eligible” expenditures.

In France, the quality control is done by the managing authority. Controlled dossiers/files are randomly chosen: 50% are chosen among current dossiers and 50% are chosen among dossiers having declared their expenditures for the last fund request.

Figure 13 presents an example of quality control process as it is set up at ADEME in France, which is the implementing body for energy priorities in several regions (global subsidies). At ADEME, the quality controlled is done internally by the head services of the agency. A three-person team runs the controls in order to cross the competences:

- one person from the head office specialized in structural funds and in its control procedures; this person is also the contact for the organisation in charge of supervising the management of ERDF at national level
- one person from the budget department, or from the legal department depending on the cases
- one person specialized on the management of the global subsidy and who is working at the regional ADEME office which is being controlled.

ADEME runs one quality control per regional office in charge of a global subsidy per year. The auditing team also benchmarks the management system in place and analyses the audit trail to check the efficiency. All conclusions are then compiled in a report.

---

**ERDF Quality Control at ADEME (France)**

**Preparation:**
- Five or six project files to be controlled are selected by the head office
- A list of additional requested documents is sent to the regional office 10 days before the control
- The existing documents (procedures, standard documents, control reports etc.) are analyzed.

**Opening meeting:**
- The methodology of the quality control is presented to the regional office
- The regional office’s management system for the ERDF global subsidy is presented to the internal auditors

**Examination of the selected projects**
- The selected project files are controlled
- The auditors also check that the recommendations and corrective actions required from year n-1 were applied.

**Closing meeting**
- Presentation and validation of the factual findings: mistakes requiring corrections

**ERDF Quality Control Report**
- The report is sent to the regional office the following month.
- A summary of the report is also sent to the higher regional managing authority.
- In response, the regional office sends to the head office a list of the corrections they are planning to do.

This report will be the base for the management examination the following year.

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Source: ADEME (France)

Figure 13: Quality Control at ADEME (France)

**Operation control: “5% control”**

Following the rules of the European Commission (article 62 of the general regulation), 5% of all operations must be controlled by the Member States. The operations to be controlled are chosen on the basis of samples referring to two criteria:

- Risk criteria: some projects are of higher risks (for example because of the beneficiary) and need more controls,
- Representativeness criteria based on geography (controlled projects should not be in the same area or town but equitably spread on the territory) and time (all over the programming period).
In **France** this control is done in partnership with a “Inspecteur Principal” (higher civil servant) of the General Treasury. The auditing team also visits the technical secretary and the subsidy beneficiary on-site.


### 2.6.3. Final reports and closure

The beginning of a new programming period implies the end of the previous one. Managing authorities must simultaneously juggle with the launch of new programmes, project instructions and the closure of the previous programmes. As the closure of the 2007-2013 programming period is not going to occur before 2013 and 2014, the following guidelines are based on rules and best practices of the 2000-2006 closure, outlined in the Structural Funds Closure Guidelines adopted in August 2006 (Decision C(2006) 3424) and amended by Decision of April 2008.

Even if the 2017-2013 closure seems far away, managing authorities should think ahead before the closure deadlines, especially because a smooth closure is linked to a right and regular allocation of the funds. The guidelines aim at preparing managing authorities for the coming closure challenges.

**Thomas Bender from DG Employment, Social Policy & Equal Opportunities** draws a diagram describing the closure timescale. For the current programming period, the end of expenditures eligibility is December 31st, 2015, except for expenditure incurred by bodies granting the aid under Article 9(l) of Regulation 1260/99 for which it is on April 30th, 2016. That means that after that date, managing authorities have 15 months to transmit their final reports, winding up declaration and statement of final expenditure. As soon as the Commission declares the programme closure, all supportive documents have to be conserved for three years.

![Closure timescale diagram](http://ec.europa.eu/regional_policy/conferences/closure/programme_en.htm)

The final report represents a major step in the closure timescale. During a seminar, organised by the European Commission, **Peter Smith, European Funding Adviser from the Government Office for North East England** recommends to “tell a clear and easy-to-read story”. Information should be complete, consistent throughout all sections and credible. Furthermore, it is never too soon to start, planning, checking data, identifying problems and drafting sections of the text.

Mr Smith also recommends to learn from annual reports and to use expertise of people familiar with the programmes. It is also very important to work closely with the paying authority and to keep in touch with the Commission in case of information needs.
Concerning the goals of the final report, **Dominique Levieil from DG Maritime Affairs** explained that final reports aim at enable the European Commission to check:

- if the assistance was properly executed
- if financial management of structural funds was efficient
- if programme’s objectives were reached
- if the programme was coherent with EU policies.

Concerning the structure of the final reports, it should be similar to annual reports and should contain a synthesis of information from previous annual reports. Chapters for 2008 and early 2009 should be added. The following information is expected:

- relevant changes in general conditions
- technical implementation of priorities and measures
- financial implementation of priorities and measures
- steps taken to ensure quality and effectiveness of implementation
- steps take to ensure compatibility with EC policies and to ensure coordination of EC assistance
- financing of major projects and global grants

**Dominique Levieil** stresses that regarding the financial implementation summary tables should include the following charts or diagrams:

- “for each measure, the total certified expenditure actually paid out and to be paid out by the paying authority and the respective EU contribution
- the financial performance against the last approved financial plan by using the financial indicators, with an indication, where applicable, of the decommitments made in accordance with the “n+2» rule
- the total expenditure broken down by field of intervention at measure level
- a list (by priority and measure) of unfinished, non-operational or suspended projects due to legal or administrative proceedings”

After the transmission of the final report, the Commission has five months to analyse the text and assess its quality. Completeness relative to legal requirements, consistency and coherence as well as the credibility of the content is verified. A good quality report avoids financial corrections.

**Questions and Answers of the seminar “Toward a successful closure of structural funds 2000-2006 Programmes”:**
### Part 3: Best practices

#### Project A: Energivie

<table>
<thead>
<tr>
<th>Description and objectives</th>
<th>Project</th>
<th>Energivie (RegioStars 2008 Winner)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>January 2003-December 2005</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>France (Alsace)</td>
<td></td>
</tr>
<tr>
<td>Description and objectives</td>
<td>Promoting the use of renewable energies in Alsace (solar and wood energy sector)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stimulating demand on renewable energy (communication plan, undertaking prospective studies and implementing experimentation on low energy consumption buildings)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strengthen the offer of renewable energies related to equipments and services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Implementing a network of regional facilitators</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Presence at an international fair (Intersolar in Germany)</td>
<td></td>
</tr>
<tr>
<td>Targets</td>
<td>Local authorities, companies and potential users of renewable energy sources such as agriculture professionals, community groups, private parties...</td>
<td></td>
</tr>
<tr>
<td>Main Results</td>
<td>57 new wood heating collectives were installed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>30 500m² heat with solar energy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Support to the realisation of 15 housing buildings using renewable energies with the label Effinergie (Start: 2009)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Further six housing building with the label Minergie</td>
<td></td>
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<tr>
<td>Best practices</td>
<td>Integration of communication: a budget of 1.8 million Euros was planned</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Providing customised information at each stage of a project: production of specific technical handbooks, financial and technical assistance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Segmentation of programme target groups: especially in the energy sector, target groups are various and don’t have the same interests. Target segmentation is crucial in order to achieve initial goals.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Involvement of stakeholders and public-private partnerships</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Establishment of a steering committee: all partners participated in the Committee in order to plan the strategy and the activities. It enabled to involve all parties so that power is more balanced and introduced new stakeholders who had hardly been involved in renewable energy sources.</td>
<td></td>
</tr>
<tr>
<td>Total cost</td>
<td>€4.2 million</td>
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<tr>
<td>EU Contribution</td>
<td>€1.9 million ERDF</td>
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</tr>
<tr>
<td>Website/Contact</td>
<td>Rémy Gendre, Coordinator</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Alsace Region</td>
<td></td>
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<tr>
<td></td>
<td>1 place du Wacken</td>
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<td>BP 91006</td>
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<tr>
<td></td>
<td>67 070 Strasbourg Cedex - France</td>
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<tr>
<td></td>
<td>Tel: +33 (0)3 88 58 40 68</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:remy-gendre@region-alsace.eu">remy-gendre@region-alsace.eu</a></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.energivie.fr/">http://www.energivie.fr/</a></td>
<td></td>
</tr>
</tbody>
</table>
### Project B: Dutch project: Mine water Project

<table>
<thead>
<tr>
<th>Description and objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Use former coal mining areas as a source of energy</td>
</tr>
<tr>
<td>• Re-use warm and cold water gathered in mines for heating purposes</td>
</tr>
<tr>
<td>• Supply a district heating and cooling system, servicing a large number of buildings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilot project in Heerlen (The Netherlands), pre-investment studies in France and in Germany</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Avoided CO$_2$ emissions in 2005: 750 tons/year excluding avoided cooling</td>
</tr>
<tr>
<td>• Projected CO$_2$ emission reduction for 2020: 1,342 tons/year excluding avoided cooling</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lessons learnt</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Drilling activities were very expensive</td>
</tr>
<tr>
<td>• The use of mine water in buildings needs to be reflected during the designing stage of the buildings</td>
</tr>
<tr>
<td>• Legal issues: who owns the water of the mines? Such questions have to be clearly defined at the beginning of the project</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Best practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Commitment of all parties involved: active partnerships between all stakeholders (public and private) are a key for success.</td>
</tr>
<tr>
<td>• Active media activities: a project is often successful if an important communication work has been done in order to increase its visibility.</td>
</tr>
<tr>
<td>• Perseverance of the project team is crucial as there are a lot of hurdles and a strong project leader is important in order to launch new ideas and to overcome difficulties.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total eligible cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>€20.9 million</td>
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<tr>
<th>EU Contribution</th>
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<td>€10.032.190 ERDF in North West Europe Programme (Interreg IIIB)</td>
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</table>

<table>
<thead>
<tr>
<th>Website/Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipality of Heerlen</td>
</tr>
<tr>
<td>Mrs Elianne Demollin-Schneiders</td>
</tr>
<tr>
<td>Project leader Mine water Project</td>
</tr>
<tr>
<td>Geleenstraat 27</td>
</tr>
<tr>
<td>6411 HP Heerlen - The Netherlands</td>
</tr>
<tr>
<td>Tel: +31 (0)31 45 5605 040</td>
</tr>
<tr>
<td>Email: <a href="mailto:e.demollin@heerlen.nl">e.demollin@heerlen.nl</a></td>
</tr>
<tr>
<td>Website: <a href="http://www.minewaterproject.info">www.minewaterproject.info</a></td>
</tr>
</tbody>
</table>
Part 3

3.3 Project C: Energy Competence Centre

<table>
<thead>
<tr>
<th>Project</th>
<th>Energy Competence Centre Böbingen an der Rems – EnergiekompetenzPLUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>September 2003 – July 2005</td>
</tr>
<tr>
<td>Country</td>
<td>Germany, Bundesland Baden Württemberg</td>
</tr>
</tbody>
</table>

**Description and objectives**

- Save energy and/or switch to alternative energy sources
- Promote wealth creation in the district of Ostalb by winning orders for local craft companies and architects
- Network the various agenda groups in the area of energy
- Implement training measures in the craft industries
- Establish a cooperation network between companies, architects/planners and other organizations in order to facilitate a mutual exchange of experiences and know-how in the energy sector.
- Opening of a “Center” on 1st December 2004: around 220 m² of the building were fitted out as an advice and competence centre. The centre also offers training to craftsmen and architects from the local area and surroundings.

**Targets**

- Guilds of builders, electricians, glaziers, sanitary experts, heating and air-conditioning engineers, plasterers, carpenters, the Ostalb Chamber of Architects, the college of electricians and, generally, any citizen seeking advice or receiving training on energy issues at the centre.

**Results**

- Organization of events for the projects’ targets in order to build a professional network, to make contacts, to find new ideas and to transfer knowledge
- 110 people were trained at the Centre
- Marketing strategy: partnership with chamber of architects and craft industries and publicity
- Challenge of combining three types of programme: ERDF, ESF and a German regional programme “Klimaschutz Plus” (Climate Protection Plus): complex project management

**Best practices**

- The very first innovative measure of this project is a private-public partnership between the Ostalb district, the municipality of Böbingen, the district trade association, individual guilds (associations) and the district chamber of architects. This association between stakeholders is running the Centre. It is a new and unique partnership in the region. It enables all the actors working in the area of energy saving to gather their know-how. Furthermore, each network participant can arrange discussion sessions, information seminars etc. Dates and activities are detailed in an Internet diary accessible to all partners. Besides those spontaneous initiatives, some stakeholders meet and collaborate regularly.

- A solid marketing and communication strategy was built. In order to raise people’s awareness, “energy saving days” were organised. A special edition of the district newsletter was devoted to EnergiekompetenzPLUS. Thanks to common advertising efforts, great media coverage was reached.

- The economic viability of the project was assured by designing the EnergiekompetenzPLUS building as a multifunctional residential and commercial property. Now the investments and contributions are made by members of the association. The grants are paid by the district authority towards staffing and material costs, and funds are provided by third party sponsors.
<table>
<thead>
<tr>
<th>Challenges</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Difficulties to find qualified staffing and financing to provide further training offer especially in rural areas</td>
<td></td>
</tr>
<tr>
<td>• The project partners had to face the challenge of combining three types of programmes: ERDF, ESF and a German regional programme “Klimaschutz Plus” (Climate Protection Plus). Although the project management was complex, the partners were able to face the administrative hurdles.</td>
<td></td>
</tr>
<tr>
<td>• The project leaders managed to run the centre as an investment and a demonstration property built to a high standard in terms of energy consumption and environmental impact. The goal was achieved in terms of staffing and financing. But their difficulty was to provide enough qualifications and further training offers.</td>
<td></td>
</tr>
<tr>
<td>Total cost</td>
<td>€ 1,527,153</td>
</tr>
<tr>
<td>EU Contribution</td>
<td>€ 62,354 ERDF, € 150,955 ESF</td>
</tr>
<tr>
<td>Website/Contact</td>
<td>Ksenija Kreutz-Schiele</td>
</tr>
<tr>
<td></td>
<td>Dipl.Ing. Architektin, Univ.Zg.</td>
</tr>
<tr>
<td></td>
<td>Technische Geschäftsführerin des Energiekompetenz Ostalb</td>
</tr>
<tr>
<td></td>
<td>Dr. Schneider-Straße 56</td>
</tr>
<tr>
<td></td>
<td>D-73560 Böbingen a. d. Rems - Germany</td>
</tr>
<tr>
<td></td>
<td>Telefon: +49 7173 185516</td>
</tr>
<tr>
<td></td>
<td>EMail: <a href="mailto:info@energiekompetenzostalb.de">info@energiekompetenzostalb.de</a></td>
</tr>
<tr>
<td></td>
<td><a href="http://www.energiekompetenzplus.de">www.energiekompetenzplus.de</a></td>
</tr>
</tbody>
</table>
These guidelines aimed at giving an overview of the funding possibilities for energy efficiency and renewable energy within structural and cohesion funds and at providing information on the projects lifecycle. Three successful projects were also presented and analysed in the hope to provide managing authorities with real and concrete examples of projects in the field of sustainable energy.

Managing authorities and intermediate bodies have to deal with different stakeholders (beneficiaries and potential beneficiaries, journalists, local politicians, payment authorities...) and besides selecting, monitoring and evaluating projects, they also have to manage a programme. Keys to succeed in managing programmes are mostly:
• Anticipate challenges and evolutions
• Communicate about the structural and cohesion policy in order to generate projects and to all stakeholders
• Plan all actions for the programming period in order to avoid automatic decommitment and to be ready to face all challenges and deadlines.

Furthermore, the managing authorities are truly partners of the project owners and not censors. This partnership is a vital condition for successful programme management. In order to create a real partnership, it is important that both, managing authorities and project owners, take time together and exchange. Transparency and confidence between both stakeholders are keys to success. Managing authorities should be aware of projects constraints and should also explain their constraints in order to facilitate mutual understanding and cooperation. Finally managing authorities should also encourage project owners. Applying for structural and cohesion funds can be complex, so it is the role of the managing authority to encourage potential beneficiaries and to support them during the procedure.

We hope that this guide will help you in selecting and managing efficiently the structural funds, in order to move increasingly towards a world of sustainable energy.

The redactors: ADEME (France), CRES (Greece),
And the PromoSCene team: SenterNovem, coordinator (the Netherlands), AEA (Austria), ARCE (Romania),
CIE (Cyprus), DENA (Germany), EEA (Bulgaria), ISPE (Romania), KAPE (Poland), SEVeN (Czech Republic),

Glossary of acronyms

CF: cohesion funds
EC: European Commission
EE: energy efficiency
ENPI CBC: European Neighbourhood and Partnership Instrument for Cross-Border Cooperation
ERDF: European Regional Development Fund
ESF: European Social Fund
GER: general block exemptions regulation
IPA: Instrument for Pre-Accession Assistance
MA: Managing Authority
NSRF: National Strategic Reference Framework
OP: Operational programme
RE: renewable energy
SF: structural and cohesion funds
SMEs: Small and Medium Enterprises
ROP: Regional Operational Programme
SOP: Sub-Operational Programme
Sources and References

GENERAL EU-SOURCES AND REFERENCES

DG Regio Website

DIACT (French inter-ministerial delegation to Competitiveness and Space Planning)

Information on OPs in all Member States

European Commission (2008), DG Regional Policy, National Strategic Frameworks 2007-2013,

European Commission, Regulation 1826/2006

The n+2 rule

Eligibility of expenditures

Monitoring and evaluation guidance for structural funds projects and partnerships in Wales

Guide to cost-benefit analyse of investment projects

General regulation on structural funds for 2017-2013

State Aids
http://ec.europa.eu/competition/state_aid/overview/index_en.html

State Aid Regulation

Questions and Answers of the seminar “Toward a successful closure of structural funds 2000-2006 Programmes”

Seminar “Toward a successful closure of structural funds 2000-2006 Programmes”

Below are more references to deepen specific aspects developed in the guide.

Initiatives of the European Commission in the energy sector
http://ec.europa.eu/energy/index_en.htm

“Regions for economic change”
http://ec.europa.eu/regional_policy/cooperation/interregional/ecochange/index_en.cfm

Regulations on structural funds

Official documents on structural funds
Promotion and communication

Eligibility rules in Bulgaria
http://www.eufunds.bg/docs/PMS_Eligibility_eng.pdf

Social housing (CECODHAS)
http://www.cecodhas.org/index.php

The ManagEnergy initiative, launched in 2002 during the first European Conference for Local and Regional Energy Management Agencies, focuses on improving communication and dissemination of best practices. The aim is to support the work of actors working on renewable energies and energy demand management at local and regional levels by providing information on legislation, good practices and funds available and statistics on the use of ManagEnergy services.

More information on the initiative ManagEnergy:
http://www.managenergy.net/

Managing structural funds — A step-by-step practical handbook (to book)
http://bookshop.eu.int/eubookshop/publicationDetails.action;jsessionid=C27242562CE8889B8134ADEE5CD68E97?searchData.domain=author_code&searchData.expression="EIPA"&pubuid=590083&offset=0

Method to evaluate environmental projects
http://www.oerok.gv.at/fileadmin/Bilder/5.Reiter-Publikationen/Schriftenreihe_Kurzfassung/OEROK_schriftenreihe164_kurzfassung_e.pdf

Treaty of Lisbon

PROMOTION AND COMMUNICATION

Bioenergy-Biomass - Database of Technology demonstration projects

BioMatNet - Network & database of FP2 - FP7 non-food use of crops projects (including biomass & bioenergy)
http://www.biomatnet.org/

Energie-Cités - Database of good practice
http://www.energie-cites.org/page.php?lang=en&dir=5&cat=1&sub=1

Energy Saving Trust - Best Practices - Energy Efficiency Best Practice in Housing
http://www.est.org.uk/housingbuildings/casestudies/

ENTHUSE - Creating Local Government Enthusiasm for Renewable Energies
http://www.enthuse.info/

European Environment Agency (EEA) - Reports and publications about Europe's environment published by the EEA
http://reports.eea.eu.int/

INFORSE - Europe - Collection of Sustainable Energy Successes in Europe
http://www.inforse.org/europe/contents.htm

IntellEbase - Database of ALTENER and SAVE projects
http://europa.eu./comm/energy/iebase/introduction.cfm

Local Sustainability - European Good Practice Information Service - a guide to sustainable good practice 1996-9
http://www3.iclei.org/egpis/esearch.htm

ManagEnergy - Good practices around Europe
http://www.managenergy.net/submenu/Scs.htm

OPET - Database of good practice
http://cordis.europa.eu/opet/
Sources and References

Practical Help - The Energy Saving Trust’s service for Local Authorities
http://www.practicalhelp.org.uk/

Structural Funds - Database of success stories from the Directorate General Regional Policy (European Commission)

SURBAN - Database on sustainable urban development in Europe
http://www.eaue.de/

The Carbon Trust (UK) - Database of research, development and demonstration projects
http://www.carbontrust.co.uk/default.ct

MANAGEMENT BEST PRACTICES

New regulations for renewed Structural Funds and instruments 2007-2013

European map of eligible areas for Structural and Cohesion Funds

The Community Strategic Guidelines on Cohesion 2007-2013

EC, Directorate General Regional Policy, “Guide to COST-BENEFIT ANALYSIS of investment projects”

SOURCES AND REFERENCES PER TARGET COUNTRY

Bulgaria:
Portal on structural funds in Bulgaria
http://www.eufunds.bg/?cat=2

Cyprus:
Portal on structural funds in Cyprus
http://www.structuralfunds.org.cy/

Planning Bureau

Czech Republic:
Operational programme “Environment”
http://www.opzp.cz/sekce/254/aktuality/

Poland:
Portal on structural funds in Poland

Romania:
Ministry of regional development and housing

Ministry of Environment and Sustainable Development
http://www.mmediu.ro/

Other links about OPs in Romania:
http://www.fonduri-structurale.ro
http://amposccee.minind.ro
http://www.fonduri-finantari.eu
http://www.eurofinantare.ro
http://eufinantare.info
http://www.fonduristructurale.info.ro
http://www.eurofinantare.ro/
http://www.structural-consulting.ro/
http://www.fonduri-structurale-europa.ro/
www.fonduri-ue.ro/
www.fonduri-nerambursabile.info/
www.europeanprojects.ro/
www.pegas.ro
www.finantare.ro
www.AccesareFonduri.ro
www.iraconsult.ro
www.fondurieuro.com
www.consultanta-fonduri.ro
www.finantare-proiecte.ro
www.creditportal.ro/
www.livtour.ro
www.fonduristructurale.aaz.ro/
www.fonduri-structurale-europene.ro
www.fonduristructurale.info.ro
www.Consultanta-Fonduri.ccft.ro
www.consultantaseffer.ro
www.mediainvest.ro
www.pheonix.ro
http://structuralfundsromania.blogspot.com/2008/03/jaspers-in-romania.html
www.fonduri-finantari.eu
http://portalmfp.mfinante.ro/wps
Appendix 1: Breakdowns per target country by themes as proposed in the OP

Bulgaria

<table>
<thead>
<tr>
<th>NSRF Financial Table</th>
<th>Breakdown by theme as proposed by Bulgaria in its draft operational programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Programme</td>
<td>Community Contribution</td>
</tr>
<tr>
<td>Convergence Objective</td>
<td>EUR 583 219</td>
</tr>
<tr>
<td>ERDF &amp; CF</td>
<td></td>
</tr>
<tr>
<td>Competitiveness</td>
<td>EUR 48 296 513</td>
</tr>
<tr>
<td>Regional Development</td>
<td></td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>EUR 368 899 713</td>
</tr>
<tr>
<td>Transport</td>
<td></td>
</tr>
<tr>
<td>CF</td>
<td>EUR 1 255 669 890</td>
</tr>
<tr>
<td>ERDF + CF</td>
<td>EUR 1 604 056 623</td>
</tr>
<tr>
<td>Environment</td>
<td>EUR 419 059 208</td>
</tr>
<tr>
<td>CF</td>
<td>EUR 1 027 366 273</td>
</tr>
<tr>
<td>ERDF + CF</td>
<td>EUR 1 466 425 481</td>
</tr>
<tr>
<td>ESF</td>
<td></td>
</tr>
<tr>
<td>Human Resources Development</td>
<td>EUR 1 031 789 139</td>
</tr>
<tr>
<td>Administrative Capacity</td>
<td>EUR 153 670 724</td>
</tr>
<tr>
<td>Total</td>
<td>EUR 2 205 122 218</td>
</tr>
<tr>
<td>Total</td>
<td>EUR 2 283 014 163</td>
</tr>
<tr>
<td>Total</td>
<td>EUR 1 185 459 863</td>
</tr>
<tr>
<td>Funds Total 2007–13</td>
<td>EUR 6 673 628 244</td>
</tr>
</tbody>
</table>

Note: The tables do not include the figures for the European Territorial Cohesion objective.

Cyprus

### NSRF Financial Table

<table>
<thead>
<tr>
<th>Operational Programme</th>
<th>Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment, Human Capital and Social Cohesion</td>
<td>ESF</td>
<td>119,769,154</td>
</tr>
<tr>
<td>Sustainable Development and Competitiveness</td>
<td>CF</td>
<td>213,204,484</td>
</tr>
<tr>
<td>Sustainable Development and Competitiveness</td>
<td>SRDF</td>
<td>279,461,354</td>
</tr>
<tr>
<td>Total</td>
<td>CF</td>
<td>213,204,484</td>
</tr>
<tr>
<td>Total</td>
<td>SRDF</td>
<td>279,461,354</td>
</tr>
<tr>
<td>Total</td>
<td>ESF</td>
<td>119,769,154</td>
</tr>
<tr>
<td>Total NSRF 2007-13</td>
<td>All Funds</td>
<td>612,434,992</td>
</tr>
</tbody>
</table>

### Breakdown by theme as proposed by Cyprus in its draft operational programmes

#### European Regional Development Fund / Cohesion Fund 2007-13
- Culture: 6.5%
- Energy: 1.2%
- Environmental protection and risk prevention: 37.2%
- Information society: 3.2%
- Investment in social infrastructure: 2.0%
- Research and technological development (R&TD), innovation and entrepreneurship: 25.2%
- Technical assistance: 3.8%
- Transport: 12.3%
- Urban and rural regeneration: 6.6%

#### European Social Fund 2007-13
- Improving access to employment and sustainability: 17.7%
- Improving human capital: 31.0%
- Improving the social inclusion of less-favoured persons: 11.4%
- Increasing the adaptability of workers and firms, enterprises and entrepreneurs: 9.2%
- Strengthening institutional capacity at national, regional and local level: 7.8%
- Technical assistance: 2.8%

Czech Republic

Poland

### NSRF Financial Table

<table>
<thead>
<tr>
<th>Operational Programme</th>
<th>Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Regional OPs</td>
<td>16.55</td>
<td>616.18</td>
</tr>
<tr>
<td>IOF Dolnoslaskie</td>
<td>1.213</td>
<td>448.27</td>
</tr>
<tr>
<td>IOF Kujawsko-pomorskie</td>
<td>951</td>
<td>638.20</td>
</tr>
<tr>
<td>IOF Lubelskie</td>
<td>1.155</td>
<td>951.50</td>
</tr>
<tr>
<td>IOF Lubuskie</td>
<td>439</td>
<td>731.96</td>
</tr>
<tr>
<td>IOF Lodzkie</td>
<td>1.096</td>
<td>380.91</td>
</tr>
<tr>
<td>IOF Malopolskie</td>
<td>1.290</td>
<td>244.02</td>
</tr>
<tr>
<td>IOF Mazowieckie</td>
<td>1.034</td>
<td>496.98</td>
</tr>
<tr>
<td>IOF Opolskie</td>
<td>427</td>
<td>144.13</td>
</tr>
<tr>
<td>IOF Podkarpackie</td>
<td>1.136</td>
<td>307.83</td>
</tr>
<tr>
<td>IOF Podlaskie</td>
<td>636</td>
<td>207.83</td>
</tr>
<tr>
<td>IOF Pomeranian</td>
<td>885</td>
<td>665.72</td>
</tr>
<tr>
<td>IOF Slaskie</td>
<td>1.712</td>
<td>368.33</td>
</tr>
<tr>
<td>IOF Swietokrzyskie</td>
<td>735</td>
<td>807.26</td>
</tr>
<tr>
<td>IOF Warminsko-Mazurskie</td>
<td>1.064</td>
<td>740.61</td>
</tr>
<tr>
<td>IOF Wielkopolskie</td>
<td>1.272</td>
<td>794.44</td>
</tr>
<tr>
<td>IOF Zachodniopomorskie</td>
<td>835</td>
<td>57.29</td>
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<tr>
<td>OP Development of Eastern Poland</td>
<td>1.273</td>
<td>795.70</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operational Programme</th>
<th>Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>OP Infrastructure &amp; Environment</td>
<td>37.97</td>
<td>368.77</td>
</tr>
<tr>
<td>OP Innovative Economy</td>
<td>8.245</td>
<td>90.59</td>
</tr>
<tr>
<td>OP Technical Assistance</td>
<td>6.76</td>
<td>0.60</td>
</tr>
<tr>
<td>OP Human Capital</td>
<td>9.747</td>
<td>170.60</td>
</tr>
<tr>
<td>Performance Reserve</td>
<td>1.313</td>
<td>104.09</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Convergence Objective</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU funds</td>
<td>66.553</td>
</tr>
<tr>
<td>EDF, ESF</td>
<td>44.376</td>
</tr>
<tr>
<td>EDF</td>
<td>22.330</td>
</tr>
<tr>
<td>ESF</td>
<td>9.767</td>
</tr>
<tr>
<td>CF</td>
<td>22.376</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Convergence Objective</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Reserve (EDF, ESF)</td>
<td>1.313</td>
</tr>
</tbody>
</table>

Source: European Commission, DG Regional Policy, National Strategic Frameworks 2007-2013, page 60
Romania

Source: European Commission, DG Regional Policy, National Strategic Frameworks 2007-2013, page 65:
3.3.1.8 Other project evaluation approaches

Indirect effects, in particular on employment and regional development, should be taken into consideration even if they are difficult to quantify and evaluate. For the purpose of a more complete evaluation of the project it is advisable to make a careful appraisal of these impacts, even if it is only in terms of physical indicators. In particular, the effects on employment should be a crucial matter to focus on, since maintaining or developing employment is a central objective in many incentive programmes for the productive sector, for social reasons.

The main economic impacts of these types of projects could be:

- Creation of new firms that are born as suppliers of the company that realizes the project.
- Relocation effects: small or medium-sized firms moving into the region in which the investment is realized in order to supply the company.
- Displacement effects: companies that move outside the region (or close) because they are not able to compete with the company that has implemented the investment project.
- Synergy with other companies: it is plausible that the establishment in a region of a new productive plant of a large company (or group of companies) can create an added value for the region itself thanks to interactions among the companies operating in related sectors.
- Increasing the human capital stock.
- Creation of entrepreneurial and management know-how.

CHECKLIST

✓ Predict the specific productive segment growth dynamics and the relative performance of the company as compared with the sector as a whole
✓ Estimate the prices at which the products could be sold and the price dynamics in the future: better to be conservative about price movements
✓ Try to estimate the operating costs as a percentage of the revenues from sales. If the increases in operating costs are likely to be transferred to the sale price, the percentage could remain mostly constant; vice versa, there will be a reduction of the operating margin
✓ For the economic analysis, it is advisable to consider the financial inflows and outflows, as conveniently converted in order to reflect the economic values, and the environmental effects
✓ As regard the polluting emissions, the benefits transfer method could be used.

3.3.2 Energy transport and distribution

3.3.2.1 Project objectives

Projects in this sector may include, inter alia:

- construction of a storage regassification unit (onshore or other technologies);
- distribution networks for gas in industrial or urban areas;
- construction of power lines and transformation stations;
- electrification of rural areas;
- in the future, construction of systems for the production, transport and distribution of hydrogen in liquid form or otherwise.

3.3.2.2 Project identification

In order to correctly identify the project it is useful to:

- state its scale and dimension, accompanied by an analysis of the market where the product will be placed,
- describe the engineering features of the infrastructure with:
  - basic functional data: transport tension and capacity for power lines, nominal load and amount of gas transported annually by gas pipelines, storage capacity installed and nominal gas production rate
for regassification plants, number of inhabitants served and power or average supply per inhabitant for the networks;
- physical features: route and length of power lines or gas pipelines, section of electricity conductors or nominal diameters of the gas pipelines, morphological, geological, topographical and other environmental elements of the site of a regassification unit, the size of the area served by the networks and their routes;
- characteristics of the network and location of internal nodes and links with networks and/or pipelines;
- typical sections of the gas pipelines;
- typical construction of power lines;
- technical features of the plants for depression and pumping, or regassification (for gas), or transformation, or sectoring stations (for electricity);
- technical features of the other service structures;
- significant technical elements: important intersections, overcoming large gradients, marine pipelines for gas, remote control and telecommunications systems (with data and sketches).

3.3.2.3 Feasibility and option analysis

The key information is the demand for energy, seasonal and long-term trends and the demand curve for a typical day.

The options analysis should consider, for example, different technologies for transporting electricity (direct or alternating current, transport tension etc.), alternative routes for gas pipelines or power lines, different sites or various technologies (Onshore, Offshore Gravity Base, Offshore FSRU39 or other technologies) for a regassification terminal, different district networks, and alternatives for satisfying the demand for energy (e.g. mixed use of gas and electricity instead of just electricity, the construction of a new power station on an island instead of underwater power lines, etc.).

3.3.2.4 Financial analysis

The financial inflows and outflows are:

<table>
<thead>
<tr>
<th>Financial inflows</th>
<th>Financial outflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Fees for energy transport</td>
<td>- Investment costs</td>
</tr>
<tr>
<td>- Other revenues</td>
<td>- design</td>
</tr>
<tr>
<td></td>
<td>- works</td>
</tr>
<tr>
<td></td>
<td>- land</td>
</tr>
<tr>
<td></td>
<td>- testing of the infrastructure</td>
</tr>
<tr>
<td></td>
<td>- Operating costs</td>
</tr>
<tr>
<td></td>
<td>- goods and services for production</td>
</tr>
<tr>
<td></td>
<td>- maintenance</td>
</tr>
<tr>
<td></td>
<td>- technical and administrative personnel costs</td>
</tr>
<tr>
<td></td>
<td>- fuel and electricity</td>
</tr>
</tbody>
</table>

Among the investment costs, in addition to spending for the design, land, construction and testing of the infrastructure, we must also consider those due to the renewal of the short-life components. The typical time horizon is 15-25 years.

The maintenance and operating costs mainly comprise labour, materials and spare parts. In the case of the financial analysis of a regassificator project, the purchases of energy, commodities, goods and services used as inputs and needed for the day-to-day running of the plants, have additionally to be taken into account.

39 Floating Storage Regassification Unit.
Forecasts for price dynamics are critical and require a good understanding of the highly unstable trends in energy prices.

3.3.2.5 Economic analysis

Environmental impact and risk assessment are essential aspects. Externalities to be considered are:

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>- the valorisation of the area served, quantifiable by the revaluation of real estate and land prices</td>
<td>- the negative externalities of possible impact on the environment (loss of land, spoiling of scenery, naturalistic impact, loss of local land and real estate value due to disamenity, such as noise) and on other infrastructure</td>
</tr>
<tr>
<td>- the negative externalities due to the risk of accident, such as fire and explosions, for regassification plants</td>
<td>- the negative externalities due to the opening of building sites, especially for urban networks (negative impact on housing, productive and service functions, mobility, agricultural framework and infrastructure)</td>
</tr>
</tbody>
</table>

3.3.2.6 Risk assessment

Another type of risk that may be important (e.g.: for regassification terminals) is the possible adverse attitude of the local population. This risk should be duly considered and appropriate mitigation measures should be planned.

3.3.3 Energy production and renewable sources

3.3.3.1 Project objectives

Projects in this sector may include:

- construction of plants to produce electricity from renewable energy sources (RES), such as (European Parliament and Council Directive 2001/77/EC): wind energy, biomass, geothermal energy, hydropower, photovoltaic and solar thermal energy (including also the concentrating solar power plants), energy from tides and waves;
- investments directed at energy saving by improving energy efficiency (e.g.: co-generation, European Parliament and Council Directive 2004/8/EC);
- construction of plants to produce electricity from any other source;
- prospecting and drilling for natural gas or oil.

Landfill gas, sewage treatment plant gas and biogases are renewable energy sources, too; the investments dealing with these forms of energy generation are usually ancillary compared to the main purpose of the installations.
Examples of objectives are:

- change in the mix of energy sources, e.g. increasing the share of renewable sources in the energy balance, with a view to achieving the objective - international, European and national – of reducing greenhouse gas emissions;
- modernisation of the existing plants for energy production, e.g. for reasons of environmental protection;
- reduction of energy imports through substitution by local or renewable sources;
- increased energy production to cover growing demand.

Regulatory framework

The development of renewable energy is a central aim of the European Commission’s energy policy\(^{41}\), with the objective of reducing carbon dioxide (CO\(_2\)) emissions, which is a major Community objective (in order to meet the Kyoto agreement). Other Community targets are: increasing the share of renewable energy in the energy balance in order to enhance sustainability, improving energy efficiency\(^{42}\), improving the security of energy supply by reducing the Community’s growing dependence on imported energy sources\(^{43}\).

The European Commission’s ‘White Paper for a Community Strategy’ (COM(97)599 final) sets out a strategy to significantly improve the share of renewable energies in gross domestic energy consumption in the European Union by 2020 (EU targets stated on January 2008: 20% renewable energy, 10% biofuels and 20% energy efficiency), including a timetable of actions to achieve this objective in the form of an Action Plan\(^{44}\). The proposed auctioning of carbon credits for the energy sector under the European Union Emission Trading Scheme (EU ETS)\(^{45}\) is also an important part of European energy policy.

In this framework the European Parliament and Council Directive 2001/77/EC was adopted with the aim of promoting the electricity produced from renewable energy sources in the internal electricity market and creating a basis for a future Community framework. The Directive states indicative national targets for the contribution of electricity produced from renewable sources to gross electricity consumption by 2010. In summary, the guiding principles of the aforementioned Directive are as follows:

- quantified national targets for consumption of electricity from renewable sources of energy;
- a national support scheme (including any incentives) plus, if necessary, a harmonized support system;
- simplification of national administrative procedures for authorisation;
- guaranteed access to transmission and distribution of electricity from RES.

Other numerous directives dealing with energy production and renewable energy sources are detailed in the box below.

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\(^{41}\) See also the following web site: http://ec.europa.eu/energy/res/index_en.htm

\(^{42}\) Increase by 20% until 2020 compared to 1995.

\(^{43}\) Renewable energy sources are expected to be economically competitive with conventional energy sources in the medium to long term.

\(^{44}\) The main features of the Action Plan include internal market measures in the regulatory and fiscal spheres; reinforcement of those Community policies that have a bearing on increased penetration by renewable energies; proposals for strengthening co-operation between Member States; and support measures to facilitate investment and enhance dissemination and information in the renewable energies field.

\(^{45}\) In January 2005 the European Union Greenhouse Gas Emission Trading Scheme (EU ETS) commenced operation as the largest multi-country, multi-sector Greenhouse Gas emission trading scheme world-wide, and as a major pillar of EU climate policy. The scheme is based on Directive 2003/87/EC, which entered into force on 25 October 2003. In January 2008, the European Commission proposed a number of changes to the scheme, including a centralized allocation system (no more national allocation plans), a turn to auctioning a greater share of permits rather than allocating them freely, and inclusion of the greenhouse gases nitrous oxide and perfluorocarbons. Also, the proposed caps foresee an overall reduction of greenhouse gases for the sector of 21% in 2020 compared to 2005 emissions.
### POLICY AND LEGISLATIVE FRAMEWORK

**Energy and RES framework**
- White Paper on Renewable Energies – COM(97)599 Final (November 1997)
- Communication from the Commission on the implementation of the Community Strategy and Action Plan - COM(2001)69(01)

**Electricity from RES**

Under certain constraints the ERDF supports energy projects under both the Convergence objective and the regional Competitiveness and employment objective. Similar principles are adopted for the Cohesion Fund.

In all cases, several alternative financing forms have to be considered, not only the grant based scheme, and the most appropriate have to be identified for the specific project in question. The project could be alternatively financed by loan funds, interest rate subsidies, or guarantee schemes, or by creating revolving funds with public money, or by other schemes. For example, in the case of projects dealing with energy-efficient buildings with a longer pay back period, by providing investment capital from the fund at lower than market interest rates, a capital mix can be reached for those projects that reduce pay back periods to acceptable levels in order to stipulate good energy service contracts with Energy Service Companies (ESCO) existing in the market.

#### 3.3.3.2 Project identification

When defining the functions of the project, it is advisable to:
- specify the site and location of the potential area served (e.g. research and drilling of a new well field may have as its objective the supply of energy for more than one country, a new power station may serve an entire region, and so on);
- describe the projected positioning of the product on the market;
- describe the institutional context and the legal framework into which the project fits, at UE and State level; specifically describe the sale tariff regimes for energy production and any incentives, or contributions, or minimum prices, or tax exemptions, etc., for the production of energy, (for example, from renewable sources);
- state the phases of the investment; e.g. for a well field the prospecting and research within the target area, initial test drilling, mining and commercial exploitation, closure, site clearance and

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46 Regulation(EC) No 1080/2006, Art. 4-9 ‘energy investments, including in improvements to trans-European networks which contribute to improving security of supply, the integration of environmental considerations, the improvement of energy efficiency and the development of renewable energies; 10. education investments, including in vocational training, which contribute to increasing attractiveness and quality of life’.
47 Regulation(EC) No 1080/2006, Art. 5-2(c) ‘stimulating energy efficiency and renewable energy production and the development of efficient energy management systems’.
48 In some of the Member states Energy Service Companies (ESCO) successfully offer energy service contracts. The basic idea is that the company undertakes the necessary energy upgrading investments and runs the heating and cooling systems. The service package offered by the company is paid out of the energy saved.
decontamination if any;
- the technical characteristics and the state of the high voltage grid that interconnects the project energy generating plant; particularly, for installations that generate discontinuous and variable electricity power (wind, photovoltaic, tidal, waves), the technical capacity of the electricity grid to compensate for these changes should be demonstrated;
- describe the engineering features of the infrastructure, as follows:
  - basic functional data, such as: type of plant for producing electricity, installed capacity (MWe) and energy produced (TWh/year); annual potential capacity of well fields (millions of barrels/year or millions of m³/year), tons of CO₂ saved;
  - key parameters for the RES plants, such as: level of resource risks (wind/hydro), estimated load factors, supply during peak demand, levelled generating costs;
  - physical and site characteristics;
  - building, technological and processing techniques for the production plants;
  - building techniques and technical features of the plants for mining wells, e.g. off-shore platforms, attaching building and functional sketches;
  - building techniques and technical features of the other service structures;
  - treatment systems for waste water and fumes, with the number and positioning of stacks and water discharges;
  - significant technical elements, such as the constructions in caverns, dams, special technical solutions for waste treating, computerised control systems, telecommunications systems, etc.

### 3.3.3.3 Feasibility and option analysis

Key information: the demand for energy, seasonal and long-term trends and also, for electricity power stations, a typical graph of the daily demand for electricity.

The comparison in the options analysis should consider possible alternatives within the same infrastructure (e.g. different technologies for production and drilling, different technologies for ash and waste treatment, etc.). Possible realistic alternatives for producing the energy required should also be considered (e.g. launching actions and policies aimed at energy saving, instead of building a new power station).

### 3.3.3.4 Financial analysis

The financial inflows and outflows are:

<table>
<thead>
<tr>
<th>Financial inflows</th>
<th>Financial outflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Sale of energy</td>
<td>• Investment costs</td>
</tr>
<tr>
<td>- Sale of gas</td>
<td>- works</td>
</tr>
<tr>
<td>- Sale of electricity</td>
<td>- land</td>
</tr>
<tr>
<td>- Sale of heat</td>
<td>- test of the infrastructure</td>
</tr>
<tr>
<td>• Additional State incentives</td>
<td>• Operating costs</td>
</tr>
<tr>
<td>• Reduced costs for the purchase of energy</td>
<td>- goods and services for production</td>
</tr>
<tr>
<td></td>
<td>- maintenance</td>
</tr>
<tr>
<td></td>
<td>- technical and administrative personnel costs</td>
</tr>
<tr>
<td></td>
<td>- fuel and electricity</td>
</tr>
</tbody>
</table>

The time horizon is usually around 15 – 20 years.

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49 In the case of hydroelectric plants (production and/or pumping) linked to aqueducts, one must also bear in mind the technical data suitable for the aqueduct sector (see the relative outline).

50 For example: the area covered by the well field (Km²) and the position. In the case of off-shore drilling, it would also be useful to provide local bathymetric profiles; average depth of deposits (m); area occupied (Km²) by plants (thermo-electricity) and relative storage areas, location of dams, pressure water-pipes and generators for hydro-electric production; area occupied by fields of photovoltaic or wind generators (Km²) and their location, area covered by geothermal well fields (Km²) and plant position.
The financial inflow comes from selling the energy (gas, electricity, heat). The income quantification has to take into account different components of revenue, if any. If, for example, policies to support the production of energy from renewable sources exist, when performing the financial analysis on profitability of the equity capital (FNPV(K), FRR(K)), the financial inflows arise not only from the sale of the electricity at the current prices charged by the (national or regional) grid operator, but also from other additional financial incentives, that are set out differently in the different Member States.

In the case of investments for energy savings, the financial analysis should cover the entire system affected by the intervention. In this way, the financial flows resulting from reduced costs for the purchase of energy (energy saved = less energy consumed) can be properly taken into account.

In any case, the financial analysis should carefully assess the extent to which the investment and equity returns depend upon the public sector incentives. Otherwise, the incentives for energy produced from renewable sources should not be taken into account when calculating revenue in the financial analysis of the profitability of the investment (FNPV(C), FRR(C)).

Forecasts are required for:
- the dynamics of energy tariffs;
- price dynamics;
- development scenarios for the other sectors (trends in energy demand are strongly related to the dynamics in other sectors).

### 3.3.3.5 Economic analysis

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Costs</th>
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</thead>
<tbody>
<tr>
<td>- The monetary value of benefits. They should be quantified, first, as the revenue from the sale of energy (at appropriate shadow prices). The latter can be proxied, wherever possible, by estimating the willingness-to-pay for energy, for example, by quantifying the marginal costs the user should incur to acquire energy (e.g., installing and using private generators).&lt;br&gt;- The aforementioned estimated accounting price does not, however, include the additional social economic benefit deriving from the implementation of projects that use renewable energy or from energy-saving interventions. These are general and broad benefits, resulting from a reduction in greenhouse gases that affect the global climate of the earth, but also in the production of polluting gases, liquids and solids of various kinds, which have the potential to adversely affect the environment and human health. In addition, the amount of fossil fuels or of other non-renewable energy sources saved can be used for other purposes or kept in situ for the future. To give a value to this benefit, a suggestion is to use a standard shadow price, e.g., for the carbon dioxide emissions avoided (see the discussion in Annex F on the valuation of environmental impacts). The shadow price should be attributed to the quantities of energy, produced or saved. As a shortcut alternative, if the data for the former approach are not available, the financial value of the incentives for the production of energy from renewable sources (such as the exchange value of green certificates), can be taken as a proxy of the willingness-to-pay of the whole society for the environmental benefits from the renewable sources.&lt;br&gt;- The aforementioned shadow price could be applied as well to the amount of the saved energy (or consumption avoided) in the energy saving projects.&lt;br&gt;- The value attributed to a greater or lesser dependence on energy from abroad. The evaluation should be conducted by applying appropriate shadow prices to the substituted imported energy.</td>
<td>- The cost of the measures necessary to neutralise possible negative effects on air, water and land, both due to the construction and the operation of the plant.&lt;br&gt;- The cost of other negative externalities that cannot be avoided such as loss of land, spoiling of scenery.&lt;br&gt;- The identification of the opportunity cost of the various inputs. The economic costs of raw materials should be evaluated by considering the loss to society by the diversion of them from the best alternative use. Use suitable conversion factors (CF’s).</td>
</tr>
</tbody>
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51 A widespread type of RCS incentive is the so-called green certificate. Green Certificate also known as Renewable Energy Certificates (RECs), or Green Tags, Renewable Energy Credits, or Tradable Renewable Certificates (TRCs) is a tradable commodity proving that certain electricity is generated using renewable energy sources. Typically one certificate represents generation of 1 Megawattour (or 1,000 kWh) of electricity. The certificates can be traded separately from the energy produced. The financial value of the green certificate varies over time from country to country.

52 According to the energy regulation of certain Member States, incentives for renewable energy are disbursed by the state in the form of rebates on taxes. In this case, the financial analysis should calculate the performance indices (FNPV(C), FRR(C), FNPV(K), FRR(K)) after taxes, in order to take into account the global effects of real cash flows.

53 If, as often happens, there are strong distortions in the energy market (duties, internal taxes, prices levied, incentives, etc.) it would be wrong to assess the value of import substitution using these distorted prices.
3.3.3.6 Risk Analysis

Critical factors
- Investment costs and length of the cycle
- Demand dynamics
- Dynamics of the incentive regimes

Main variables to consider
- Cost of the research phase (meaning the prospecting phase for new deposits or research into new technological processes)
- Cost of the project realisation phase (site costs)
- Forecasts of growth rates
- Elasticity of electricity consumption
- Sales price dynamics for energy produced (or energy products)
- Financial values for the energy generated by RES
- Mix and dynamics of critical input costs (fuels, etc.)

3.3.3.7 Other project evaluation approaches

This section refers to:
- evaluation of the impact on the environment (visual, noise, pollution, and refuse) which, according to the laws of Member States, must be a part of the approval procedures.
- evaluation of the indirect economic costs, for example those deriving from the use of exhaustible resources, not previously included in the estimates. They can be measured as standard physical indicators for incorporation into a multi-criteria analysis of the project.
- similar approaches may be suggested with the aim of assessing the indirect economic benefits resulting from the use of renewable resources in those cases where it is not possible to quantify the benefits directly using the methods suggested in the previous paragraph. Also, these economic values can be measured as standard physical indicators for inclusion in a multi-criteria analysis.

3.3.4 Telecommunications infrastructures

3.3.4.1 Project objectives

Project objectives differ according to the nature of the project. It is possible to distinguish between two main types of telecommunications infrastructures according to their local or non-local scale.

Local scale projects:
- local cabling or relay systems to extend services to areas not covered,
- cabling a city, metropolitan or industrial area, etc. to provide faster, more powerful networks,
- construction or modernisation of units for band switching with wider networks,
- the laying of cables and construction of relay or satellite stations to link isolated areas.

Broader scale projects:
- the development of international communications systems, to increase the capacity, power and speed (e.g. launching telecommunications satellites, building satellite radio stations, etc.),
- increasing the capacity, power and speed of inter-regional communications networks,
- the technological updating of the network to enable connection with new services (e.g. multi-media services, portable telephones, cable television, etc.).
Appendix 3: Requirements for a good project evaluation


**Timing**
- The timescale of evaluation is adequate for the magnitude of the task and built into the project from the planning stage. (A good quality summative evaluation by external evaluators may take between 9 and 12 months from design to completion, including three months for writing a research specification and appointing the evaluators.)

**Resources**
- Adequate resources allocated
- Commitment to, and understanding of, the evaluation at all levels in the project team and project’s organisation.
- Evaluation embedded in organisation’s strategy.

**Scope**
- Evaluation addresses key objectives of the project; the main project activities and entire lifespan of the project are covered
- Limitations of the study made clear (design, timescales etc).
- Even-handed: the evaluation covers both successful and unsuccessful areas of project processes and outputs.

**Methodology**
- Design adequate for a robust assessment of achievement of objectives
- Appropriate research methods used to address evaluation questions
- Research tools of high quality (valid: measure what they are supposed to measure and are internally coherent; reliable: respondents would give the same answer if tested twice within the same time frame)
- Sample large enough to draw conclusions on wider (non-sampled) population
- Fieldwork tools such as questionnaires free from inherent bias
- Data generated are valid (i.e. of good quality; measure what they are intended to measure).
- If monitoring data are not of good quality, or not comprehensive enough for the purposes of the evaluation, then additional data are collected by the evaluators.
- Data collected on process issues and soft outcomes if appropriate
- If use is made of other research or secondary data, source is made clear and why it was used.
- Vigorous attempt made to follow up non-respondents

**Analysis**
- Robust and thorough analysis
- Full analysis of achievements against key project objectives (outputs and process both considered).
- Findings triangulated (that is, multiple sources of evidence obtained to support conclusions). Alternative explanations considered.
- Clear which data relate to which part of project activity (important if two “sub projects” were run)

Appendices

- Percentages only used for samples or subsamples larger than 100 to avoid distortion of results.
- Assessment of impact, taking into account deadweight and displacement, if appropriate
- Thorough process evaluation: what were the processes underlying the operation of the project? How did these contribute to project success? What should have been done differently?
- Evidence on which the analyses are based retained by the project sponsor
- “Unexpected effects”, including negative effects, considered

Report

- Written in language accessible to the non-specialist and self-explanatory, giving a clear methodology
- One possible structure for a summative evaluation report is:
  - Clear and logical structure
  - Stand-alone executive summary of findings, conclusions and recommendations
  - Background to project and evaluation
  - Methodology
  - Assessment of achievement of project objectives, with evidence
  - Conclusions and recommendations
  - Technical annex giving further detail of method and findings
- Clear and comprehensive method given: in enough detail that the study could be repeated by the reader with no further information. A summative evaluation could include details such as:
  Number of interviewees; how they were chosen; how sample was chosen; profile of respondents, non-respondents, and overall beneficiaries; how non-respondents were followed up; questionnaire instruments and other fieldwork tools; refusal rates for questionnaires; how analysis was conducted; consideration of the limitations of sampling methods, including the effect they may have had on the conclusions drawn.
- Review given of the broader economic context relevant to project activity
- Covers difficulties encountered in conducting the evaluation (including what, if any, changes were made as a result; and how these may affect the findings)
- Possible biases are noted – for example, non-response of people targeted for interview.

Conclusions

- A rounded picture is presented which includes positive, negative, and unintended effects.
- Clear and evidence-based – that is, conclusions flow from solid evidence. It is made apparent how conclusions were reached.
- Practical recommendations made

Dissemination

- Evaluation report disseminated within the project’s organisation and project team.
- The evaluation report disseminated outside the project organisation as widely as possible and placed in the public domain. Copies sent to WEFO, and to other projects that may be interested.
