

Mobilising finances for conservation, nature-based jobs and business models



The Project **LENA**
is co-funded
by the ERDF and IPA II



Interreg



EUROPEAN UNION

Danube Transnational Programme

LENA

Guidance Document

Mobilising finances for conservation, nature-based jobs and business models

Final version 05/2019

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Project LENA – Local Economy and Nature Conservation in the Danube Region – is co-funded by the European Union funds (ERDF, IPA) and implemented through the Danube Transnational Programme.



Dear readers,

In January 2017 a partnership of 13 organisations from the Danube region started implementing the Danube Transnational Programme Interreg project **“LENA – Local Economy and Nature Conservation in the Danube region”** which was co-financed by the European Union and had the aim to create shared know-how and shape policies on effective sustainable use approaches for protected areas (including Natura 2000 areas).

We, the partners, are proud of the positive changes we were able to achieve within 30 months of active cooperation. In order to reach out to even more people and help empower more entrepreneurs and small and medium size companies, including the managing authorities of protected areas, we wanted to develop something tangible that can be easily disseminated. Therefore, we decided to write four booklets, guidance documents, addressing how to develop capacity for sustainable use of natural and cultural heritage as an element of protected area management, how to increase market access of sustainably sourced natural products, how to communicate to local people and visitors the value of nature to the local economy and how to mobilise finances for conservation, nature based jobs and business models.

Their content is based on existing literature, life cases and experience, transnational knowledge shared and our project results. They offer concrete information, tips and tricks, each one on a specific topic with case studies and good practices from everyday business life connected to ecosystem services, sustainable financing and environmental resource use.

The four booklets:

- Developing capacity for sustainable use of natural and cultural heritage as an element of protected area management
- Increase market access of sustainable sourced natural products
- Communicating to local people and visitors the value of nature to the local economy
- Mobilising finances for conservation, nature-based jobs and business models

are available in English and local languages at:

<http://www.interreg-danube.eu/approved-projects/lena>

For more information, please contact representative LENA partner in the country of your convenience.



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1. Introduction

1.1 Goal and scope of the funding guidance document

This guidance document has been elaborated within the framework of LENA (Local Economy and Nature Conservation in the Danube Region) project, which aims at promoting and strengthening the nature-based businesses and employment opportunities in connection with nature conservation in the Danube basin. With a view to demonstrate the socio-economic benefits derived from the management of protected areas (including of Natura 2000 sites), the LENA project has selected 11 protected areas in Germany, Slovenia, Croatia, Serbia, Hungary, Bulgaria and Romania, with a high level of flora, fauna and landscape diversity. These “pilot sites” are protected areas established at national level with the aim to preserve habitats, plants and animal species from pressures and threats induced by excessive resource exploitation linked to economic development; these “pilot sites” are overlapping with more than 15 Natura 2000 sites and significant areas within their boundaries are used for agricultural, forestry, aquaculture and tourism purposes.

The overall goal of this guidance document is to support key institutions and local stakeholders in taking advantage of the available funding sources either for biodiversity and nature conservation or for greening certain socio-economic activity sectors. The second area of funding sources is most relevant for LENA project’s long-term goal to encourage the adoption of nature-based models for businesses and/ or income generating activities within the local economies (see definition in the text box below).

Within the scope of LENA project, nature-based activities are defined as:

“Socio-economic activities either not-for-profit or for profit-making, driven by the recognition of the added value of ecosystem services, natural landscape features and biodiversity and carried out in a manner that ensures their long-term preservation”;

As such, nature-based activities contribute to local economic development, while ensuring the sustainable use of natural resources and not entering into conflict with the management plans of nearby protected areas. Within the LENA project emphasis has been put on the potential for growth of nature-based economic activities/ businesses within the following four economic sectors:

- Sustainable agriculture (including livestock grazing and farming);
- Sustainable fisheries;
- Sustainable harvesting of non-timber products, including medicinal plants, berries and nuts
- Ecotourism and green mobility

In addition, in elaboration of this funding guide, priority has been given to the funding needs of biodiversity conservation sector – in relation or not with the management of protected sites (including Natura 2000 sites).

Grants-based support is solely one type from a wide range of interventions that can stimulate the shift from classic, inputs-intensive and waste-generating models to the nature-based activity models in the four above-mentioned sectors. Other such types of interventions could include: a) voluntary behavioral change associated or not with Eco-labelling schemes, b) enactment of new regulatory requirements, c) provision of incentives (such as tax reductions and subsidies). Grants and co-financing instruments are essential for covering the risks incurred by entrepreneurs, producers, etc. in adopting the new, environmentally friendly technologies as part of their operations (e.g. elimination of pesticides treatment of crops) and for opening new niche markets.

Within the above-explained context, the guidance document has been structured in accordance with the specific goals pursued.

Firstly, the introduction provides the context in which such funds would be needed and the target groups of the guidance document.

The second chapter is related to funding opportunities for biodiversity and nature-based businesses has been elaborated in order to provide local entrepreneurs, private stakeholders and public institutions at local level in the 7 countries (Germany, Slovenia, Croatia, Serbia, Hungary, Bulgaria and Romania) with a structured information base for assessing how their initiatives and project ideas, either pertaining to soft actions or to infrastructure/ capital investments fit into the overall EU/ national programs context of relevance for LENA approach. As such, throughout this guidance document, the relevance of different funding programmes strategic priorities and actual allocation for biodiversity and sustainable use of natural resources will be highlighted.

Secondly, applying for EU funds can be a bureaucratic and burdensome process, which may be a challenge for the existing capacity of entrepreneurs and organisations alike. Thus, a second specific goal of the guidance document is to assist potentially interested applicants in making important decisions on investing time, money and human resources in the development of a thorough, successful project proposal while taking into account certain tips and tricks of general relevance for the application, contracting and start-up process. There are implications of a potential successful application for the long term organisational sustainability that an applicant should understand before embarking on this resource-consuming process.

The third chapter presents tips and tricks for successful funding application in line with the second goal. Moreover, potential applicants are encouraged to identify and duly demonstrate the added value of their project proposal, stemming from the adoption of a nature-based approach and the integration of biodiversity concerns in the respective activity sector and in local development planning. This applies in particular, to businesses, the drive for energy, water and material resources reduction and managing potential environmental impacts and the enterprise's responsibilities towards environmental protection and sustainable local communities, is often conducive to its overall competitive advantage.

It needs to be emphasized that this guidance is not intended to serve as specific guidelines for all available funding in the context of LENA local pilot sites under the ESIF Funds, LIFE Programme, Horizon 2020, etc. Upon reading of this document, it is up to its targets beneficiaries to verify the call for proposals launched within the EU 2014-2020 Multiannual Financial Framework and the EU funding programmes for their regions and ensure that their project elements meet the specific selection criteria and investment priorities (in other words are both eligible and optimal in terms of technical and financial soundness). Moreover, several of the points recommended within this

guidance may not be entirely relevant in relation to the application procedures of the relevant managing authorities of the respective EU funding Programmes. Thus, the representatives of target audiences interested to obtain funds for their project ideas, are advised to closely follow the relevant internet sites in their countries for published calls for proposals, in particular, those imposing a certain deadline for submission of application.

The last chapter of the document presents a more practical approach; by showcasing study cases on different type of activities and investments which have been funded under previous EU funding programmes in pilot areas, it could serve as possible source of inspiration for proposal development in the current EU 2014-2020 Multiannual Financial Framework or for the future one.

1.2 The key target audiences of the guidance document

In the context of grant-making under the provisions of various EU funds and other international donor organisations, the terms “Beneficiaries” or (potential) “Applicants” are typically used to refer to the intended end-users of the allocated financial support, which are targeted by the so-called call for proposals. Their involvement is critical for the achievement of various programme objectives set up by donors, or management authorities/ units of the respective programmes.

Beneficiaries are as diverse as the application procedures and programmes’ management organisational set-ups. Their spectrum can cover a variety of legal entities: from central governmental bodies, large enterprises, local authorities to universities and NGOs/ civil society organisations and physical persons (such as researchers, farmers or fishermen).

The main rationale used for defining in a structured manner the intended audience of this guidance document points to the roles and stakes typically assumed by different entities with regard to the adoption and maintenance of nature-based businesses and biodiversity conservation. This is due to the fact that this guide is intended to encourage key actors in capitalising on the specific local conditions stemming from the presence of natural protected areas (including Natura 2000 sites), which translate in additional environmental restrictions, but also in well-defined opportunities for business and income-generation. It needs to be stressed that the applied classification is solely useful to show similar roles for biodiversity conservation and nature-based businesses and associated interest for accessing funding and may have limited or no relevance as specific guidelines to applicants under different funding programmes in the diverse administrative contexts of countries or regions from the Danube region.

The main categories considered for these guidelines are presented in the table below.

Main category of target audience	Typical roles and/ or stakes related to promotion of nature-based businesses and biodiversity conservation	Tentative needs for and usage of funds
<p>Public administration, including local authorities</p>	<p>Overall responsibility for implementation of EU Nature Conservation Directives – including in terms of adequate legal framework for elaboration of management plans, assessment of conservation status for species and habitats, preventing harmful developments. Delegate responsibilities for sites management and manage performance of site administrations.</p> <p>Elaborate and implement local development plans (economic sectoral, land-use, etc) that encourage productive investments with positive effects in terms of creation and preservation of sustainable jobs.</p> <p>Promoting social inclusion, reducing poverty and economic development of rural areas.</p> <p>Operating information systems on environment, land-use planning, ownership, based on which permits/licenses on plans, programmes and other approval decisions on planned or existing activities should be issued.</p>	<p>Support for capacity building, human resources training.</p> <p>Reduced administrative burden for licensing/ permitting.</p> <p>Purchase specialised equipment, and consultancy/ supplies of integrated IT decision support systems.</p> <p>Consultancy for improving the implementation of EU environmental policy and compliance with EU reporting obligations.</p> <p>Enhanced information-sharing within and between different authorities.</p>
<p>Private for profit companies including small or medium-sized enterprises (SMEs) and excluding Education private institutions</p>	<p>Achieve economic competitiveness in the sectors of activity exploiting natural resources and/or different types of ecosystem services (e.g. tourism) and contribute to local employment.</p> <p>Convert from intensive to nature-friendly, sustainable operations in the agriculture, tourism, forestry and fishery sectors on a voluntary basis, but also with a view to strengthen competitiveness.</p> <p>Organise transfer of technology, knowledge and innovation in agriculture, forestry and rural areas.</p>	<p>Support to the access markets and potential investors.</p> <p>Coverage of costs of environmental certifications or losses occurred in the conversion period to organic farming, for example.</p> <p>Compensations for inevitable losses when complying with additional environmental restrictions.</p> <p>Training and up-skilling the existing workforce.</p>

NGOs/Civil Society organisations (legal organisations not representing commercial interests and pursuing a common purpose in the public interest)

Assume custody of protected sites, and contribute with special expertise (for example focused on certain species: birds, bats. etc) in biodiversity surveys, define and implement management measures. Participate in different preparatory studies for integrating biodiversity targeted measures.

Have a prominent role in raising awareness of environment protection/ biodiversity.

Contribute to the decision-making process by coordinating and channeling the views of citizens and local interest groups.

Promote certain nature-based activities (eco-tourism, organic agriculture) and contribute to development of sectoral standards.

Facilitate establishment of local associations and pilot sustainable rural development initiatives.

Communicate the policy objectives and results of assessments/ research to wider audiences, locally and nationally.

Financial support for covering operational and project-direct costs.

Opportunities for networking, cluster involvement, capacity building and direct involvement in EU level relevant initiatives/ debates.

Training and up-skilling existing workforce.

Funds for piloting small-scale business models/ nature-based sectoral techniques.

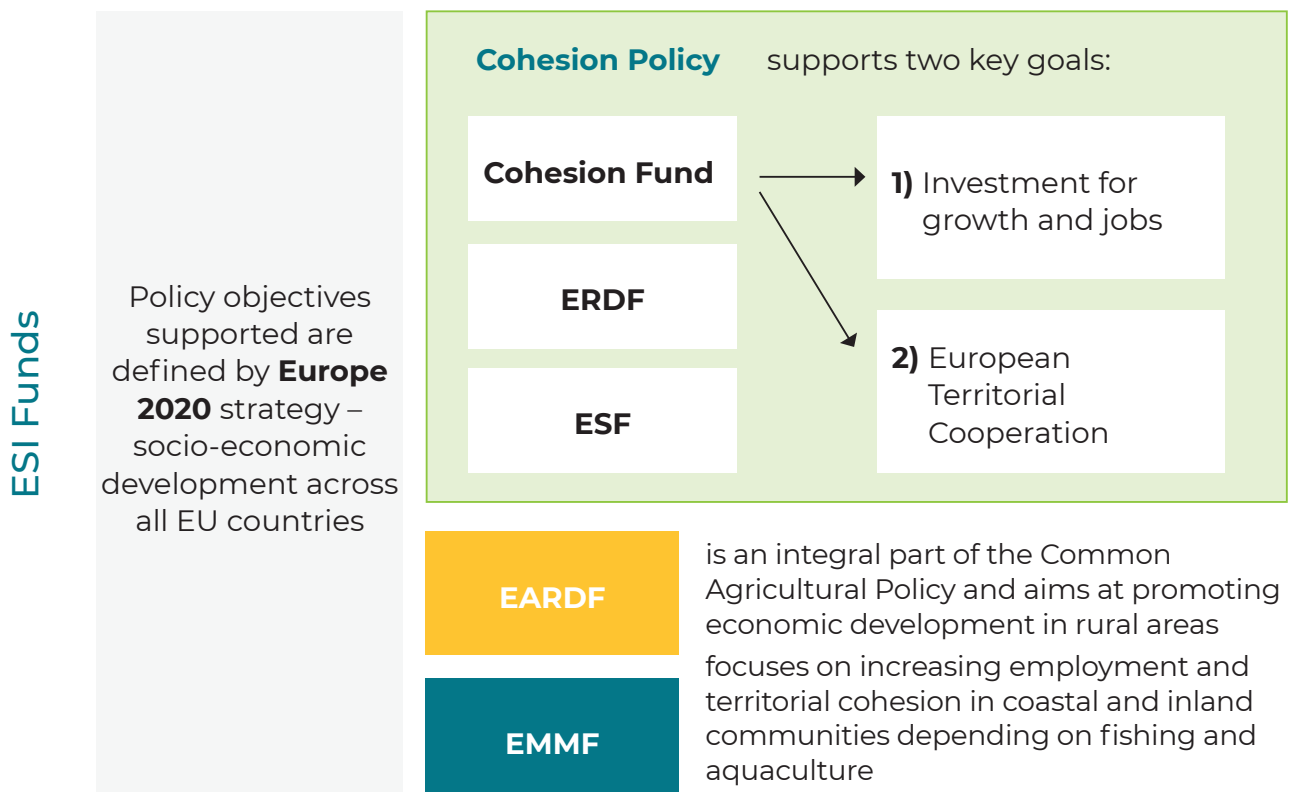
2. Funding opportunities for biodiversity and nature-based sectoral activities in the Danube basin

This chapter provides an overview of the main EU funding sources available for the 2014-2020 EU MultiAnnual Financial Framework (hereinafter referred as 2014-2020 “programming period”), that can be accessed with a view to adopt nature-based approaches for the socio-economic development of local communities, situated in the proximity of protected sites or to carry out biodiversity conservation activities, linked or not with the sites’ management plans.

2.1 Overview of EU funding for 2014-2020 EU MultiAnnual Financial Framework (MFF)

For acquiring a proper level of understanding of nature-based businesses opportunities, which are directly and indirectly determined by main EU Funds, it is necessary first to review the architecture of the European Structural and Investment Funds. ESI Funds is a common designation for five European Funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), which operate under the Common Provisions Regulation (CPR).

Figure 1: Simplified view on the architecture of ESI Funds



The CPR provides a mechanism for improving coordination and coherence between funding allocated in the 2014-2020 budgetary period, which are aimed at contributing to cohesion policy (regional development) with those that contribute to rural and fisheries and maritime development. The CPR define 11 **Thematic Objectives**¹ which govern the spending in the 2014-2020 period (see table below). In the case of ERDF the respective Thematic Objectives are broken down further into Investment Priorities, each TO having between one and seven such priorities.

ESI Funds Thematic Objectives	Type of relevance for funding nature-based activities/ sectors	Level of relevance for funding nature-based activities/ sectors
1) Strengthening research, technological development and innovation	Indirect	Medium
2) Enhancing access to, use and quality of ICT	Indirect	Low
3) Enhancing the competitiveness of SMEs, of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF)	Direct	Medium
4) Supporting the shift towards a low-carbon economy in all sectors;	Indirect	Low
5) Promoting climate change adaptation, risk prevention and management	Direct	Low
6) Preserving and protecting the environment and promoting resource efficiency	Direct	High
7) Promoting sustainable transport and removing bottlenecks in key network infrastructures	Direct	Medium
8) Promoting sustainable and quality employment and supporting labour mobility	Indirect	Medium
9) Promoting social inclusion, combating poverty and any discrimination	Indirect	Medium
10) Investing in education, training and vocational training and lifelong learning	Indirect	Medium
11) Enhancing institutional capacity of public authorities and stakeholders, and efficient public administration.	Indirect	Medium

1. As defined in Article 9 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund

It should be emphasised that environmental protection, including biodiversity conservation is one of the eleven thematic objectives under the Cohesion Policy for 2014-2020 as well as under the EARDF and the EMMF.

ESIF financial support is predominantly delivered to the beneficiaries in the Member States in project-based grants; the allocation of funding through financial instruments in the form of loans, guarantees and equity investments is of less importance. The actual allocation and spending of funds is geared towards achieving multiple socio-economic, territorial and environmental benefits and is based on a multi-phased joint decision by European Commission, on one hand, and each Member States, on the other (see text box below).

How ESI Funds are planned and spent in EU Member states

Under ESIF rules, each Member State has to draw up a strategic plan which indicates its objectives & investment priorities for the use of the Funds in the 2014-2020 time-frame; these strategic plans are becoming “**Partnership Agreements**” between the European Commission and the respective Member States.

Based on the Partnership Agreements between European Commission and individual Member States, the States are drawing **Operational Programmes – OPs and Rural Development Programmes (RDP)** which are setting forth the investment priorities and development needs, respectively the specific objectives, results to be achieved and types of action to deliver the results.

Upon approval of European Commission, OPs are implemented by **Managing Authorities** established under different institutional set-ups, at the discretion of each Member State.

OPs and RDP implementation mechanisms consist in:

- launching competitive call for project proposals,
- selecting **individual projects** on the basis of a technical and financial assessment (in most cases on a competitive basis),
- contracting and
- monitoring the funds spending and technical progress achieved by respective beneficiaries of funds. The expenditures incurred by project beneficiaries are certified by national management authorities and paid out by the Commission.

2.2 EU funding opportunities aimed at biodiversity conservation/ protected areas management

2.2.1 Operational Programmes under the European Regional Development Fund and Cohesion Fund

The 2014-2020 Cohesion Policy pursues the objectives for smart, sustainable and inclusive socio-economic growth, set forth by **Europe 2020 strategy**. Whereas the level of socio-economic development varies significantly across the Union (see text box below), the Cohesion policy aims at reducing the respective disparities between the development levels of the various regions in the EU Member States. It is supported by three specific funding instruments: the Cohesion Fund (CF) and two structural funds, the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The ERDF and the Cohesion Fund are the most relevant funding sources for funding environmental conservation actions.

Classification of Regions in EU Member States according to their development level

The level of investment reflects the development needs of the Member States. Regional statistics are employed when allocating funds. The NUTS classification is used to define regional boundaries and determine geographic eligibility for structural and investment funds. Regional eligibility for the European Regional Development Fund (ERDF) during the programming period 2014–2020 was calculated on the basis of regional GDP per inhabitant (in PPS and averaged over the period 2007–09). NUTS 2 regions were ranked and split into three groups:

- **less developed regions** GDP per inhabitant < 75 % of the EU average.
- **transition regions** GDP per inhabitant > 75 % and < 90% of the EU average.
- **more developed regions** GDP per inhabitant > 90% of the EU average.

Depending on this, ERDF and Cohesion Funds can cover between 50% and 85% of the total financing required for implementation of a project.

As a key strategic principle, OPs funded under the regional policy should aim to achieve multiple benefits, including both environmental and socio-economic. The funding priorities aimed at financially supporting conservation measures, including in Natura 2000 sites, are built in the above-presented ESI Funds strategic approach. As such, especially in the case of ERDF, when developing certain OPs, Managing Authorities are required to address Investment priorities, linked with the overall **Thematic Objective 6 – Preserving and protecting the environment and promoting resource efficiency**. Under the 6th thematic objective there are two such Investment Priorities (IP) defined in the ERDF Regulation², which are important for biodiversity conservation:

2. Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund

- IP(c) conserving, protecting, promoting and developing natural and cultural heritage;
- P (d) protecting and restoring biodiversity and soil and promoting ecosystem services, including Natura 2000, and green infrastructure.

The financial support allocated towards these two IPs is essential for ensuring adequate capacity of national and regional authorities and key players in Member States to contribute to the successful implementation of EU Nature Conservation Acquis in line with the EU Biodiversity Strategy, which sets specific targets by 2020. Such EU wide commitments, for preventing biodiversity loss, and investing in restoration and green infrastructure (CBD 2010 Aichi Accord and the 2020 EU Biodiversity Strategy) are well articulated within the overall goals of the Cohesion Policy (Greenovate, 2015). Additionally, the rationale for ERDF and CF funds allocation in the conservation sector, including Natura 2000 sites management and developing Green Infrastructure, is justified on the basis of long-term educational, health and well-being benefits. The latter are associated with investments in protected areas management and are critical for increasing social cohesion³. The various types of ecosystem services are vital for the sustainable regional development, both in terms of territorial cohesion (for example regulation of floods that could adversely impact on downstream regions) and in terms of ensuring the support base and adequate conditions required by all socio-economic sectors in the respective regions.

With regards to the 5 priority sectors of nature-based socio-economic activities mentioned in the introduction of the guidance, ERDF and CF funds allocated in the 2014-2020 programming period for biodiversity conservation are mostly targeted at public bodies, responsible for site management and that are key drivers for maintaining and growing nature-based employment and businesses (for example in the tourism and leisure sector). Depending on the legal framework adopted by each Member State regarding delegation of competencies for sites management to certain type of juridical persons, NGOs and SMEs may also be eligible beneficiaries⁴.

Funds under the EC Cohesion Policy are essential for identification and implementation of a wide range of measures aimed at Natura 2000 network such as preparation of management plans for Natura 2000 areas; ecosystem restoration projects development of infrastructure for public access; improving knowledge base and public awareness about nature etc. Spending such funds ultimately leads to favourable conditions for the growth of nature-based businesses and jobs.

As mentioned earlier, the ERDF and CF financial resources are disbursed through Operational Programmes. An OP has at its core a description of its objectives and priorities with indicative measures for achieving result-oriented indicators established for the entire Programme and indicators on types of eligible applicants, activities and types of costs.

The spectrum of eligible actions and/ or investments is relatively wide. Bearing in mind the need for achieving multiple benefits and for channelling the money into projects with real EU added-value, the interventions supported by ERDF and CF have to be based on a **clear preliminary analysis and needs assessment**⁵. In particular, relevant strategic

3. Institute for European Environmental Policy, Millieu, 2013

4. E.g the Large Infrastructure Operational Programme 2014-2020 in Romania

5. European Court of Auditors, 2014

documents and reference plans at national and/or regional level should be the basis of the investment decisions. Overall, the following type of investments and/or actions can be supported:

- Reduction of the knowledge gap on habitats/ species distribution and ecological requirements and ecosystem services;
- Habitats restoration and on-site management interventions;
- Investments in National Parks, Nature Parks, UNESCO Biosphere Reserves;
- Infrastructure and works to control invasive or non-native species;
- Creating and/or maintaining of ecological corridors (through Green Infrastructure);
- Integrated spatial planning considering the enhancement of multiple ecosystem services;
- Management planning and monitoring of Natura 2000 sites;
- Educational actions and public awareness on Biodiversity and Natura 2000;
- Capacity building and trainings related to biodiversity and Natura 2000;
- Innovative approaches such as necessary Research & Development Infrastructure;
- Geographic Information Systems (GIS mapping) and ICT based solutions.

The availability of ERDF and CF explicitly targeted at biodiversity conservation depend on the actual regional or national Operational Programmes in each Member State. The core of such an Operational Programme consists of its objectives and priorities with planned measures, eligible activities and beneficiaries, depending on their respective roles established within the country's legal and institutional framework. Contracting or Management Authorities which are established within central government bodies, based on the institutional setup in each Member State, are then launching public procedures for Call for proposals targeted at certain categories of potential applicants to promote actions within the framework of the respective objective/ priority of the OP. The guidelines for applicants are generally enacted through various types of official regulations (Governmental Decree, Ministerial Orders, etc), published on-line and promoted via special events. Proposals submitted by legal entities, individually or jointly, are then scrutinised in terms of administrative and eligibility compliance as well as technical and financial feasibility.

The table below lists the main OPs which include biodiversity targeted components in four countries in the Danube region, together with their main features.

Country	OP and Priority Axis	Specific Objectives	Type of eligible actions/ investments for receiving support	Planned targets/ outcomes
Croatia	National Operational Programme Priority Axis on 'Environmental Protection and Sustainability of Resources'	Increase the tourism attractiveness, educational capacity and sustainable management of natural heritage sites (especially of Natura 2000 sites).	Investment in nature education facilities and infrastructure for visitors, school children, students, and volunteers (e.g. information and education centres, info points and other visitor infrastructure), primarily nearby or in protected and Natura 2000 areas. Development of innovative content and ideas based on unique natural attractions (such as multimedia presentations of historical, scientific and cultural genesis or development, digital expositions, informative and educational tours).	An increase of visitors' number to national parks with 230,000 and the percentage of visitors informed on the importance of natural heritage reaching 30% by 2023 (from 1% in 2014).
Hungary	Environmental and Energy Efficiency Operational Programme 2014-2020 Priority Axis no. 4 – Nature protection and wildlife protection related developments	To develop green infrastructure and restore degraded ecosystems. To improve the conservation status of species and habitats of community interest and the natural conditions of Natura 2000 sites.	Habitat restoration & species conservation measures. Development of management infrastructure and field equipment for monitoring. Pilot demonstrations for development and maintenance of interpretation infrastructure for Natura 2000. Country wide surveys and mapping of biodiversity and ecosystem services.	The summed-up area of habitats having and improved conservation status: 133 801 ha.
Bulgaria	Operational Programme	To improve the conservation status of species and habitats within Natura 2000 network	Establishment and operation of management structures for Natura 2000 network. Capacity building of the bodies dealing with the network. Development of management plans and other equivalent instruments and development of action plans for priority species.	The aggregated area of natural habitats and species habitats showing an improved conservation status in NATURA 2000 sites will reach 4.4 million hectares.

Country	OP and Priority Axis	Specific Objectives	Type of eligible actions/ investments for receiving support	Planned targets/ outcomes
			<p>Support for national reporting according to the obligation of Article 17 of Directive 92/43/EEC and Article 12 of Directive 2009/147/EC.</p> <p>Increasing awareness and involvement as provided by the National Information and Communication Strategy (NICS) for Natura 2000 (part of the National PAF).</p>	<p>A percentage of 83,33% birds species showing improved or favourable conservation status in 2020.</p> <p>49,18% species show favorable or improved conservation status in 2020.</p>
Romania	Large Infrastructure Operational Programme 2014-2020/ Priority Axis 4 for environmental protection through biodiversity conservation measures, air quality monitoring and decontamination of historically polluted sites.	Specific objective 4.1. Enhance the level of biodiversity conservation based on appropriate management measures and restoration of degraded ecosystems.	<p>Continue the preparation of management plans/ conservation measures for protected areas (chiefly Natura 2000 sites) and for species of community interest not covered by previous projects, primarily through: studies for the monitoring and assessment of the conservation status of species and habitats of Community importance.outside protected natural areas. Implementation of legally approved management plans for Natura 2000 sites and other protected areas through: active measures for improving the conservation status of species and habitats of Community importance, natural habitats rehabilitation, reduction of hydro-morphological pressures' effects on watercourses (fish passes, restoration of wetlands, restoration of river-bed and floodplains, etc.);</p> <p>Maintaining and restoring degraded ecosystems and provided services (afforestation, ecological corridors, etc.) located</p>	<p>A number of 70 newly developed management plans for protected areas, chiefly Natura 2000 sites. 60.000,00 ha of habitats with improved conservation status. 2000 ha of degraded ecosystems which have been subject to rehabilitation work</p>

2.2.2 LIFE Programme

Since 1992, LIFE has been the EU's main financial instrument explicitly focusing on supporting environmental and nature conservation throughout the EU. The general objective of LIFE is to contribute to the implementation, updating and development of the EU environmental policy and legislation by co-financing pilot or demonstration projects with European added value. For the current programming period 2014–2020, the LIFE Programme takes the form of two distinct sub-Programmes – Environment and Climate Action and is governed by the LIFE Regulation⁶. The relevant sub-Programme for the thematic scope of this guide is **the Environment sub-Programme**, which is directed towards three different priorities.

- Environment and Resource Efficiency,
- Environmental Governance and Information, and
- Nature and Biodiversity.

For the period 2018-2020 a multiannual work Programme⁷ has been adopted by the Commission, laying down indicative funds allocation between priority areas and types of funding, thematic priorities and project topics for their implementation, the technical selection methodology, the criteria for the attribution of grants and indicative timetables for the calls for proposals.

Under the provisions of the multiannual work LIFE Programme 2018-2020, **Nature and Biodiversity represents a Priority area** for which an amount of 632.550.000 EUR has been earmarked. The specific objective of the mentioned priority area is: “to contribute to the development and implementation of Union policy and legislation in the area of nature and biodiversity, including the Union Biodiversity Strategy to 2020, and Council Directive 92/43/EEC and Directive 2009/147/EC of the European Parliament and of the Council, by applying, developing, testing and demonstrating approaches, best practices and solutions”. In the table below, the thematic priorities and related projects topics are listed to reveal the particular issues of consideration to interested parties in obtaining Co-financing f. In addition, there are cross-linked opportunities for biodiversity projects within the framework of Environmental Governance and Information Priority area, which pursues the specific objective of ‘raising awareness on environmental matters, including generating public and stakeholder support of Union policymaking in the field of the environment, and promoting knowledge on sustainable development and new patterns for sustainable consumption. (see table below)

6. Regulation No. 1293/2013 of the European Parliament and of the Council on the establishment of a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EC) No 614/2007

7. EU COMMISSION IMPLEMENTING DECISION 2018/210 on the adoption of the LIFE multiannual work Programme for 2018-2020

Priority sub-areas	Thematic priorities	Project topics
Nature	<ul style="list-style-type: none"> (i) implementation of Directives 92/43/EEC and 2009/147/EC, in particular; (ii) Improving the conservation status of habitats and species, including marine habitats and species, and bird species, of Union interest; (iii) Support for the Natura 2000 network bio-geographical seminars; (iv) integrated approaches for the implementation of prioritised action frameworks 	<ul style="list-style-type: none"> ■ Improvement of the conservation status of habitat types or species of Community Interest under the EU Birds and Habitats directives, targeting proposed or designated Natura 2000 sites. ■ Projects aimed at improving the conservation status of habitat types or species of Community Interest, provided, their status is not 'favourable/secure and not declining' or 'unknown' according to the most recent overall assessments that Member States have provided at the relevant geographic level according to Article 17 of the Habitats Directive or to the most recent assessments according to Article 12 Birds Directive and EU-level bird assessments.
Biodiversity	<ul style="list-style-type: none"> (v) Implementation of the Union Biodiversity Strategy to 2020, in particular; (vi) Contributing to the achievement of Target 2; (vii) Contributing to the achievement of Targets 3, 4 and 5. 	<ul style="list-style-type: none"> ■ Development and implementation of Green Infrastructure plans and actions improving the condition of ecosystems and the services they provide and/or the connectivity between Natura 2000 sites and/or other protected areas. ■ Development and application of Green Infrastructure-related widely replicable methods and/or techniques that effectively mitigate the negative impacts of energy or transport infrastructure on biodiversity by enhancing connectivity. ■ Development and application of tools aimed at integrating biodiversity into financial and business decisions so as to ensure, through the conservation and restoration of biodiversity carried out during the project, no net loss of biodiversity and/or enhanced income delivering ecosystem services ■ Targeting threatened species or habitats that are not included in the annexes of the Habitats Directive but have a status of 'endangered' or worse in the European species or habitats Red Lists or, for those species not covered by the European Red Lists, in the IUCN Red List ■ Addressing Invasive Alien Species

Priority area	Thematic priorities	Project topics
<p>Environmental Governance and Information</p>	<p>Information, communication and awareness-raising campaigns in line with the priorities of the 7th Environment Action Programme;</p> <p>Raising awareness on environmental problems, EU environmental policies, tools and/or legislation among the relevant target audiences, aiming to change their perceptions and fostering the adoption of environmentally friendly behaviours and practices and/or direct citizen's engagement.</p> <p>Information systems, quality of public administration and voluntary approaches in support of effective compliance in relation to Union environmental legislation.</p>	<p>The awareness-raising activities should have the widest coverage relevant for the specific issue targeted. The environmental problems, EU environmental policies, tools and/or legislation targeted should be directly linked to one or more of the themes listed below:</p> <ul style="list-style-type: none"> ■ Green growth: sustainable consumption with a focus on waste prevention, in particular plastic waste, food waste and marine litter, transition to circular economy, in particular implementation of sustainable business models, sustainable production, products and services; ■ Connecting with citizens: Natura 2000 and the benefits of the implementation of the European nature legislation, in line with the action plan on nature, people and the economy. <p>Improving environmental information systems operated by public authorities for electronically collecting, processing, storing and sharing environmental information, by developing and providing new or, where available, enhancing existing systems.</p> <p>Improving the capacity and quality of public administration in relation to plans, Programmes, analyses, reviews and assessments and/or to permits, derogations, and other decisions on specific activities, where appropriate also in partnership with private entities, with a view to reducing administrative burden while optimising environmental outcomes and integrating, where appropriate, nature conservation.</p> <p>One or more of the following shall be targeted: Natura 2000 management plans, forest management plans required under the Rural Development Regulation, in order to secure more biodiverse forests, land use plans and other plans requiring strategic environmental assessment with a view to improving the account taken of ecosystems and their services, assessments of ecosystem services.</p>

Any legal entity registered in the EU can submit a proposal for LIFE funding. Most frequent applicants are public body operating under a national government’s authority – including local authorities and national administrations, private commercial organisations and NGOs. New calls for proposals are launched every year and funds are disbursed under the respective Sub-Programme and priority areas in the form of:

- a. Actions grants for traditional projects
- b. Action grants for integrated projects
- c. Action grants for preparatory and capacity building projects
- d. Action grants for technical assistance projects
- e. Support for applicants

A feature of LIFE Programme that is worth emphasizing, refers to its flexibility in comparison with other traditional formats under other EU funding programs, and allows for experimentation of new approaches and new types of support for certain stakeholders. As an example, within the multiannual Work Programme 2018-2020, LIFE is looking to support private companies to develop close-to-market projects. Even if not mostly relevant for the thematic scope of this guide, under the Environment and Resource Efficiency Priority, projects will be co-funded for testing new, demonstrative solutions able to bring clear environmental and/or climate benefits in the fields of waste management, circular economy, resource efficiency, climate change mitigation, and water.

The major downside for applying for funding under LIFE Programme is that it is designed as a co-funding instrument, allowing for a maximum of 60% co-financing.

2.2.3 Horizon 2020

The Horizon 2020 Programme is the main EU Funding Instrument for Research and Innovation across all economic sectors. With an allocation of almost 77 billion EUR in the MFF 2014-2020 it has been designed to support flagship initiatives aimed at securing Europe’s global competitiveness in line with Europe 2020 Strategy – namely **Innovation Union**. The overall goal of the Programme is to ensure that Europe produces world-class science and technology, removes barriers to innovation and makes it easier for the public and private sectors to work together in delivering solutions to big challenges facing our society.

In terms of strategic priorities, the Programme is structured in 3 three pillars and 2 specific objectives, as following:

Pillars	Specific objectives
1. Excellent Science	1. Spreading excellence & widening participation
2. Industrial Leadership	
3. Societal Challenges	2. Science with and for society

The pillar of Societal Challenges supports research and innovation that target society and citizens through development of breakthrough solutions coming from multi-disciplinary collaborations, including social sciences and humanities.

Of particular relevance for the thematic scope of this guidance are two out of the seven societal challenges that are establishing Pillar 3, namely:

- **Society challenge 2.** Food security, sustainable agriculture and forestry, marine/ maritime/ Inland water research and the bio-economy,
- **Society challenge 5.** Climate action, environment, resource efficiency & raw materials.

The challenge-based approach of this pillar of Horizon 2020 Programme is ensuring that resources and knowledge across different fields, technologies, disciplines, and countries are brought together for finding the most appropriate solutions that cover innovation-related activities from research to market, such as piloting, demonstration, test-beds, and support for public procurement and market uptake, policy support.

Financial support is provided according to the following three type of actions and corresponding grants:

Type of actions	Main focus	Eligible leading partners and partners	Co-funding rate
Research and Innovation actions (RIA)	Generating new knowledge or new technology	Typically led by academia	100%
Innovation actions (IA)	Closer – to – market activities, generating new or improved products, processes, services and/ or business models (prototyping, testing, demonstrating, piloting, large-scale product validation, market replication)	Possibly led by academia or private companies, with stronger involvement of private companies, but also not-for-profit bodies	70% to 100%
Coordination and support actions (CSA)	Coordination and networking of research and innovation projects, Programmes and policies (no research or innovation per se).	Often involve private sector, but also not-for-profit bodies	100% funding

For each of the identified societal challenges, dedicated Work Programmes are published laying down the thematic priorities and topics opened to calls for proposals.

Proposals must be submitted electronically via the **Horizon 2020 Participant Portal**. Access to the electronic submission system is available after selecting a topic and a type of action of your preferred call for proposal.

The proposal itself consists of 2 main parts:

- a) **administrative forms** (structured information of the basic administrative data, declarations of partners, organisations and contact persons, etc.),
- b) **technical annexes**, which present the detailed description of the planned research and innovation project outlining work packages, costs, etc.

In order to successfully apply for a Horizon 2020 grant, **typically a strong partnership is required, with entities representing a host of EU Member States.** Through partnerships, Horizon 2020 aims to develop closer synergies with national and regional Programmes, encourage greater private investment in research and innovation, and pool Europe's resources to tackle greater challenges. Moreover, in Horizon 2020 there are more opportunities for cooperation with and participation by research organisations from non-EU countries (including Accession Countries such as Serbia). To ensure proper EU added value and given the transnational nature of environmental challenges, activities have to be carried out at the Union level and beyond. With regards to evaluation, proposals are assessed on the basis of: a. selection criteria: financial and operational capacity and b. award criteria: excellence, impact, efficiency of implementation.

It is worth emphasizing that the SME involvement is considered an important cross-cutting theme and the 20% target allocated to SMES within the available Horizon 2020 funds has been set.

Projects funded under Horizon 2020 Pillar 3, addressing the aforementioned societal challenges, helps European Commission define its vision on nature-based solutions, such as ways to increase the demand and diversify the supply for cost-effective nature-based solutions.

In the table below, certain examples of topics for past and current calls from the Work Programmes for the aforementioned societal challenges have been selected as relevant for nature-based businesses and biodiversity conservation.

Topic	Type of action	Specific Challenge	Scope	Amount	Expected impact
SFS-01-2018-2019-2020: Biodiversity in action: across farmland and the value chain	RIA	<p>Agro-ecosystems are the result of historic and dynamic interactions between the environment, genetic resources, agricultural practices.</p> <p>The biodiversity on farms is important for the provision of important ecosystem services beyond farm level.</p> <p>Specialised, intensive agriculture has generally resulted in higher productivity at the expense of decreasing levels of biodiversity, partly due to a lack of incentives for farmers to preserve biodiversity.</p> <p>A number of European policies are reflecting the goals for integrated biodiversity into farming and putting these ambitions into practice require the necessary know-how on a range of options for optimising the joint delivery of economic, environmental and social services by farming.</p>	<p>Activities will tackle biodiversity from various angles ranging from its supporting functions in agro-ecosystems (e.g. through activities of plant and soil biota), the integration of diversity into farming practices and incentives for wider biodiversity management including native biodiversity.</p> <p>Proposals will lay the ground for better understanding and applying the benefits of soil organisms for resource uptake, plant growth, development and health.</p> <p>Proposals will enhance the understanding of the relationship between farm management and native biodiversity/ surrounding landscapes/ associated ecosystem services.</p>	Up to 8 million EUR/proposal	<p>Funded activities will showcase the benefits of agro-biodiversity at various levels and develop solutions and approaches to embed these benefits more effectively into farming practices and policy measures.</p> <p>Also will support the definition of biodiversity targets at the appropriate scale and design result-based incentives.</p>

Topic	Type of action	Specific Challenge	Scope	Amount	Expected impact
LC-RUR-11-2019-2020: Sustainable wood value chains 173		<p>There is a need to further develop and deploy technological advancements of environmental and microclimate-friendly wood-based value chains on the ground.</p> <p>The forest-based sector can contribute to climate change mitigation through increasing sinks and reducing emissions from living biomass, soils and wood products, and the substitution of non-renewable resources through the sustainable use of material and energy use of wood-based materials.</p> <p>The combined sink and substitution effects of wood value chains can provide a key mitigation option, especially in the construction sector, which accounts for 15% of GHG emissions.</p> <p>Climate change is at the same time increasing forests' vulnerability, thus ensuring the sustainability of forest production systems under changing climate conditions remains a long-term objective for the sector.</p>	<p>Building with wood: Proposals shall develop and test new technologies and environmentally-friendly solutions for the use of wood-based materials in the construction and/or retrofitting of buildings. Proposals should also explore options for building with wood in combination with composite/hybrid materials, linkages with other nature-based solutions, make use of ICT, and consider LCA and carbon accounting, 'environmental documentation' (i.e. product definitions, standards and construction codes), performance standards, public policies and regulations, consumer perception.</p>	Up to 10 Million EUR	<p>Enhanced connectivity of rural-urban areas and their overall contribution to a resilient, circular and competitive, forest-based bio-economy.</p> <p>Increased long-term resilience of forest production systems and associated value chains to enhanced climate/environmental change and societal demand.</p> <p>Prompt a sizeable positive change to European landscapes and economies, by keeping the countryside green and serving to make the cities greener, and increasing the share of both decent and green jobs</p>
SC5-07-2015 More effective ecosystem restoration	RIA	<p>Ecosystem restoration is frequently an expensive and lengthy process, but it is capable of delivering extensive benefits in a cost-effective manner, while also conserving and enhancing Europe's natural capital.</p> <p>The restoration sector has accumulated expertise, but knowledge, technologies and capacity will need to grow rapidly and be shared, if the full potential offered by restoration is to be achieved.</p>	<p>Proposals were developed for conceptually coherent ecosystem types, tools, approaches, methodologies and methods to assess and predict the effectiveness relative to their stated objectives of environmental restoration measures (including both cost-effectiveness and benefits in relation to biodiversity and ecosystem services).</p> <p>They engaged the whole restoration community (business, academia, including social sciences and humanities, public administrations and civil society) in a major initiative to exchange experiences, identify strengths, weaknesses and best practices, encourage new techniques and technologies, and share information, knowledge and know-how in order to promote effective and sustainable restoration activities across the EU.</p>	5- 7 Million EUR	<p>Improved design of restoration/rehabilitation measures and incentives; more effective integration of the 'restoration agenda' into the delivery of major policy objectives related to growth, job creation, urban and rural development, resilience to climate change, conservation and enhancement of natural capital.</p> <p>Achieving innovative policy mechanisms that can facilitate restoration. Contribute to advances in green infrastructure, in line with EU 2020 Biodiversity Strategy.</p>

2.3 The scope of nature-conservation within EU funding opportunities for agriculture, non-timber forest products harvesting and fisheries

2.3.1 ~~Operational Programmes under the~~ European Agricultural and Rural Development Fund (EARDF)²

Apart from the Cohesion Policy Funds, there are two other funds providing most significant sources of co-funding biodiversity conservation at EU level (including protected areas/ Natura 2000 sites management). This is done in parallel with encouraging the shift towards environmentally friendly economic sectors. These are the European Agricultural ~~Fund for Rural Development~~ (EAFRD) and European Maritime and Fisheries Fund (EMFF).

The EAFRD is the second Pillar of the EU's Common Agricultural Policy (CAP) and is geared towards achieving a balanced territorial development of rural economies and sustaining competitive, innovative and environmentally sound farming sector. The EAFRD defines the strategic framework for EU policies on rural development and is implemented at the level of each Member State or Region through Rural Development Programmes (RDPs).

RDPs are documents drawn up by countries and regions, in collaboration with European Commission DG Agri, setting out priority approaches and actions to meet the needs of the specific geographical area they cover. Additionally, the RDPs need to address at least four of the six EU Rural Development priorities. These broader policy priorities are broken down into specific areas of intervention, referred to as Focus Areas (FAs). In drawing up its RDP, each member state or region selects certain Focus Areas, set outs quantified targets against them and outline the measures and their allocated funding for reaching the targets. Of highest relevance for this guide are a number of four priority areas, defined under two priorities, as following:

Priority 4. Restoring, preserving and enhancing ecosystems related to agriculture and forestry

- FA 4A: Restoring, preserving and enhancing biodiversity;
- FA 4B: Improving water management;
- FA 4C: Preventing soil erosion and improving soil management

Priority 6: Social Inclusion and Economic Development

- FA 6A: Facilitating diversification, creation and development of small enterprises, as well as job creation.

For implementing the measures programmed in RDPs, special institutions are set up in each Member State or at regions levels, namely the Managing Authorities (MAs) and Paying Agencies. They prepare the applicants guidelines and launch the calls for proposals. The Paying Agencies are responsible for making payments to project beneficiaries.

Overall, there may be many business opportunities promoted through the specific measures funded within any given RDP that can be linked with interests for biodiversity and landscape conservation. As such, financial support could be provided for: diversification of farmers into non-agricultural activities, development of non-agricultural SMEs in rural areas and their involvement in sustainable & responsible tourism, restoration and upgrading of cultural and natural heritage of villages and rural landscapes.

Still, most important financial support for promoting nature-based approaches in rural communities located in the proximity or within natural protected sites, comes from the following 3 measures dedicated to environment and climate change, and which together form at least 30% of allocated funding within each Rural Development Programme.

Figure 2: EAFRD 2014-2020 environmental components



2.3.1.1 M10 Agri-environment-climate measures (AEC),

Agri-environment-climate measures (AEC) are one of the main instruments established within the framework of CAP for supporting biodiversity. The key features of this measure are as following:

- It is the only measure to be incorporated mandatory by Member States and regions in each RDP;
- Provides payments to farmers who subscribe, on a voluntary basis, to environmental commitments related to the preservation of the environment and maintaining the countryside landscape;
- The voluntary commitment must be made for minimum five years period;
- Adopted environmentally-friendly farming techniques go beyond the reference baseline level, defined by legal obligations (including Good Agricultural Environmental Conditions and Statutory Management requirements for receiving land-based subsidies from European Agricultural Guarantee Fund);
- Although they are voluntarily adopted, they must comply with stipulations of agri-environment contracts;
- Payment represents compensation for additional costs and income foregone resulting from applying the respective environmentally friendly farming practices;
- Contributes to the maintaining of natural conditions/provision of diverse environmental services by agri-ecosystems, which are not recognised by the market.

Thus, agri-environment measures play a crucial role in integrating biodiversity not only in the agricultural and farming sector, but also in the forestry and fisheries sectors. With

the agri-environment payments, producers are encouraged to adopt production extensive techniques and practices that are not most profitable from a financial point of view, but deliver positive environmental outcomes needed by consumers, local communities and ultimately by the entire society – such as a mosaic of landscapes, extensive pastures and grasslands, forested areas, healthy soil and clean surface waters.

Possible types of commitments covered by national/regional agri-environmental schemes are exemplified below:

- Adoption of environmentally favourable farming;
- Management of low-intensity pasture systems, possibly with manual workforce or light equipment that does not have adverse effect on birds and other species;
- Traditional use of manure allowed up to a maximum threshold and avoidance of use of chemical fertilisers and pesticides;
- Mowing according to a specified timeframe;
- Integrated farm management and organic agriculture;
- Preservation of landscape and historical features such as hedgerows, ditches and woods;
- Conservation of high-value habitats and their associated biodiversity.

Agri-environment measures may be designed at the national, regional, or local level so that they can be adapted to particular farming systems and specific environmental conditions. This makes them a targeted tool for achieving environmental goals appropriate to the local and regional circumstances.

Whereas the traditional farming has historically contributed to the generation of favourable conditions for certain species and habitats types due to their interdependence with agricultural land-use, agri-environmental payments can have substantial contribution to the conservation of the EU's wild flora and fauna, by tackling major changes that have upset the delicate balance between agriculture and biodiversity, namely: a) specialisation and intensification of certain production methods (such as the use of more chemicals and heavy machinery), b) marginalisation or abandonment of traditional land management (Concha Olmeda (Atecma/N2K GROUP), 2014).

2.3.1.2 M11 Organic farming

Organic farming is an agricultural method that aims to produce food using natural substances and processes. The limited environmental impact of organic farming is chiefly ensured by prohibiting the usage of synthetic plant protection products and fertilisers. However, organic farming can also include: using crop rotation and other forms of farming to maintain soil fertility, controlling weeds and diseases using farming techniques and, where necessary, approved materials, using a limited number of approved products and substances, where necessary, in the processing of organic food.

The organic farming support measure (M11) provides support, per hectare of agricultural area, for:

- conversion of conventional farming to organic farming (M11.1).
- maintenance of certified organic farming (M11.2)

The certification of organic products is a crucial aspect for both sub-measures. Farmers and food processors who intend to market their products as organic have to be registered with a control agency or body. The control body verifies and confirms whether a producer complies with the rules for organic production. The control bodies registered in different EU Member States, can be a public or a private body, but the rules for organic production, which they inspect and certify are the same for the entire EU – namely EC Regulation 834/2007 on organic production and labelling of organic products, together with EC Regulation 889/2008 which lays down detailed rules for its implementation.

“Conversion” refers to the transition from non-organic to organic farming within a given period of time, during which the rules for organic production have been complied with. The conversion period starts when a farmer notifies his activity to the competent authorities and subjects his holding to the inspections of control body. At the end of the conversion period, which can last maximum 3 years⁸ either national, private or community organic production logo may be used for the labelling and marketing of products. “Maintenance” is the period during which the rules for organic production have been applied, following certification.

Since conversion can be a difficult period for farmers, due to lower yields in comparison to those obtained through employing more intensive and controlled farming techniques, the EU has been providing financial support to cover the losses. During the 2007-2013 CAP programming period, support for organic farming was part of the compulsory agri-environment measure. The current 2014-2020 period has developed the EAFRD targets on organic farming separately in the framework of Measure 11 – thus the importance of organic farming in contributing to significant environmental outcomes, which are correlated with afore-mentioned RDP Priorities and Focal area is recognized.

The EU does not only support organic farmers financially, but also mobilizes advice services to guide them on best practices and new and innovative solutions. This can improve efficiency and therefore increase profit margins.

The EU Member States and regions in the Danube region did not take the opportunity to establish a geographical scope for prioritizing the allocation of organic farming under Measure M11. Still there are examples of NDRPs (Italy and Spain), where “Preferred areas” have been defined and such funding was allocated with priority to farms located within Natura 2000 sites.

2.3.1.3 M12 Natura 2000 / Water Framework Directive payments

The Measure (M12) for Natura 2000/ Water Framework Directive provides annual per hectare compensation payments to farmers and foresters for the additional costs and lost income that cannot be avoided, following the adoption of practices required for the implementing the Birds and Habitats Directives or (for farmers only) the Water Framework Directive. The Measure is designed to compensate farmers and foresters for the disadvantages they face as a result of mandatory activities they carry out abiding the legal requirements set out under these directives, compared to the situation of farmers and foresters in other areas not affected by these requirements.

8. for orchards of perennial soft, top and vine fruits

Bearing in mind the thematic focus of this guide related to biodiversity, only aspects pertaining to Natura 2000 implementation will be further discussed. As such, there are two sub-measures included as following:

- M12.1 – Natura 2000 agricultural areas, for providing compensation payments for agricultural production from crops/ farms associated with Natura 2000 sites;⁹
- M12.2 – Natura 2000 forest areas, for providing compensation payments to forest owners and forestry operators on land associated with Natura 2000.

The Natura 2000 payments are limited to agricultural or forestry land-uses within the boundaries of Natura 2000 sites, which can be: Special Protection Areas (SPA), designated under the Birds Directive or Special Conservation Interest/ Special Areas of Conservation (SAC), designated under the Habitats Directive. In addition, such payments can be allocated for pieces of land which are not situated in Natura 2000 sites, but inside nationally designated protected areas and which contribute to maintaining the connectivity of the Natura 2000 network, on the condition that they are subject to certain environmental restrictions applicable to farming or forestry.

Farmers, private forest holders and associations of private forest holders are the typical eligible beneficiaries, but in duly justified cases payments can also be provided to other land managers. Beneficiaries do not have to meet the active farmer definition according to Article 9 of the EU Direct Payments Regulation¹⁰.

In terms of actual opportunities in the Danube Region created by EAFRD through these measure for farmers to adopt biodiversity friendly land management practices, the sub-measure M12.1 has been Programmed only in NDRPs of Bulgaria and Hungary, while the sub-measure M12.2 has been materialised only in the case of Hungary and Germany – Baden Wurttemberg Land.

While certain Focus areas and objectives of EAFRD for the 2014-2020 programming period are broadly linked to the maintenance and restoration of agricultural and forest habitats, the three measures discussed herewith are illustrative examples of funding that meets two important goals at the same time: a) provides land management support to enhance biodiversity for its intrinsic conservation value and b) ensure the financial viability of farmers/ agricultural operators.

9. Source: European Network for Rural Development, RDP analysis: Support to environment & climate change M11 Organic agriculture

10. Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009

2.3.2 European Maritime and Fisheries Fund (EMFF)

The European Maritime and Fisheries Fund (EMFF) represents the main funding instrument for the implementation of EU Common Fisheries Policy, geared towards increasing employment and territorial cohesion in coastal and inland communities depending on fishing and aquaculture. In line with the Europe 2020 strategy for a smart, sustainable and inclusive growth over the 2014-2020 period, the EMFF concentrates on a number of broad long-term objectives, which are structured around six priorities as defined under Article 6¹¹ of EMFF regulation (referred to as “Union Priorities”, see text box below).

The Six priorities of EMFF for the Programming Period 2014-2020

- 1.** Environmentally sustainable, resource efficient, competitive fisheries which are more selective, produce less discards, and do less damage to marine ecosystems. EMFF support under this priority will thus focus on innovation and added value that can make the fisheries sector economically viable and resilient to external shocks and to competition from third countries.
- 2.** Environmentally sustainable, resource efficient, competitive aquaculture to make this industry green, economically viable and competitive, while providing EU consumers with healthy and highly nutritional products.
- 3.** Fostering the implementation of the CFP through the collection and management of data to improve scientific knowledge and through support to monitoring, control and enforcement of fisheries legislations.
- 4.** Increasing employment and territorial cohesion through the promotion of economic growth and social inclusion in coastal and inland communities depending on fishing.
- 5.** Fostering marketing and processing through improved market organisation for fishery and aquaculture products and through improved processing and marketing sectors in particular in Outermost Regions.
- 6.** Fostering the implementation of the Integrated Maritime Policy

In the same article 6 of the EMFF Regulation, specific objectives are set out under each of the above-mentioned 6 priorities. The most relevant specific objectives for allocation of funding from the perspective of this funding guide are the following:

11. Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council

Union Priority	Specific objectives
No.1	(b) the protection and restoration of aquatic biodiversity and ecosystems;
No.2	(c) the protection and restoration of aquatic biodiversity and the enhancement of ecosystems related to aquaculture and the promotion of resource efficient aquaculture; (d) the promotion of aquaculture having a high level of environmental protection, and the promotion of animal health and welfare, and of public health and safety;
No. 5	(a) the improvement of market organisation for fishery and aquaculture products

At the level of Member States, Operational Programs are elaborated in line with the above-mentioned Union Priorities and specific objectives. Call for proposals are launched also promoting environmentally, socially and economically sustainable fisheries and aquaculture and for supporting aquaculture, which provides special environmental services.

In comparison with organic agriculture/farming, ecological aquaculture is a relatively new field of organic production. The general principles of organic production in aquaculture operations pertain to the usage of natural resources of the ecological system for the purpose of managing the biological growth processes, whereas the methods/approaches use for exploitation of living resources needs to take into account the sustainable catch levels. As an overarching requirement, biodiversity of aquatic ecosystems has to be maintained throughout all phases of aquaculture production.

There are two particular measures that need to be emphasized, given their importance for the promotion of nature-based activities. (see table below)

OP EMFF Measure	Type of supported activities	Forms of payment
Conversion to eco-management and audit schemes and organic aquaculture (based on Article 53 of the EMFF Regulation)	<ul style="list-style-type: none"> ■ The conversion of conventional aquaculture production methods into organic aquaculture within the meaning of relevant EU Regulations for organic production¹²; ■ The participation in the Union eco-management and audit schemes (EMAS)¹³. 	Compensation for a maximum of three years during the period of the conversion of the enterprise to organic production, or during the preparation for participation in the EMAS, including: (a) the loss of revenue or additional costs incurred during the period of transition from conventional into organic production for certain eligible operations, (b) the additional costs resulting from the application and preparation of the participation in EMAS for eligible operations.

OP EMFF Measure	Type of supported activities	Forms of payment
Aquaculture providing environmental services (based on Article 54 of the EMFF Regulation)	<ul style="list-style-type: none"> ■ Aquaculture methods compatible with specific environmental needs and subject to specific management requirements resulting from the designation of NATURA 2000 areas in accordance with Directives 92/43/EEC and 2009/147/EC; ■ Participation, in terms of costs directly related thereto, in ex-situ conservation and reproduction of aquatic animals, within the framework of conservation and biodiversity restoration programmes developed by public authorities, or under their supervision; ■ Aquaculture operations which include conservation and improvement of the environment and of biodiversity, and management of the landscape and traditional features of aquaculture zones. 	Annual compensation for the additional costs incurred and/or income foregone as a result of management requirements in the areas concerned.

2.3.3 Danube Transnational Programme (DTP)

The Danube Transnational is a financing instrument in support of the European Union Cohesion Policy for the 2014-2020 programming period which serves as a driver for tackling common challenges and needs in the heterogenous Danube region. It is part of the European Territorial Cooperation (ETC) – Interreg V-B Programme and provides financial support for development and practical implementation of policy frameworks, tools and services and concrete small-scale pilot investments in selected fields under the EU Common Provisions and ERDF Regulation linked to the EU Strategy for the Danube Region (EUSDR). Particular needs for “policy integration” below the EU-level (and thus avoiding duplicating efforts in policy integration at the EU-level e.g. TEN-T) are addressed.

The DTP geographical coverage extends over the entire Danube river basin, including nine Member States (Austria, Bulgaria, Croatia, Czech Republic, Hungary, Germany – Baden-Württemberg and Bayern, Romania, Slovakia and Slovenia), 3 EU Accession countries (Bosnia and Herzegovina, Montenegro, Serbia) and 2 non- EU countries (Moldova, Ukraine – four provinces).

The Danube Transnational Programme (DTP) promotes economic, social and territorial cohesion in the Danube Region through policy integration in selected fields. DTP

12 Council Regulation (EC) No 834/2007 and Commission Regulation (EC) No 710/2009

13. According to Regulation (EC) No 761/2001 of the European Parliament and of the Council

is structured across the following **four Priority Axes** of relevance for the Europe 2020 strategy.

1. **Innovative and Socially Responsible Danube Region**
2. **Environment and Culture Responsible Danube Region**
3. **Better Connected and Energy Responsible Danube Region**
4. **Well-Governed Danube Region**

Furthermore, each of the four Priority Axes are supported by a number of Specific Objectives.

Given the thematic scope of this guide, the second priority area needs to be emphasized, together with the **Specific Objectives**, which are covered by it. These are concentrated on the following topics:

- Strengthen transnational water management and flood risk prevention;
- Foster sustainable use of natural and cultural heritage and resources;
- Foster the restoration and management of ecological corridors;
- Improve preparedness for environmental risk management.

The Danube Transnational Programme strengthens joint and integrated approaches to preserve and manage the diversity of natural and cultural assets in the Danube region as a basis for sustainable development and growth strategies. The creation and/or maintenance of ecological corridors of transnational relevance, possibly connecting Natura 2000 sites in the Danube region, is also given priority.

Projects proposals are submitted in response to periodically published call for proposals, receiving up to 85% EU co-financing rate. The specific conditions for successful project application for DTP grants require establishing transnational partnerships for cooperation in the thematic areas defined by the programme's thematic priorities and specific objectives.

The general type of actions supported under the DTP are described in the Cooperation Programme document and include the following:

- Development of common orientations, frameworks and strategies in fields of transnational relevance where early policy development is needed;
- Development and practical implementation of transnational tools and services (e.g. analytical tools, management tools, technical tools, software tools, monitoring tools);
- Preparation of transnational investments (infrastructure, equipment) to be subsequently financed through other sources;
- Pilot activities including small-scale fixed investments (of testing or demonstration nature);
- Development and practical implementation of training and capacity building (e.g. training seminars and courses, study visits, peer reviews);
- Accompanying information, dissemination, capitalisation and publicity measures to inform stakeholders and/or the general public about project activities and outcome.

Indicative actions eligible for financial support are defined with more details in the Cooperation Programme document in relation to a number of investment priorities, which contribute in a cross-cutting manner towards several of the afore-mentioned DTP Specific Objectives. Two such **investment priorities** are worth emphasizing, due to their high relevance for nature-based activities and biodiversity conservation.

6c Conserving, protecting, promoting and developing natural and cultural heritage		
Key issues addressed/ results to be achieved	Main envisaged outputs	Main target groups and types of beneficiaries supported under the investment priority
<p>The attractiveness of the Danube region as a tourist destination is defined by its cultural heritage as well as attractive landscapes. In this respect, tourism development and the protection of cultural heritage is an opportunity to promote transnational cooperation between states, regions and communities and can thereby be an important tool for the integration of countries in the Danube region. It can also help in establishing tourism products on a sustainable basis, focusing for example on nature, culture, rural areas, viticulture, cycling, river tours and cruises.</p> <p>One of the most important criteria for the development of tourism should be sustainability.</p>	<p>Improved frameworks, capacities and solutions for sustainable tourism development in the Danube region based on protection and sustainable use of natural and cultural heritage and resources.</p> <p>Reduction of resource and energy consumption and sustainable mobility management in order to reap multiple benefits in terms of economic development, environmental protection and quality of life.</p> <p>Improved strategies and tools for sustainable use of cultural and natural heritage and resources for regional development in order to avoid or limit use conflicts (e.g. with tourism, natural resource consumption).</p> <p>Investments in the renovation of historical buildings, sites, monuments (only if they are part of a broader sustainable development strategy).</p>	<p>Local, regional and national public authorities and organisations established and managed by public authorities responsible for environmental, tourist and cultural issues, sectoral agencies,</p> <p>Regional development agencies, tourist operators, tourist information centres (points), regional tourism boards and museums, business support organisation (e.g. chamber of commerce, business innovations centres)</p> <p>Research and development institutions, universities and their research departments, higher education, education/ training centre and school, NGOs, private enterprises – SMEs</p>

6d Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure

Key issues addressed/ results to be achieved	Main envisaged outputs	Main target groups and types of beneficiaries supported under the investment priority
<p>Transnational action programme can contribute – in line with the EU strategy for Green Infrastructures (2013) – to improved interlinking of natural habitats, which is of great importance for the sustainment of a functional ecological network.</p> <p>Interlinking of natural habitats and wildlife corridors against the reduction of barriers (e.g. through “green bridges” over transport infrastructures) could lead to improvement of land and water management and nature protection; improvement of spatial planning and of the policy framework.</p> <p>The focus should be on bio-corridors with transnational relevance such as Mura-Drava-Danube Transboundary Biosphere reserve, habitat conditions along the Danube River and its tributaries and other key green infrastructures including e.g. the Danube Delta.</p> <p>Support should target protected areas and their relevant adjacent areas in the whole Danube region.</p>	<p>Concrete solutions and improved strategic frameworks to restore, conserve and improve a network of green infrastructures/ bio-corridors in the Danube region consisting of natural and semi-natural habitats to help reduce the fragmentation of ecosystems and improving the connectivity between sites in the Natura 2000 network in order to ensure biodiversity.</p> <p>Enhanced knowledge base and building up a consistent and reliable data information sources on: restoration and revitalisation of sensible landscapes and rivers, integrated management of habitats, protection and re-colonisation of endogenous species, control of invasive species.</p> <p>Promoted awareness-raising and environmental education.</p>	<p>Local, regional and national public authorities and organisations established and managed by public authorities responsible for environmental issues, infrastructure and (public) service providers (e.g. for water supply), NGOs (e.g. international organisation, environmental organisations, voluntary association, etc.), research and development institutions, universities with research facilities, higher education, education/training centre and school.</p>

2.4 Looking ahead at funding opportunities for nature-based business and biodiversity conservation under Multi-Annual Financial Framework for beyond 2020

Whereas the "windows of opportunities" under the EU funding Programmes discussed in the previous chapters are gradually phasing down towards the end of the current programming period, it has been considered useful to evaluate the broad perspectives for acquiring financial support for sectoral integration of biodiversity (mainly through stimulating nature-based operations) and nature conservation that will be available within the next programming period (2021 – 2027).

At the time when this guidance document has been elaborated, the views of European Commission on the key design features of ESI funds have become clear in the form of Proposals for Regulations for each main fund¹⁴. They, however, are still subject to consultations under way with public authorities and various stakeholders, including professional associations, trade-unions, NGOs, think tanks from the Member States and EU regions.

The Cohesion Policy, supported through ERDF and Cohesion Fund, will continue to be the main investment policy of the EU geared towards job creation, sustainable growth and innovation in Europe's diverse Member States and regions. The regional development investments programmed under the two funds for 2021-2027 programming period will be allocated towards five main strategic objectives (see text box below); the largest share of the funds (as much as 65% to 85% from the allocated budget per Member State or Region) of the funds will be allocated with priority towards the first and second objectives.

The five strategic objectives pursued by EU Cohesion Policy 2021-2027

1. Smarter Europe, through innovation, digitisation, economic transformation and support to small and medium-sized businesses
2. Greener, carbon free Europe, implementing the Paris Agreement and investing in energy transition, renewables and the fight against climate change
3. More Connected Europe, with strategic transport and digital networks
4. More Social Europe, delivering on the European Pillar of Social Rights and supporting quality employment, education, skills, social inclusion and equal access to healthcare
5. Europe closer to citizens, by supporting locally-led development strategies and sustainable urban development across the EU

¹⁴ COM (2018) 372 Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Regional Development Fund and on the Cohesion Fund and COM(2018) 392 Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD)

Similarly to the current programming period, the main implementation frameworks of the Cohesion Policy will consist of:

- a) Partnerships Agreements with Member States – for ascertaining which Funds and Programmes will be employed to pursue each of the above-mentioned policy objectives;
- b) Programmes for establishing priorities pursued for each strategic policy objective, which will be underpinned by Programmes' specific objectives that will be further described in terms of: related types of actions, planned operations of strategic importance, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate. Moreover, there is a well-defined range of possible interventions to be selected by each Member State in support of each Programme specific objectives.

Up to now, it has been established that the second above-mentioned strategic objective – namely a Greener, carbon free Europe – will continue to be pursued at the level of many ERDF and CF funded National Programmes, through a common priority pertaining to **Enhancement of biodiversity, green infrastructure in the urban environment, and pollution reduction**. Thus, a sufficiently sound basis is created for Member States in the Danube region to continue to channel funds explicitly to conservation management and green infrastructure projects. Similarly, promising funding perspectives for nature-based businesses are opened, on the basis of the list of types of interventions for the ERDF, and the Cohesion Fund for the next programming period, which include the following:

- Support to environmentally-friendly production processes and resource efficiency in SMEs;
- Protection, restoration and sustainable use of Natura 2000 sites;
- Nature and biodiversity protection, green infrastructure.

Still, the actual types of interventions are subject to selection by Member States and regions when designing their Programmes' priorities and specific objectives, so it is important that all of the above-mentioned interventions to be incorporated in the given Programmes of the Member States in the Danube region and appropriate amounts allocated towards the relevant formulated priority.

With regards to the LIFE Programme for the next programming period 2021-2027, the EC has proposed a substantial increase of allocated amounts (by almost 60%) in comparison with the currently allocated funds. While LIFE will continue to maintain its flexible approach, the new LIFE Programme will provide an increased focus on nature and biodiversity, by support to both:

- a) Projects that promote best practices in relation to nature and biodiversity,
- b) Dedicated 'Strategic Nature Projects' for all Member States to help mainstream nature and biodiversity policy objectives into other policies and financing programmes, such as agriculture and rural development.

In line with the defined main orientations for the Common Agricultural Policy (CAP) for the next programming period 2021-2027, the EAFRD will continue to ensure substantial funding allocation for promoting environmentally sustainable farming as a crucial element of the sector's overall viability. The most relevant elements for the enhancing

the positive role of biodiversity and environment in relation to agriculture and rural development, are directly linked to two of the nine general objectives of EU Common Agricultural Policy, namely with the 5th and 6th objectives. (see text below).

The 9 general objectives of EU Common Agricultural Policy for the next programming period

- a)** Support viable farm income and resilience across the EU territory to enhance food security;
- b)** Enhance market orientation and increase competitiveness including greater focus on research, technology and digitalisation;
- c)** Improve farmers' position in the value chain;
- d)** Contribute to climate change mitigation and adaptation, as well as sustainable energy;
- e)** **Foster sustainable development and efficient management of natural resources such as water, soil and air;**
- f)** **Contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;**
- g)** Attract young farmers and facilitate business development in rural areas;
- h)** Promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry;
- i)** Improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, as well as animal welfare.

Alongside interventions ensuring 'basic income support for sustainability' from CAP Pillar 1 (annual area-based payments to guarantee a minimum level of agricultural income support for all genuine farmers), the interventions supported within the frameworks of EAFRD for the future programming period will more closely follow locally identified needs in Member States, within the CAP Strategic Plan. These CAP Strategic Plans will set out how each country proposes to meet the overall CAP objectives, mindful of its own specific needs. They will define a strategic approach and explain how actions under both pillars will contribute to reaching these objectives.

As such, Member States shall continue to provide support for voluntary adoption of climate and environment payment schemes ("eco-schemes") by farmers. This type of intervention will provide compensation to farmers who make commitments to implement, on eligible land, agricultural practices beneficial for the climate and the environment – especially biodiversity.

As for the new EMFF for the next programming period, the most important funding opportunities for promotion of nature-based operations in the inland fisheries and aquaculture sectors (as selected within the thematic scope of this guidance) are linked with the second Strategic Priority out of the four such priorities, which have been defined. (see text box below)

EMFF strategic priorities for the programming period 2021 – 2027:

- Fostering sustainable fisheries and the conservation of marine biological resources;
- Contributing to food security in the European Union through sustainable and competitive aquaculture and markets;
- Enabling the growth of a sustainable blue economy and fostering prosperous coastal communities;
- Strengthening international ocean governance and enabling safe, secure, clean and sustainably managed seas and oceans.

Thus, the interventions funded within the National Fisheries Programs will continue to support the transformation of the fisheries sector towards more sustainable fishing practices, with a particular focus on supporting small-scale fishermen.

3. Tips and tricks for successful application to EU funding Programmes

As pointed in the previous chapter, depending on the complexity, the application procedures for funding under different EU funds result in different workloads and demands for internal and external resources. Moreover, the awarding of a grant and signing of a co-financing contract bring certain obligations and changes which may have a long-term impact on the beneficiaries' capacity. This is why this chapter provides guidance to potential beneficiaries in making important decisions on investing time, money and human resources in the development of a thorough, successful project proposal, while taking into account certain tips and tricks of general relevance for the application, contracting and start-up process.

The so called "tips and tricks" for developing a successful project proposal and making the necessary preparations for an optimal implementation of the funded project refer to:

- Advice for both physical persons, with no previous experience in elaborating a project proposal and in project management, and potential applicants, having similar previous experience.
- An analysis of key aspects of project preparation and implementation from two different angles that need to be considered. One such angle is on behalf of the beneficiary, while the second refers to the stakes of the management authority.

3.1 Advice for physical persons, with limited previous experience in proposal writing and in project implementation

When deciding on the possibility to embark on an endeavour aiming at developing project proposals to access non-reimbursable funding sourcing, a physical person with no previous experience in project management and grant accessing should start with **self-assessment of her/ his own competencies for launching a small-scale income generating investment**. In parallel, it is important to initiate a communication with officers, assigned by management authorities to inform the public on the description of potential programmes to be launched, their objectives, vision, activities to be financed, amounts available, periods of implementation, and support during the implementation period. Usually, during Programmes' promotion period, communication sessions or meetings for periodic progress analysis, potential beneficiaries can meet competent consultancy companies, authorized and/or invited by the management authorities to be part of such events. Often consultancies have collaboration agreements with financing institutions and banks. Therefore, under the auspices of such collaboration, a full-scoped project can be initiated with the benefits of accessing additional financial resources, but also expertise in the fields of financial management and business planning.

Figure 3: Key steps to consider by physical persons interested to start-up an grant-based income generating activity (concept and illustration by Natalia Cirimpei)



In the above figure, the colour intensity indicates the amount of knowledge/ experience gathered by the owner of the project idea.

3.1.1 Most appropriate options for setting up a legal entity for starting a nature-based income-generation activity

When launching a business, there are many steps to take in choosing the most appropriate form of legal structure for the purpose of legal and fiscal registration. For entrepreneurs from both EU Member States and Accession Countries, there are the following legal forms of activity, relevant for the economic sectors included in the thematic scope of this guidance:

- Limited liability company;
- Authorized person;

- Individual enterprise;
- Family business;
- NGOs – associations or foundations.

1) Limited Liability Company is the most common type of company, having the following characteristics:

- At least one shareholder and maximum of 50 shareholders (depending on the country in the European Union);
- Separate legal existence from its owners;
- Minimum required share capital varies from country to country;
- Minimum nominal value of share depends on the country from European Union;
- Shares are offered to the public and are freely transferable;
- Shareholders are only liable up to the amount they contributed (shares' value).

2) Non-governmental organisation (NGO) – association or foundation

In the European Union the NGO sector is dynamic, with constantly high and increasing registration rates of organisations. 20% of the NGOs are registered and function in rural areas. Some NGOs are involved in the provision of social, health or education services but also represent other community interest services such as in youth or culture.

Steps to set up a Non-governmental organisation are presented below:

- Verification of NGO name availability;
- Non-governmental organisation need to set up Concept or Statutes;
- The articles of incorporation and statutes must be authenticated by the notary;
- Deposit funds in a bank (heritage);
- Obtaining a favourable Court decision;
- Obtaining the Certificate of Registration in the Register of Associations and Foundations (RAF);
- Register for VAT with the Local Public Finance¹⁵.

3.1.2 Key principles to consider when designing the project

According to their overall strategic framework, Funding Programmes have their own specific administrative, technical and financial requirements to be followed, but several key principles, are common for all of them, respectively:

Relevance to the financing Programme area – project proposals often stem from local concerns and it is of course important that these needs are addressed. On the other hand, good project results will be useful for other parts of the Programme area or will

¹⁵ (Ascetis, Stowarzyszenie Vesuvio, Eesti People to People and other partners Erasmus+ Program)

deliver a benefit outside the local area where project activities have been carried out. A good proposal will convincingly demonstrate how results will be transferred to other stakeholders and/or how local action can be expected to have knock-on benefits for wider region.

Clearly defined activities and results – the financing programmes need to know what they are funding and be able to assess whether the activities planned are likely to deliver the promised results. A good application will give clear information on both issues. Good projects are sometimes rejected because they present bad written applications: remember that the financing Programmes can only assess what is written on paper/in the application form. A well-defined and measurable set of indicators will provide strong support for the proposals made in the rest of the application

Sustainable results – it is important that the benefits of a project do not stop as soon as the funding ends so a good application should already consider what will be done to ensure that the knowledge, services and benefits developed during the project have a long-term effect.

Strategic approach – strategic is one of the “hot” words for the new programming period and most Programmes develop of definition of the type of strategic project they would like to see. Although these definitions vary widely, we can say that every Programme will place a very high priority on certain objectives and projects that promise to deliver these objectives. Sometimes the type of project wanted will even be outlined in the Operational Programme document. Each Programme will be able to give advice on how these strategic concerns affect individual projects proposals but a couple of features can improve strategic dimension of any project (though they will be of varying relevance depending on the type of project). Firstly, projects should demonstrate that they have taken into account wider policies and developments outside the Programme area. Activities should be harmonized with other initiatives working on the same topic so that the funds granted to the project add maximum value to other investments in the area.

Secondly, the most successful projects generally try to combine the priorities of different levels of public administration (so-called ‘top-down’ input) with the needs expressed by people living in the Programme area (so-called ‘bottom-up’ input). It can certainly be difficult to balance these two perspectives but the value is clear: If only top-down input is provided, project activities are less likely to be actively supported by people in the Programme area and may fail to take account the specific conditions in the area. If, on the other hand, only bottom-up input is provided, project activities may duplicate or, in the worst case scenario, contradict other actions being supported.

Respecting the principles of equality and sustainable development – projects should take these into account and make specific reference to how they plan to contribute to these objectives. Projects must, at the very least, have a neutral effect on these two themes. Experience from the current period indicates, however, that a lot of projects have direct links to sustainable development objectives and in particular to protecting and improving the environment. This type of positive impact is clearly preferred. Links to equal opportunities policies may be less obvious in many projects but should not be ignored.¹⁶

¹⁶ INTERACT Viborg, 2007

3.2 Tips and tricks for organisations interested in applying for EU funds (including non-reimbursable grants)

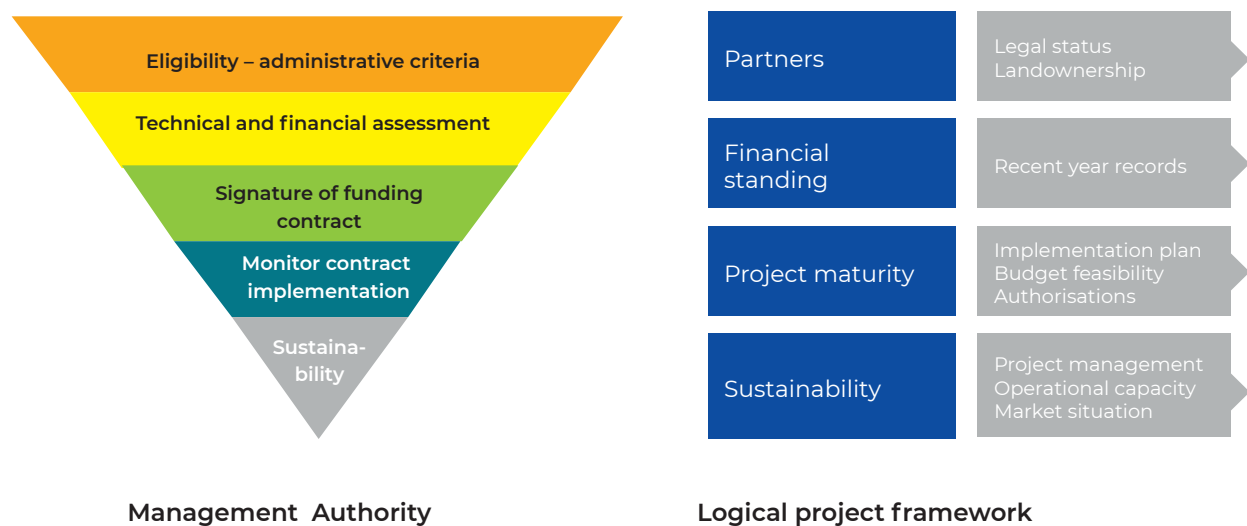
3.2.1 Internal planning of project idea and external assessment by Management Authority

This section of the guidance document highlights the difference and complementarity between the two angles of assessing the project proposal – the **owner’s self-assessment and planning versus the evaluation steps undertaken by the Management Authority**, which is in charge with EU Funds deployment.

“The strength of a nation derives from the integrity and comfort of the home.”
Confucius

The meaning of Confucius’s aphorism referred to home as the main strength of a nation, extended in the context herewith, points to the fact that the entity’s healthy strategy of development can be considered the starting point of a well-balanced economy. With this idea in background, this section will identify main elements to consider by any entity when deciding to access non-reimbursable financing. It will cover the two main angles of analysis, as it is simplified in the figure below – **Angles of analysis – entity’s and managerial authority**, respectively, project beneficiary internal process and project steps, compared within the ones taken by Management Authority.

Figure 4: Angles of analysis – applicant self- planning versus the project review by managerial authority (Concept and illustration by Natalia Cirimpei and Lucian Ionescu)



Programme/management authority. On the left side there is a short presentation of management authority, the legally established body, assigned by the beneficiary government and in charge with the Programme general and specific objectives definition, organizing the Programme relevant activities, in order to secure accessibility to all potential beneficiaries.

Applicant entity’s elements. **On the right hand**, as it can be observed from the Angles of analysis chart, there are the applicant entity’s elements, structuring a project that further on will be submitted at the management authority (since project will have such assistance, it has to comply with this authority requirements).

Managing a project means learning to accept and abide by the Programme rules. These rules are defined in detail in the regulations establishing the Programmes. They can be frustrating at times, but this guidance identifies many ways of minimizing the burden involved.



Tip:

Make sure that project documents meet Funding Programme requirements before you start work. Remedying problems later on will involve a lot of extra work and effort (and may result in a loss of funds).

Project ideas evolve in various ways, but the most important aspect is to identify a real, genuine need in society that necessitates action. The various Funding Programmes usually include an analysis of the strengths and weaknesses (SWOT analysis section) and eligible sectors, interventions and activities. Project developers need to combine these Programme inputs with their own ideas to address problems or opportunities in the best way possible. From this they develop the project idea – a basic concept that represents the ground rule for negotiations with the Programme and possible partners.

In this context, a **well done logical project framework** provides the applicant with an initial sound basis for self-assessing the level of matching between the proposed project and the Programmes objectives defined by Management Authorities and also, whether the foreseen activities are falling within eligible categories stipulated under the respective funding Programme. Usually, the list with eligible applicants and partners can be found in each Programme documentation, and, an eligible applicant can be a single or a group of entities/project-based bodies, entitled to apply for financing.

Definition of Project Partners and the importance of partnership

The project partners are eligible legal entities and/or project based eligible bodies that are joined together to perform relevant tasks in the completion of the project. The project should be planned and implemented together and the project partners should share the result. Long term cooperation, beyond the project lifetime is recommended. The requirements regarding independence means that no direct ownership interest of other partners is allowed. The partnership must be established prior to application. Some of the partners may have joined the partnership already but often more partners are needed to develop and improve the project idea and/or meet Programme requirements.

The development of the partnership is an important process and should not be underestimated. It involves a number of steps or phases before a solid and efficient partnership is established:

- **Meeting** – getting to know the partners, learning about their motivation, interests, needs, skills, expectations, cultural and structural aspects;
- **Information** – developing (targeted) exchange of information, building basic cooperation structures and trust, shaping the project idea;
- **Coordination/ representation** – creating a joint partnership structure, first allocation of functions and roles;

- **Strategy/ planning**-defining joint objectives and developing the concrete project;
- **Decision** – binding commitment of partners, partnership agreements;Implementation – joint implementation of the project, efficient project management, fulfilment of requirements by each partner.

Getting together the **right partners** is essential for developing a good application: Their contribution is needed to turn the idea into a unified set of activities and convincing results. You will also need to work closely with all partners throughout the whole project, so getting the right mix is essential – and may even mean turning some organisations away. A good partner has:

- Commitment, enthusiasm and trust towards other partners (willingness to take part actively already during project development);
- Good financial capabilities (in order to pre-finance project activities and secure co-financing);
- Knowledge of the relevant issues in order to contribute to the content of the project;
- Shared needs with other partners and complementary expertise (to support exchange of experience).

Grid for assessing complementarity. There are certain simple tools that can be used during project preparation meetings to explore partner complementarity. This allows the development of activities that will bring the right partners together on the right common interest and also helps when defining the potential results t and when explaining the value of cooperation. Be careful with partners who feel that they have nothing to learn – if they are unable to identify clear benefits for their organisation, their commitment to the project may be unstable.

Activity	Lead Partner	Partner 1	Partner 2	Partner 3	Partner 4
Activity 1	Significant experience, for example ...	Significant experience, for example ...	Some experience, for example ... Particularly interested in learning about...	Minor experience, including ... Particularly interested in learning about ...	No experience Particularly interested in learning about
Activity 2	No experience ... Particularly interested in learning about	...	...	...	...
Activity 3	...	...	...	...	...
Activity 4	...	...	...	...	...

A good **partnership mix** (geography, type – e.g. public/private/NGO – and sector) is considered to be main strength of partnerships. Many partners are quite similar to each other as this ensures shared interests, an ability to carry out parallel activities in each country and a good likelihood of taking over the results of other partners. The addition of ‘unusual’ partners outside the usual cooperation groups of the project can, however, bring new insights. Whatever the final partnership, tasks should be assigned in a way that maximises the chances of successfully implementing the project and brings benefits to all partners involved.

The **right partnership mix** will also facilitate the preparation of the project proposal. The right partners can successfully contribute to the project financially (i.e. to the level of co-financing), technically (contribution to content of the proposal, and project implementation in the partner country) and with contacts and links to key agencies to ensure that the project idea (and later implementation) is supported by important stakeholders and decision-makers. The partnership mix is often related to the terms ‘vertical’ and ‘horizontal’ coordination. To put it simply, vertical coordination refers to the need to consult and involve different levels of government and administration. The aim is to avoid overlap and conflicts and ensure that activities being carried out at different levels are harmonised as much as possible. The best way of doing this is to try and involve different levels in the partnership itself as far as this is useful. Horizontal coordination refers to the need to involve a wide range of stakeholders from each level – and particularly at the level that project activities take place (i.e. if project activities have a strong local focus, local rather than regional partners will be the first priority). This split can be a useful way of reflecting on the existing partnership and asking whether other organisations should be approached with an offer of partnership or for consultation.

The **contribution of private partners** is considered to be useful because they can bring new skills and contacts, but projects often find it difficult to involve private organisations in EU funded programmes. Many Programmes do not allow private companies to be full partners and receive European funds (as the Programmes are primarily targeted at public sector actions), while others require guarantees or other documentation that companies may not be willing to provide. Private partners are also sometimes uninterested in getting involved because of a lack of resources (financial and human) during the preparatory phase and heavy Programme administrative requirements.



Tip:

Check the Programme rules on private participation before approaching private partners.

Despite this, many projects have successfully included the private sector by identifying project benefits that can compensate for the added administration and/or lack of European funding. Many other projects have found a solution to these problems by involving private partners as ‘sub-contractors’ (contracting specific project-related tasks to the company).¹⁷

17 INTERACT Viborg, 2007

3.2.2 Project development and application

A "project" is defined as an economically indivisible series of activities with clearly identifiable aims and activities designed in such a way that in the end addresses the main objective of the Programme. It is governed by the need to achieve **fixed objectives** with **limited resources** (budget and staff) and within a **defined timeframe**. All stages of the project lifecycle are assessed on whether the outcomes justify the resources used (**efficiency**) and whether the activities carried out really contribute to the objectives (**effectiveness**). The main task of project management is to plan and steer the project team to achieve project objectives with the resources supplied.

Project **applicants**, according to the operating Programmes/ financing scheme can be private entities, non-governmental organisations, public authorities, professional associations, etc. Further on, some definitions are given:

Private enterprises – private enterprises legally established in the country of project application and implementation, eligible applicants for financing opened under the Programme of interest.

Non-governmental organisation – a non-governmental organisation is defined as a non-profit voluntary organisation established as a legal entity, having non-commercial purpose, independent of local, regional and central government, public entities, political parties and commercial organisations.

A summary of a project lifecycle is presented below:

1. Idea generation and partnership development

- Based on an analysis of current conditions, problems, needs and opportunities, a **general concept** for the project is established in the framework of the Programme strategy;
- **Partner search and identification** within the framework of the project strategy;
- The **general scope and contents** – depending on the capacity and activities of the partners and activities of other actors – are outlined and revised as more partners join the project;
- The **relevance of the idea** is tested and confirmed through research and possible pilot activities and the **involvement of key stakeholders** (needs and problem analysis);
- First contacts **with the Programme** are established;
- Project partners and/or single applicant **define the objectives**, work on the details of the project proposal and funding request, describing the context, the **expected results and impact as well as implementation and resource schedules**;
- The **project budget** is prepared;
- During the project development process, it is formally agreed/confirmed by all partners who will be the **Lead Partner**. The Lead Partner is in regular contact with the Programme to get support for the development of the project and application;
- Finally, the **application is submitted** to the Programme.

2. Contracting and start-up

- If the project is approved, a contract is signed with the Lead Partner including essential finance arrangements;
- **Partnership agreements** with all partners are developed and signed;
- Project coordination and decision-making **structures** are put in place;
- **Tasks and partner responsibilities** are outlined in detail and planned over time.

3. Implementation

- The agreed resources are used to **carry out project activities** and to support the achievement of the overall objectives;
- **Implementation and reporting procedures** are set up;
- In the course of implementation, project progress is **monitored and evaluated** – internally;
- **Revisions and adaptations** are made for unexpected events, and work packages are completed;
- **Quality control** – all outputs should be reviewed by the partnership to produce the best possible collective results. The project should always be looking for ways to improve on the original plan;
- **Partnership management** – the partnership rarely functions perfectly for the whole project. Problems need to be identified and solved to keep things working smoothly.

4. Closure

- At the end of implementation, **final reports** are prepared and submitted to the Programme before final payment is received;
- An **exit strategy** needs to be in place to ensure quick closure, sustainability and rules for the use of results after the end of the project;
- **Follow-up activities** are developed, if relevant;
- Project results are **evaluated and disseminated**.

The **financial standing** of the applicant entity or the group of partners can be demonstrated throughout certain correlated stages, respectively:

First stage, during the eligibility checking, when the applicant and the applicant partners must have been **in operation** for a certain period of fiscal years, as defined by the financing Programme. In addition to all registration certificates, the applicant entity/entities are requested to submit all financial documentation, as requested by local fiscal bodies (e.g. registered balance sheets, income statements, equally for private companies, public authorities and non-governmental organisations). During

the same stage, the applicant is asked to submit a **declaration** that, in case of project acceptance for financing, the entity/ group of entities/ partners are able to secure co-financing.

Second stage begins during the technical and financial assessment process, undertaken by the management authority, throughout independent settled commission of evaluators. The applicants shall demonstrate in the implementation and operation phases, the financial stability of the project activities and long-term sustainability. The quality of such information is determined through documents, submitted as part of the application form, taking form of: cost benefit analysis, by presenting project standing “with” and “without” financial assistance, distribution and weight of resources to be used in project financing, respectively, **beneficiary’s own contribution, non-reimbursable assistance, other type of financial resources – investment credits, bridge loans**, etc.

During the third stage, respectively, i.e. signing the contract, the applicant is requested to submit a more advanced **proof of co-finance** availability. The co-finance ceiling differs, as defined by the Programme applicant guidance. As a general rule, for private enterprises that undertake economic activity, i.e. offer goods and services to a market, the **grant rate** is in line with the company scale (large, medium, small and micro) and geographical location and the **co-finance level/** percentage is dependent of this information/ calculations. For other type of beneficiaries, respectively, public authorities, NGOs that operate and/or not operate economic activities, the grant rate is dependent of the **awarding rules** defined by the Programme operator.

Though non-reimbursable aid is awarded to private /for profit businesses, the level of financing is based on the **releasing effect** demonstrated by the grant into the business, reflected in the level of certain financial indicators, calculated for each of the business case. These indicators are calculated exclusively for private companies, using historical financial data, included in legally submitted documents (balance sheets, profit and loss declaration, list with real estates owned by the company/shareholders, list with clients and suppliers). In case the grant leads the companies to a high profitability level (there are certain to evaluate the results), the financing authority can be entitled to refuse awarding the fully/partially requested grant.

Management authority and/or other relevant name given to the body entitled to operate the financing, monitoring and evaluation of the Programme, is issuing the documentation, relevant for applicants and projects, to be followed and filled in, in order to access financing. Below, are presented few such documents to be considered:

Application form – contains the applicant’s full legal name, registration number, contact details, including formal title position, e-mail and phone number. Also, the year of establishment, including name of chairperson of the board and managing director, business/activity customer segment, market segment, main resources; key financial figures – net profit before taxes, total assets, working capital, equity ratio, standard industrial classification.

Information about pre-project situation, estimated duration – start/end dates, estimated total project budget, estimated grant requested, partner (if applicable – name, address, city, country, contact person and details, web-site). In case the applicant is searching for a partner, will be described the profile of a potential partner – characteristics, experience, technology details, capacity. Justification and activities in the pre-pro-

ject, needed before the application will be sent to the Programme operator – list with activities to be implemented in the pre-project, i.e. financial and economic analyses, technical challenges, possible risks, state aid, public procurement, other legal aspects/ mandatory attachments.

Business model template – main questions to be responded by a business plan:

- Customer segment – For whom the value is created? Who are the most important customers?
- Value propositions – What value is delivered to the customer? Which one of current customer problems is solved by the submitted project? What kind of customer needs are covered by the submitted project?
- Channels – Through which channels are customers reached? Channel phases: awareness, evaluation, purchase, delivery, after sales.
- Customer relationship – How the relationship is maintained with customer segments over time? i.e. Personal assistance, self-service, automated services.
- Revenue streams – For what are currently customers paying? How are they currently paying?
- Key resources – What key resources are required for the value proposition? (physical, intellectual, human, financial).
- Key activities – What key activities are needed to be delivered for the value proposition?
- Key partners – Who are the key partners? Who are the key suppliers?
- Cost structure – What are the most important costs in the business model?

De minimis declaration – it is a requirement that grants from certain Programmes comply with the state aid rules of the European Union. To confirm that potential applicant is able to receive assistance, a declaration needs to be filled in with the full amount of de minimis aid already received over the current year and the previous two fiscal years. The following is not a comprehensive list of possible forms of aid, however it could give an indication of the most common forms of aid, which the applicant has received over the relevant period. Potentially any assistance from public body might be an aid:

- Grants from public bodies;
- Loans from public bodies at favourable rates;
- Loan guarantees from public bodies;
- Differential tax benefits;
- Monopoly licenses or guarantees of market share;
- Consultancy advice provided either free or at a reduced rate;
- Training provided either free or at a reduced rate;
- Purchase of public land or property at a less than market rate.

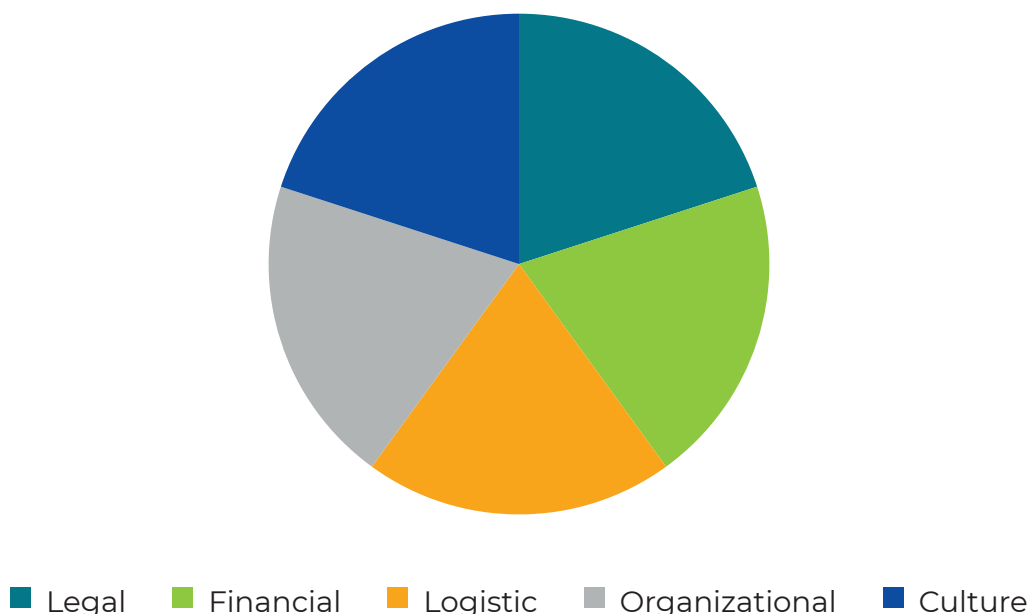
These types of aid may have been provided under de minimis (as de minimis aid) or under another State Aid regulation. In case of uncertainty about the value of the grant/ assistance received, the information will be checked with the organisation that granted it. Any de minimis aid awarded to the potential applicant will have to be declared in connection with any other application for de minimis aid in the current or the next two fiscal years.

- Letter of commitment;
- Project Implementation Plan;
- Procurement plan;
- Publicity guidelines;
- Request for reimbursement;
- Template for partnership agreement;
- Travel support;
- Project activities;
- Eligible and non-eligible expenses;
- Total project budget;
- Eligible expenses.

Applicant self-assessment (legal setup, level of project management experience, structure of the products and services, owners, suppliers and clients, main competitive advantages)

The above-mentioned information builds important insights in defining main project drivers

Figure 5: Chart – Entity structure (Concept and illustration by Natalia Cirimpei and Lucian Ionescu)



“Failing to plan is planning to fail”,

by Alan Lakein

The potential of a project, which further on will be submitted for financing, has to be assessed against the wider background of the applicant entity. Many entrepreneurs write business plan only when they need to secure a start-up financing. However, such a plan is far more than a document for funding a decision; it is an invaluable roadmap for launching and growing an activity, a business.

Drafting the project application is a process which requires a lot of resources (human, time and budget) and a careful streamlining of the information available and the requirements set at Programme level for the Lead Partner and the project partners. A good application is not limited to a good project idea; the presentation of the idea is equally important. This is the project’s “selling” opportunity so all resources and advice/ support available within the partnership, through external consultants and the Programme should be employed.

Resources to be considered by the applicant/ partners and secured throughout the application process.

The preparation of a good proposal should be seen as an investment to increase the chances of a successful application. Any potential project promoters have to bear in mind that without **sufficient internal resources**, the preparation of successful proposals is impossible. Therefore, the following internal resources shall be checked out:

Legal – Ownership, activities, land tenure/ownership rights (lakes, forests): the legal status of the applicant and /or partners and of current activities is important to be analysed prior to the project application process, since most of the financing Programmes support new activities/plans and/or directly related to the current ones. Also, the endowments/legal tenure over the lands/buildings/lakes can be a prerequisite for an eligibility of project and further project final indicators.

Financial resources – Structure of incomes and expenses: project preparation takes money (for staff, travel, meetings and possibly for additional expert assistance). While some of the Programmes have established mechanisms to support pre-approval project financing (e.g. seed money or preparatory projects), it is not the case for others. In some Programmes there is also an opportunity to recover preparatory costs but these costs can be claimed only if the project application has been approved. In this regard, a thorough analysis of financial availability of applicants/ partners shall be evaluated, in order to sustain measures, previous and during the implementation process.

Logistic and human resources: partners – and the Lead Partner organisation, in particular – will need to have sufficient staff to prepare the application, including the coordinator, field-experts (and in some cases external consultants). Partner organisations need to make a serious commitment at an early stage and give staff time to work on the application.

Organisational and cultural: such components are important to be evaluated in order to secure efficient communication inside the applicant entity and/or a settled partnership. At some point in the development process there is a need to set the objectives (the project’s scope) and begin working on a detailed breakdown of activities and how these logically contribute to the objectives. The involvement of all partners in this process is important to ensure **common understanding** about the project, make it **realistic**, share **responsibilities** and ensure **ownership and commitment**. If too many targets and

activities are assigned to partners without consultation, they are very unlikely to work on them with the same commitment they would show to self-generated goals. Coordination, especially in the case of large partnerships, can be complex and it is advisable to nominate one person/coordinator in each partner institution as a general point of contact. Face-to-face meetings at this stage are also of great benefit. It is advisable to hold at least one **partnership meeting** (preferably more) during the project development process to get to know partners and establish personal links, especially if partners did not know each other before. Smaller partnerships often organise **visits to the partner organisation**. This can already be done at an early stage of project development in order to identify partners and to obtain a better view of working methods at the partner organisation. This way of communication can, of course, be costly.

In order to put the business concept on paper, there is a need to think through and research the various factors to ensure that the activity is feasible and sustainable. With a plan, it is possible not only to spot potential weaknesses, opportunities, and threats, but it can be of a great help to take informed decisions about the activity, before committing to it legally and financially.

Hereinafter, a summary of key sections **that are essential for a business plan are presented:**

Executive summary – shall be 1-2 pages long, and provide an overview of the activity concept, key objectives and the plan, ownership structure, management team, the products, services, activities offering, target markets, competitive advantages, marketing strategy and a summary of financial projections. The executive summary shall be written last, after writing the rest of the plan; each paragraph shall be a summary of the more detailed, related section of the plan.

Business/activity overview – includes the activity/business history, vision and mission, objectives and the ownership structure.

Products/services/activities – this section includes features and benefits, competitive advantages and, if marketing a product, how and where the products will be produced.

Industry/sector overview – the opportunity to demonstrate the viability of the activity, by discussing the size and growth of the sector that you act in, the key markets/stakeholders, how the customers or potential beneficiaries will buy/benefit from the activities and or new services.

Marketing strategy – contains the target market segments, competition, how differentiation will be made as well as the products or services unique selling proposition. At this section, will be discussed product or services pricing and promotion, including how the promotional programmes will appeal to each of the target market segments. A plan of traditional and marketing tactics will be provided, such as trade shows, press-magnet events, social media marketing (e.g Facebook, Twitter, etc), networking, and print, media, or online advertising. Each of the tactics shall include associated costs. In addition, during this section, the way the products and services will be sold (e.g. storefront, online, wholesalers) and the target market buying cycle will be described.

Operations plan – contains a profile of the management team, human resources plan, business/activities locations and facilities, products plan (if selling a product) and an overview of day to day operations.

Financial plan – this might be considered the most important part of the plan, and it is worth to dedicate up to 80% of the time to writing this section. This section shall contain a three years' worth of projected financial statements, including income statements, pro-forma balance sheets and monthly cash flow and annual cash flow statements. Each statement will be summarized into a few easy to understand sentences and included into a cover page for the statements¹⁸.

Project initiation and preparation within beneficiary's entity

In parallel with internal entity's information on the activity, financials, responsibilities (in case some legal, environmental, technical issues), potential beneficiary will analyse external environment in terms of financial availabilities within international Programmes, banks and the market potential (*See the figure Logical framework analysis – steps 1 and 2*)

Since the entity, accessing the non-reimbursable aid shall secure the full financing of the project and, in most cases, the grants cover part of the project activities (up to 98%, except direct subventions, covering 100% of project activities), the difference of financing, respectively, co-financing will be subject to other type of financing. In cases where the applicant has no internal and/or project partners' financial availability, the co-finance will be secured by third parties, **respectively banks and other financing institutions**, based on conditions, according to the market in which the entity is operating in and the internal financial standing/scoring. The difference between the grant/EU assistance and the banks and financing institutions, means that in the second case, the credits/bridge loans shall be reimbursed.

Co-financing. It is difficult to give concrete advice about obtaining the co-financing funds as procedures vary so widely. In administration terms, the easiest way of getting the funds is as an 'own contribution', meaning that the partner organisations themselves provide the money. Another relatively simple procedure exists in countries that operate an 'automatic co-financing' system. Here all project partners from the country concerned will automatically receive co-financing if the project is approved. In a few rare cases co-financing funds are paid directly to the Programme and Programme management bodies also look after the distribution of these funds. In other Programmes, however, partners will have to approach various national, regional and local bodies and put together a package of funding. The first step then is to find out how much co-financing is required for each partner and who can provide it. One can also approach potential funders to find out about their requirements – some will make a decision based on a project idea. Others require a completed application. Find out how long they require to make a decision. You must supply Letters of Commitment from all financiers covering the full amount of the co-financing when you submit the application. Make sure you leave time to prepare these documents.

In certain cases, available especially for non-governmental organisations, the applicant can contribute to the co-finance required by the Programmes in the form of man-hours calculated as voluntary work, which, can attain up to 50% out of co-finance level.

¹⁸ <https://smallbusinessbc.ca/article/how-write-a-business-plan/>
<https://smallbusinessbc.ca/article/how-write-a-business-plan/>



Tip:

Approach funding bodies in good time to avoid delays in agreeing co-financing arrangements.

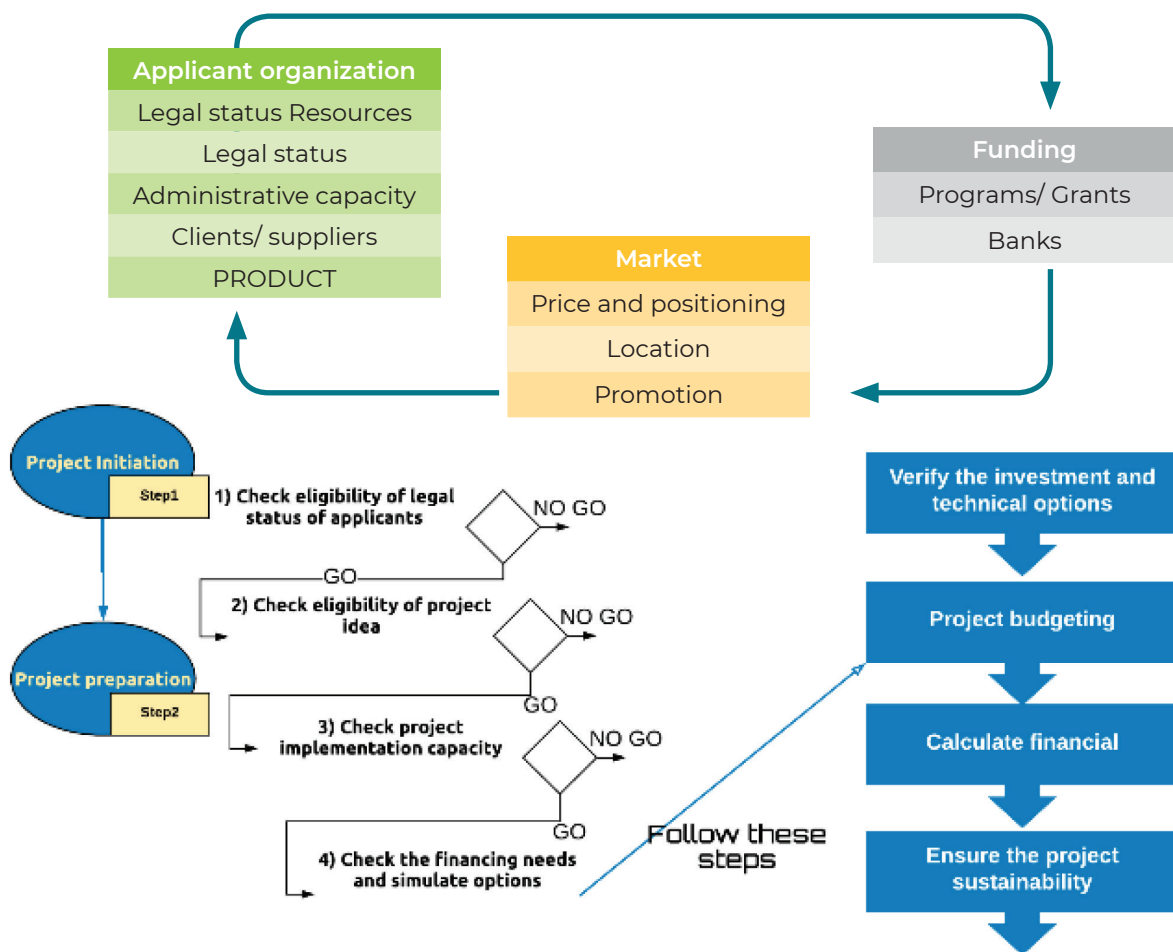
It is also important to remember that every partner will have to approach different funders and it is likely that all of them will have different requirements. The project cannot rely on developing standard information. Co-funding requirements may also differ from the information required by the Programme.

Project partnerships should make sure that they read requirements carefully, consult each other regularly on financing progress during the application process.

Co-financing does, however, have one major advantage in the fact that some co-funders are willing to pay out all or part of these funds in advance at the start of the project.

SWOT analysis. In addition to the business plan, the applicant shall elaborate a SWOT analysis as part of the internal analysis and strategy. This is a useful technique for understanding strengths and weaknesses, and for identifying both the opened opportunities and threats to be faced.

Figure 6: Logical framework analysis – steps 1 and 2 (Concept and illustration by Natalia Cirimpei and Lucian Ionescu)





Tip:

Carefully study the Programme application pack and any factsheets available well in advance. This will allow you to make sure you have discussed answers for all questions with the rest of the partnership.

have special events where technical questions related to filling in the application are discussed). Look particularly carefully at the Programme's 'project assessment criteria'. These tell you what the Programme will be looking for when it considers your project. Compare the assessment criteria with the application form to decide where you should include the information required. Make sure you provide enough information to allow the Programme to make a decision on all criteria – a common reason for project rejection is that Programmes feel unable to make a judgement on the basis of the information provided in the application.



Tip:

Find out the specific roles of different Programme management bodies and how they interact. For example, contact points or Intermediate Bodies may be unable to provide firm advice on technical issues like eligibility. Make sure that contacts are established well before application submission.



Tip:

Hiring a consultant is not a guarantee for a successful application. Review your options carefully (a good indicator is the consultant's track record of successful applications in the Programme). If in doubt, consider linking payment to the success of the application.

Logical framework analysis. When drafting the application, the information sources are the same as those used during the rest of the development process. The priority given to different sources may, however, shift. The Programme and its documents should take a central role. Programme management can advise on harmonising project content with Programme priorities, necessary links between the project idea and other Programme requirements, providing guidance with setting the indicators and drawing links to the Programme and elaborating technical advice on the requirements of the application form (e.g. some Programmes

have special events where technical questions related to filling in the application are discussed). Look particularly carefully at the Programme's 'project assessment criteria'. These tell you what the Programme will be looking for when it considers your project. Compare the assessment criteria with the application form to decide where you should include the information required. Make sure you provide enough information to allow the Programme to make a decision on all criteria – a common reason for project rejection is that Programmes feel unable to make a judgement on the basis of the information provided in the application.

Management Authorities/ Intermediate Bodies/ National or Regional Contact Points are often referred to as the "extended arms of the Programmes" in the respective country / region. The Contact Points or Intermediate Bodies are set up for the purpose of helping project developers with any questions related to the Programme or its requirements (including the requirements related to the application procedures).

The involvement of **external experts** is considered useful for some projects when developing the content of the application – especially for less experienced project promoters. The best experts can contribute specialist know-how and take on the administrative burden for organisations that are uninterested in developing Structural Funds management capacity. However, external consultants should be selected only after careful consideration. Some projects have found that external consultants are costly, but at the same time did not take any responsibility for the project's success. Also, the involvement of external consultants cannot substitute the involvement of partners in project preparation: Rather, the external consultant should be seen as a moderator who glues together partner ideas and provides support to the process with their own knowledge of Programmes' procedures and requirements. If extensive project participation is planned, reliance on consultants may become expensive. In this case, ensure that external

experts also take on a 'mentor' role and transfer their knowledge to staff at the partner organisation.

Finally, if the consultant is only going to be involved in the application and not in the implementation, think critically about all proposals and whether partners will actually be able to do what is being suggested. Think also about the time when the consultant leaves the project – you need to make sure this does not result in a sudden loss of project momentum.



This is the critical moment, the last chance to make sure all partners understand their roles and responsibilities. Everyone needs to be clear and on the same page about exactly what they are committing to.

Good project applications are generally the result of detailed preparation and teamwork between all partners. It is, however, necessary for an expert in one of the entities (usually the Lead Partner) to coordinate application preparation (including contact with Programme management). Ideally the same person should later be responsible for project management. At the same time **partner organisations still have an important role to play** (providing inputs to the application, defining responsibilities, etc.). Partners will normally provide specific technical and other input for the proposal and are regularly consulted by the Lead Partner during the development of the

application. In some Programmes, applications also have to be submitted to more than one Programme body (though this should be very unusual in the future). In such cases partners can often provide an important link to the submission bodies in their own regions / countries.

For project initiation Step 1 and project preparation Step 2 (*in the above diagram*), the project applicant shall elaborate:

- current business/situation analysis, having included main entity resources (human resources, financial, experience of each project partner);
- budget with the investment reflecting restoration activities, equipment purchase, training budget (steps: verifying budget and options, sustainability).

All earlier mentioned information will be included, having analysed the financing Programmes eligible activities and eligible budgets.

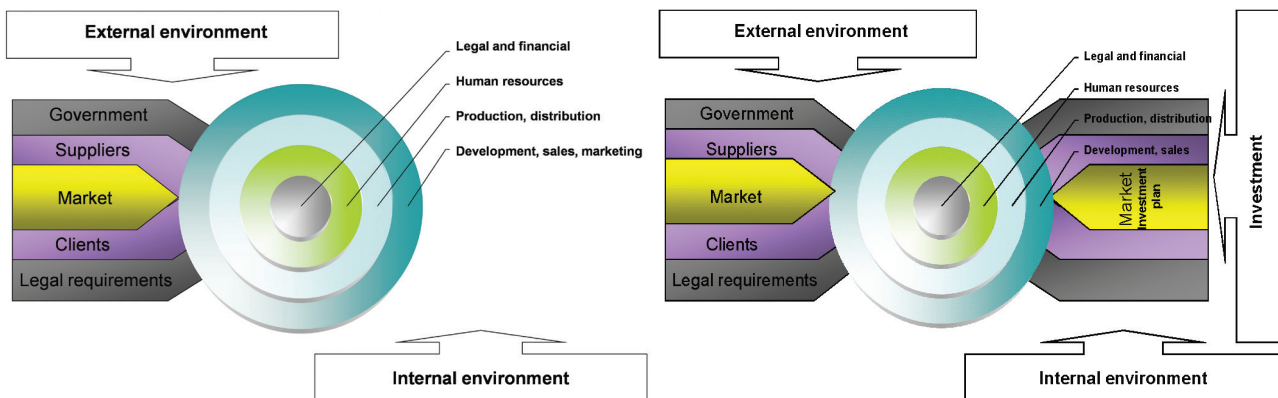
Key advice in building budgets (*See figure below – Implication of investment*):

- The new project activity shall have a connection with the applicant competence and experience;
- The applicant/beneficiary has to apply for an amount comparable with the last 2-3 years turnover, or, in case of public authorities, budget and expenses situation;
- The integration of the new investment shall take place progressively, step by step, having initiated short-term progress of project implementation status (organic increase).

Figure 7: Implication of investment (concept and illustration by Natalia Cirimpei)

Implication of the investment – "before"

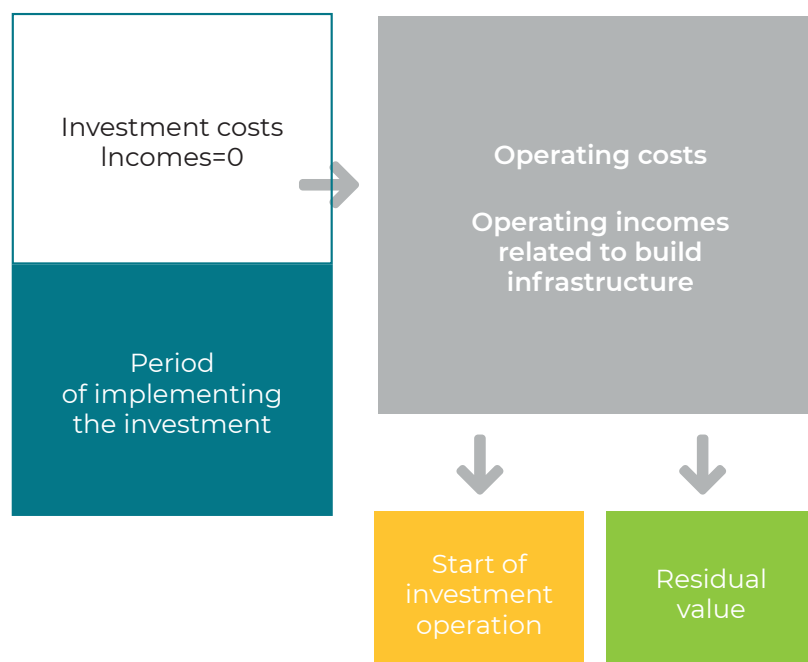
Implication of the investment – "after"



The investment opportunity identification and adequate justification for the project necessity in the current context; the entity applying for financing shall demonstrate the feasibility of such investment and figure out the most appropriate solution to meet the Programme’s objectives. In this regard, a number of steps are required:

- Elaborating the feasibility study, building 2-3 scenarios for investments, with indicators and costs for each option;
- Verifying the applicant capacity of projects implementation, in terms of financial, human and technical resources;
- Justification of the necessity of project investment will be the result of a market analysis input;
- Budget will be elaborated in different phases of the project, starting at the phase of drafting, during the implementation period and in the implementation -operation part, with various impacts on the applicant internal resources, as it shown in figure below.

Figure 8: Horizons of analysis: elaboration/implementation/execution-operation



Throughout the project elaborating process there are certain aspects of budgeting to consider:

Elaborating the feasibility study, building 2-3 scenarios for investments, with bill of quantities and costs for each option. For example, according to Romanian legislation, if project is financed by European funds, at least 3 investment options have to be analysed, namely:

- The scenario 0 is the alternative of continuing the activity with no investment;
- The scenario with minimum amount of investment, which includes all related costs necessary for maintenance of the existent infrastructure, plus an additional minimum amount required for avoiding the deterioration of the existent infrastructure. Also, this option has to include ensuring the minimum legal conditions regarding safety standards;
- The scenario with maximum amount of investment implies the implementation of the project considering investment value quantified and determined after the technical expertise and feasibility study. This option insures the space capacity, necessary to provide the new services/products.

It is recommendable that at least two **investment scenarios**¹⁹ to be reflected in financial and economic analysis, in order to demonstrate:

- Necessity of non-reimbursable assistance by calculating financial ratios, thus, demonstrating that the applicant entity needs financing and is not able to sustain project by own and co-finance resources;
- Project sustainability, by calculating economic ratios, considering the implementation and operating horizon of the project, its internal and external effects. Table 1 shows the information to be considered during economic analysis, according to the recommendation given by national and European legislation. Arrows show the effect of certain information on the documentation to be elaborated;
- Socio-economic impact of the project in the investment area, by assessing project sensitivity to certain risk factors, building up the matrix of risks, probability of occurrence, measures to attenuate the impact and the responsible to implement such measures.

Figure 9 Main assumptions for elaborating an economic analysis (European Commission-DG Regio, 2015)

Horizon of analysis Discount cash flow rate Investment value	↓	Environment – 20 years EU countries apply the rate of 5%	→	Microeconomic indicators
Feasibility study: <ul style="list-style-type: none"> Option with medium investment Option with maximum investment 		Commercial plan (units sold for each option)		<ul style="list-style-type: none"> Operating incomes and expenses for each option Residual value for each value (market value/ accounting value)
<ul style="list-style-type: none"> Level of externalities resulted for each investment option 		<ul style="list-style-type: none"> Rate of inflation GDP dynamics Sector/industry dynamic Population dynamic Exchange rate 	←	Macroeconomic indicators

Each funding authority follows an **evaluation procedure**, starting with eligibility and administrative requirements' checks and finalizing with financial and technical evaluation. The number of projects entering into technical and financial evaluation is different with the number entering in the administrative and eligibility check.

Figure 10: Evaluation process (Concept and illustration by Natalia Cirimpei and Lucian Ionescu)



Evaluation phase	Number of Applications considered for funding
Confirmation of submission	N
1st Phase – administrative compliance, etc	N* 90%
2nd Phase – Eligibility verification	N * 80%
3rd Phase – Technical evaluation, etc	N * 50%
4th Phase – Negotiation budgetary revisions	N * 40%
5th Phase – Communication of awarding and contract signing	N * 25%

19 The requirement for elaboration of minimum 2 scenarios for the investment can be legally binding, such as in the case of Governmental Decree no.907/2016 in Romania

Examples of eligibility criteria, selected from the applicant guidance available for nature conservation:

- Written agreement of the projects administrator, to be implemented in the protected natural area, in such cases when the applicant is not the administrator. Written agreement of the competent environmental authority, in case the protected area has no administration system or, with the agreement of the Ministry of Environment, in case of national projects, except the cases stipulated in the Applicant Guide;
- Information and documents, necessary to justify the ownership over the lands, to be used for project implementation;
- There are situations when beneficiary is capable of applying for funds, demonstrating the eligibility and, thus, being qualified for the next stage. In other cases, for eligibility, few entities shall cooperate together, in order to succeed for funding.

Conditional approvals. Some Programmes only agree to approve some projects if they meet a number of conditions before the start of the project. These conditions can include reducing the budget, adding partners from unrepresented countries/regions or modifying activity plans. If the project faces this type of condition, the project manager needs to resolve them as soon as possible. There is a danger otherwise that the enthusiasm of the partnership will disappear and it will be difficult to re-start the project when the time comes to begin working on activities.

Budget changes as part of project approval. In some Programmes it is quite common to reduce the project budget proposed as part of the approval process. This generally happens because the original budget submitted is considered to be unrealistic. If the grant awarded to the project is reduced, the project will have to repeat the budgeting exercises described in the previous chapters. If partners implement the project based on the original budget and plans, there is a high risk of conflict within the project over the exact resources available to each partner. The best way to avoid this type of cut is full transparency about the amount requested: Demonstrate to the Programme how the budget has been calculated and if a cut is requested, ask for specific information on which amounts are unacceptable.

Rejection. Not all projects are approved. It is impossible to give an average as the rejection rate will, for example, be much higher in Programmes where very large numbers of applications are received. Following the advice in the previous chapters of the guidance (and particularly on contacting the Programme before submitting an application) should minimise the risks of rejection, but there is never any certain guarantee. The Programme should provide a letter clearly stating the reasons for the rejection and you may be asked to reapply if you change the project to meet these criticisms. Amongst the most common reasons for rejection are:

- Project did not provide required documentation (e.g. letters of commitment for co-financing);
- Project idea does not fit the Programme;
- Project did not demonstrate a need for cooperation in the activities concerned;
- Planned project results did not justify the budget requested;
- Partnership and/or project management structures are weak;

- Project did not provide a clear description of what activities will be carried out;
- No logical link is present between project activities and intended results;
- Project is a mere repetition of existing activities;
- Project does not fit with local/regional/national policies.

Toward the end of the Programme period, applicants may also have to accept that there is simply not enough money to approve the project – when the Programme’s funds have almost run out, it may have to reject otherwise good projects.

Project applications must comply with the specified set of assessment criteria. The said criteria are based on the objectives and the outcomes that financing Programme seeks to achieve. The objectives and principles of good governance, sustainable development and gender equality are cross-cutting issues that shall be part of the assessment process. The applicable assessment criteria, covered by Step1 (project initiation) and Step2 (project preparation) are divided into the following sections:

Formal/administrative criteria, containing information on the way the application shall be filled in according to the instructions given by the Programme documents, mandatory documents to be submitted and presented in the language, as defined by Programme.

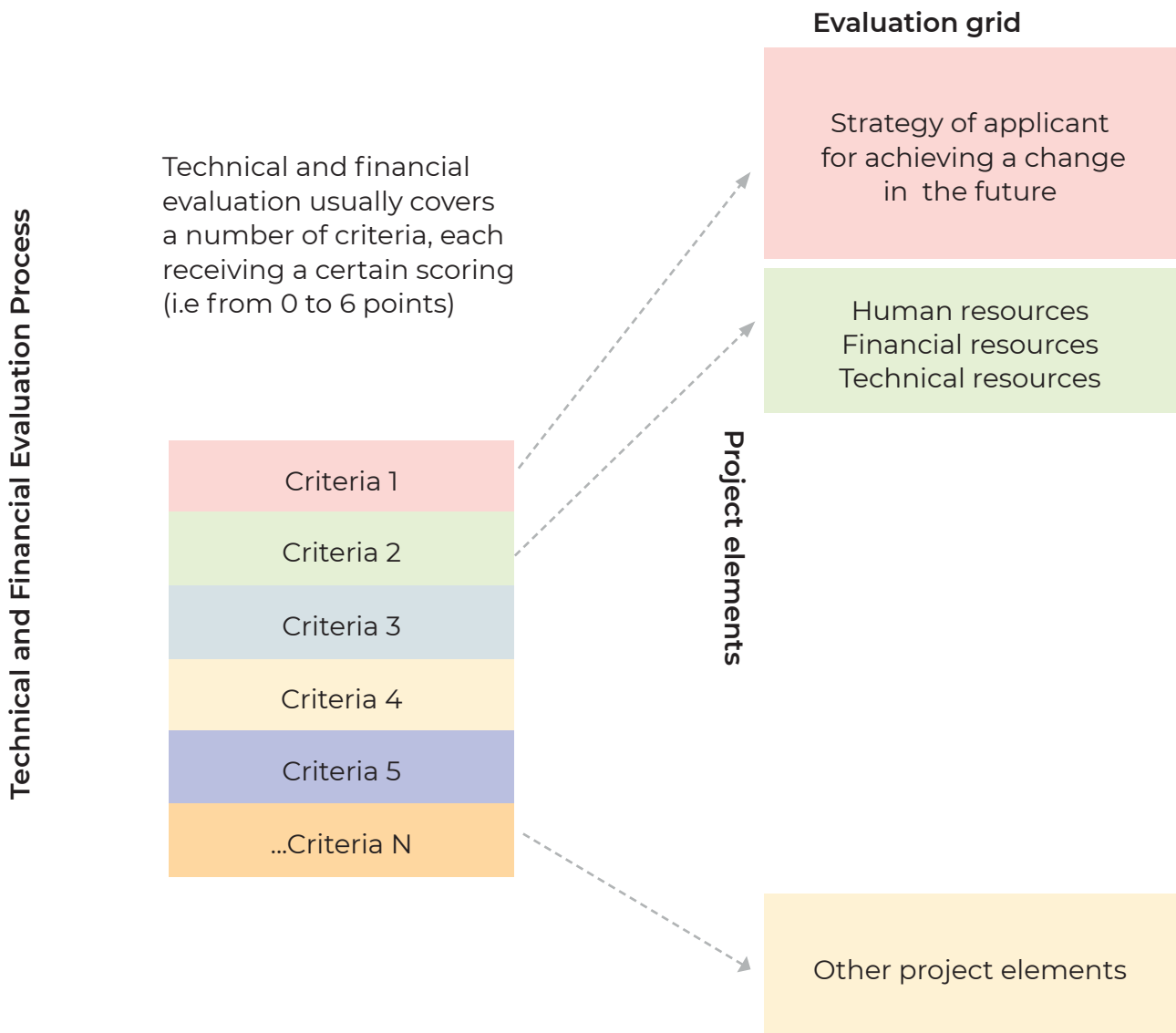
Eligibility criteria for applicant and project, containing the legal and Programme requirements on the entities that can apply for financing and type of activities to be financed by the grant.

The evaluation process is following the 5 phases described below:

Phase 1 Submitting project at the intermediary organisation and Phase 2 Eligibility checking, technical and financial evaluation

Technical and financial evaluation, shown in the chart **“Evaluation process”**, represents **a careful scrutiny** of the entity applying for financing as it contains tools to check how the resources are organised in order to fulfil project outcomes.

Figure 11: Evaluation process (Concept and illustration by Natalia Cirimpei and Lucian Ionescu)



Phase 3 Signing the financing contract – Successful projects will sign a contract between the Programme’s Managing Authority and the Lead Partner organisation. Much of the information is standard and covers the need to comply with the Programme, national and Community rules and regulations. The contract allows projects to carry out the approved activities and the approved application is normally attached as an annex to the contract. Any extra activities cannot therefore be carried out without the Programme’s advance approval. The contract contains project budget details and almost certainly annual spending targets based on the information in the application.

While the Grant Offer Letter / Subsidy Contract is signed between the Lead Partner and the Programme, partnership agreements constitute the formal project contract between the partners. In some cases Programme management provides a template for partnership agreements, which then can be adjusted to the specific content of the project. Project specific information covers – as a minimum – the responsibilities and roles of partners, the schedule for financial claims and the time-scale to prepare reports.

Main advantages of partnership agreements are:

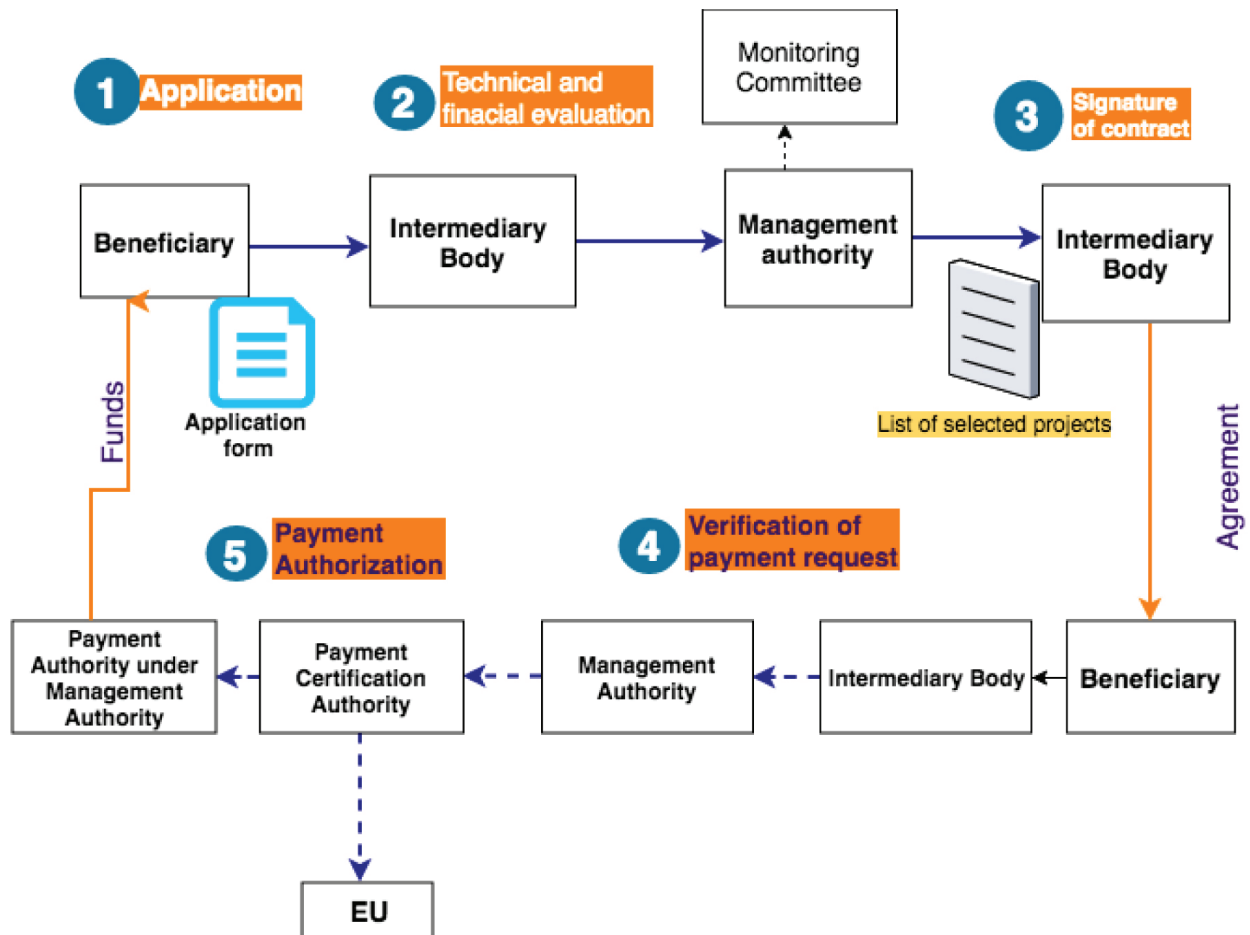
- Clearly define project responsibilities and procedures for each partner and within the project as a whole, thus partnership agreements should make it easier to implement projects;
- The agreement lays out important principles such as the need to actively contribute to cooperation activities, respect deadlines and inform the Lead Partner of any problems as soon as they occur;
- The legally binding nature of partnership agreements means that if problems arise that cannot be resolved informally by the partners, procedures can be enforced to arrive at a solution;
- Partnership agreements provide a way of minimising the various types of risks involved in implementing Programme's projects;
- The agreement makes clear that all partners have a responsibility to ensure the integrity of the expenditure they declare and that they must repay any funds claimed back by the Programme. This is important for ensuring the Lead Partner's financial security.

Phase 4 Submitting the request for reimbursement and Step 5 Approval of payment, disbursement – In most Programmes all projects are required to report on spending and progress on activities at regular intervals. In many cases this happens twice a year though some Programmes do ask for more or less frequent reports. Financial report requirements vary but generally each partner provides information on the amount spent since the last report, split according to the same budget lines as the ones in the application. Each partner will also have to produce a declaration signed by the approved controller stating that it has checked the spending and all of the amounts included are correct and in accordance with the rules. Finally there is a request for the Programme to transfer the amount claimed to the Lead Partner.

The Lead Partner plays a very important role in financial reporting. They collect all of the partners' financial report and controller declarations, and prepare a report for the whole project. The payment is then transferred to the Lead Partner who sends each partner its share.

Reporting procedures have caused problems for quite a few projects in the past. This is generally because inexperienced partners underestimate the time needed to draw up the statement of expenditure and get it controlled. The timelines are, however, generally quite clear. The Programme sets an end date for the reporting period (usually the same dates every year) and a submission date for the report about two months later. Workflows must be managed in such a way that the full procedure can be carried out within this period.

Figure 12: Project assessment flow within management authority (Concept and illustration by Natalia Cirimpei and Lucian Ionescu)



Even though in some cases the following terms seem to be interchangeable, they require different procedures, can be based on different information and may involve different people with different backgrounds.

Reporting – Addresses the process of collecting, summarising, structuring and presenting the information required. This refers to both financial and content related information (quantitative – indicators and qualitative – description of activities, stakeholders involved, outcomes achieved). This is an obligation of the project Lead Partner to the Programme management and forms the basis of project monitoring.

Control and audit – Verifies the legality and regularity of the use of funds. The focus is on finance issues.

Monitoring – verifies the sound management of the interventions and generates regular analysis of the progress of the project. Monitoring assesses whether the operational objectives of the project are being achieved and answers the questions “How many?”, “When?”, “How?” and “For how much?”.

Evaluation – Assesses project implementation on the basis of outputs, results and impacts. The starting point for a project evaluation begins at the set objectives. Project evaluation can be performed at different stages of the project lifecycle – at the project selection phase (whether project objectives contribute to Programme objectives,

whether project indicators contribute to key Programme indicators) as well as during project implementation and the project closure phase.

The differences and overlaps between monitoring and evaluation can also be illustrated in terms of outcomes achieved on a project timescale. **Project closure** is the final phase in the project implementation process and if project management has been successful, it should be relatively problem-free. Closure involves two parallel activities: finishing up project activities and making the last financial claims and payments.

3.2.3 Phases to project closure

Gathering and organising the project records. The initial step in closing a project is the accumulation of all official project records. These records include all accounts, papers, photographs or other documentary materials made or received by the project partnership in connection with the implementation of the project (i.e. the evidence needed for the audit trail). These records are generally kept by the partner responsible for each activity.

Preparation of project final reports. In order to receive the final payment, projects need to submit final reports. The content of these reports varies considerably – sometimes they are a little more than an activity report for the final months of the project. In other cases they are a separate document asking the project to analyse and evaluate all of its activities. Project managers should find out Programme requirements for the final report as soon as possible at the start of the project as this may help greatly in ensuring that the right data is monitored during the project's lifetime. In general, Programmes tend to ask their projects for a lot of information in final reports: They prefer to get more rather than less to be sure they have what they need in the future.

A final report is divided into the activity and financial sections. In general, the activity report includes:

- Executive summary. This is often also used for publicity purposes and should promote the project's achievements.
- Results obtained against the targets in the approved application. These will be used to assess achievement.
- How the project results will be disseminated and activities followed up.
- Partnership evaluation.

Programmes may use the project closure phase as an opportunity to ask Lead Partners for the overall evaluation of the partnership, how it worked, what kind of problems were experienced and what solutions were proposed. Programmes should also ask projects to assess Programme performance. The finance section of the final report includes certification of all project expenditure. Financial progress reports are generally only concerned with expenditure during the reporting period but the final financial report must include certified statements from all project partners not just of individual items of expenditure but also of the overall use of the funds granted in obtaining project goals. The controllers here certify all expenditure for the whole project thereby declaring that all claimed expenditure is correct. Controllers should also describe the first level controls carried out for each partner with their findings and conclusions, sum up the extent to which the project has been carried out in accordance with the approved application, subsidise contract and any other conditions. Controllers must also confirm

that all control issues have been satisfactorily resolved. The final signed controller's statement should therefore serve as a declaration that it is safe to close the project.

What does the Programmes expect in the final report?

While progress reporting focuses on activities, the focus at project closure is on end-goals. Project managers will need to demonstrate the results and impacts achieved against the targets proposed in the application. Attention therefore needs to be paid to indicators and the completion of all work packages as well as satisfactory final reporting by all partners on the activities they have carried out. Activity checks are generally stricter in order to ensure that the project has delivered all outputs and that there is a reasonable probability that expected results and impacts will be achieved. Sometimes, of course, it is not possible to achieve all of the targets set at the start of the project. Activities may not produce the intended results or the original targets may have been unrealistic. Such kind of issues needs to be included in activity reports as soon as detected along with clear evidence that the project has learnt from the failures and taken action to ensure that overall objectives will not be affected. Programmes will generally react harshly if serious under-performance is announced only at the end of the project. Programmes will also monitor carefully whether the project has implemented all activities in the application or has carried out activities not included in the application. In many cases this leads automatically to a cut in the ERDF grant, if changes have been made but not agreed with the Programme. The total payment to the project can never exceed the initial grant.

In financial terms, Programmes need confirmation that it is safe to pay out the last part of the grant and that no problems are expected in the future. While projects are in the main implementation phase, Programmes can afford to be somewhat flexible in terms of financial control findings. If there are problems, deductions can be made from later payments and expenditure affected by open questions can be left out until a later date. Project closure means, however, that no questions can be left open: all problems need to be finally resolved. This is perhaps the main challenge of project closure though the checks carried out differ from financial checks at earlier stages. If financial management of the project has been good, the closure check should be a formality that just confirms the findings of other first level control checks.

When does all project work need to stop?

The date for closing the project will have been set in the contract based on the information provided in the application. Project managers need to find out exactly what this



Check Programme rules on activities and costs that may be included after the formal end date of the project.

date means. In some Programmes all activities including final reporting must be completed by the stated end date. In other Programmes the end date is the point at which all main activities must be completed. An additional period of two or three months is provided for writing the final report and conducting the final control of the project.

4. Case studies

The purpose of this chapter is to emphasize the main success stories and lessons learnt from the projects, implemented by LENA stakeholders in the pilot areas. The analysis based on pre-developed questionnaires reveal that well-built partnerships lead to the **project success**.

As to the project **main sensitive elements**, the following can be mentioned the presence of economic crisis, affecting the general market, elemental disadvantages affecting agricultural productions, lack of responsiveness to the project deadlines by contractors and sub-contractors. The following **lessons learnt** have been mentioned by project promoters, which could be taken into account further on during the preparation of a project, respectively: quality selection of project partners with clearly defined individual project tasks in the project team, resulting in a qualitative preparation and project implementation in due time. The other aspect to consider is related to the fact that, investment projects are more sensitive to design errors, procedures in public procurement, scarcity of serious providers available for large works, and labour shortages specialized in construction.

The chapter 3 “Tips & Tricks” included in this guidance, refers to all these project elements and might improve the absorption level of non-reimbursable aid and lead to a better project quality.

List of show-cased projects

Nr.	Project title	Relevance for biodiversity conservation and nature-based activities in the economic sectors (agriculture, wild plants harvesting, fisheries, tourism)	Project duration	Number of partners
1	Restoration of Comana Wetland – Giurgiu County	Management and conservation of protected areas	4 years	4 national partners
2	Agriculture Business Incubator Drenovci	Ecotourism & green mobility & natural areas Sustainable agriculture (including livestock production and farming)	24 months	4 national partners

Project case studies

Project title	"Ecological restoration of COMANA WETLAND – Giurgiu County" SMIS – CSNR code no. 6725
Total project amount	1,8 mln EUR
Eligible budget for co-financing	Giurgiu County Council
Project objective and outputs	Restoration of wetland natural habitats in the Neajlov lowlands, upstream of the confluence with River Arges, which were destroyed during the communist programme for conversion of "unproductive" land into agricultural ones.
Project duration	2009 – 2013
Project partners	Comana Nature Park Administration, Comana Local Council
Partners contribution:	<p>Giurgiu County Council – Administrative resources for project management, ownership rights, expertise and human resources for urban-planning/ construction permits.</p> <p>Comana Local Council – Office space/ premises for hosting the Implementation Unit.</p> <p>Comana Nature Park Administration – scientific and technical expertise and human, financial and other kind of resources for maintaining the resulted rehabilitated wetland (including biodiversity monitoring).</p>
Project driving forces	<p>Environmental protection is a functional obligation of the Comana Nature Park;</p> <p>The necessary support of Giurgiu County Council;</p> <p>The cooperation of Comana Local Council which had a direct interest in exploiting the area's tourism potential.</p>
Project main risks (clearly identified in the proposal)	<p>Changes in legal regulations;</p> <p>Price vulnerability of the products given the extended project implementation period;</p> <p>Delays in execution of construction works.</p>
Work plan quality and coherence project team, skills and capacities, budget.	Project activities are correlated with project budget and human resources involved in its implementation. The proposed personnel demonstrate the necessary qualification, their individual responsibilities are clearly defined, budget lines are correctly defined according to eligible categories, the planned results are clearly indicating their "value for money".
Project contribution to the Funding Programme's objectives	(weakness) The project's contribution for local sustainable aquaculture has been demonstrated only in an indirect manner (the positive effects on water quantity and quality in the downstream ponds), whereas fishing is prohibited in the rehabilitated water body.

(strength) Well-articulated infrastructure for regulating the water-flow – a dam to produce a permanent retention level of water of 43,60 m MB (above sea level), and for visitors' management (1 office-house designated for information and monitoring, 1000 m of pedestrian alleys, 50 m of suspended wood walkways and 24 signaling panels, 4 ornithological observatories, 1 monitoring system for bird species and environmental factors).

(strength) Consultation, awareness and public information: seminars, workshops, caravan.

Project maturity	(weakness) Topographic measurement with errors concerning elevation, which complicated the detailed technical design. (strength) The project context has been clearly presented, having mentioned the previously undertaken measures (pre-feasibility assessments), which contributed to an effective project inception phase.
Project sustainability	(strength) High level of coherence between identified project risks and remedial measures to be adopted, transparent and correctly calculated budget, realistic implementation schedule. The applicant has correctly identified financial and human resources and measures for project continuation, after its completion, thus, securing results and experience dissemination, with further effects.
Lessons learned	Infrastructure projects are more prone to risk of failure, especially due to design errors, bottlenecks and bureaucratic procedures in public procurement, the scarcity of serious offers for the execution of a larger work, and labor shortages specialized in the construction.

Project title	Agriculture Business Incubator Drenovci
Total project amount	1.661.962,57 EUR
Project objective and outputs	Provide the infrastructure and institutional building agricultural business incubator, Contribute to the growth of small and medium-sized enterprises and other economic entities in the project area and the creation of new jobs, and ultimately to the balanced territorial development of Vukovar-Sirmium County.
Eligible budget for co-financing	100% Financing rate from Grant scheme for Business infrastructure, Operational Programme for Regional Competitiveness 2007-2013.
Project duration	24 months (01.10.2014.-30.09.2016).

Project partners Lead partner: Municipality Drenovci, Vukovar Srijem County, Local Development Agency “Vjeverica” Ltd, Business Incubator Osijek (BIOS)

Partners key contributions:

The Municipality Drenovci: Land-owner rights and development permits, financial support through co-financing the project, professional financial monitoring of the project and expert support in the preparation and implementation of public procurement;

Vukovar Srijem County: Coverage of financial negative cash-flow;

Local Development Agency “Vjeverica” Ltd.: Provision of Expert support for project management and overall project administration;

Business Incubator Osijek: Contribution to project management and overall project administration and mentoring members of project team to manage incubator.

Project driving forces

Municipality Drenovci and Vukovar Srijem County: As local and regional management authorities in the first group of regional development of the Republic of Croatia the project affect the solving of the strategic problem – unemployment problems, encouraging the opening of SMEs and new jobs by raising entrepreneurial climate and the conditions of opening up and expansion of entrepreneurial activities which will affect reduction in social development in relation to the national average and thus the balance of regional development.

Local Development Agency “Vjeverica” Ltd.: Established with the goal of economic and overall development of the Drenovci Municipality and as confronting very low level of entrepreneurial activity at Municipal level triggering a spiral of negative economic and social trends (establish project activities to promote entrepreneurship development are necessary in order to stop these negative trends.) Agency as a local entrepreneurial support infrastructure within the project will also improve its own capacity to provide entrepreneurship promotion services to ensure long-term sustainability and further implementation of project results.

Business Incubator Osijek: First Business Incubator in the Slavonija and Baranja region providing entrepreneurs with support in the field of hardware (entrepreneurial activities) and software (professional and logistic support). However, it doesn't ensure systematic monitoring and transfer of knowledge between Academy community and Economy (Smartware) which will be ensure within the project by establishing educational and production facilities. Therefore, participation in the project will provide new knowledge and experience in applying the European practice of entrepreneurial incubators which is still not been implemented in Croatia.

Project main risks	<p>Delayed performance by subcontractors; Insufficient recognition of the advantages of services provided by the Agriculture Business Incubator amongst the targeted SMEs/ potential beneficiaries; Continuation of economic crisis; Regional or national adverse contextual factors (extreme climate events, etc) for agriculture production; Changes in the project team.</p>
Work plan quality and coherence project team, skills and capacities, budget.	<p>Sound correlation between project activities, budget and level of human resources involvement. Proposed staff having the necessary qualifications, responsibilities clearly defined. The budget structure has been detailed according to eligible costs categories.</p>
Project contribution to the Funding Programme's objectives	<p>With the aquaculture sector: project contribution in increasing the production, equivalent in tones of different type of fish, by optimizing the usage of water capacities, investment value compared with variation of fish production, project contribution in cash, nature, compared to the fish production capacity.</p> <p>The project resulted in enhanced entrepreneurial support infrastructure – Agriculture Business Incubator Drenovci, consisting in two educational and production facilities. In the operational phase of the project 14 new job positions have been opened, within the 4 new start-ups SMEs at the level of Vukovar Srijem County.</p>
Project sustainability	<p>The project applicant has considered the necessary measures and has foreseen the needed resources for maintaining and capitalizing on the achieved results and networking opportunities. For ensuring the financial sustainability of the project, a Cooperation Agreement between Municipality of Drenovci and Vukovar Srijem County has been signed for covering part of the operation costs of the incubator. Specific capacity building activities of the project team include: mentoring on entrepreneurship incubators, educational and production facilities have been built in the project design for ensuring the project's institutional sustainability; moreover an agreement between Municipality of Drenovci and Local Development Agency "Vjeverica" ltd has been signed for continuation of such capacity building activities. The long-lasting impacts of the project also comprise the introduction of new incentive methods for rural entrepreneurship and agro-food business.</p>
Lessons learned	<p>The emphasis laid on selection of competent project partners with clearly defined individual tasks within the implementation team pays off in terms of the quality and performance achieved at various stage of project implementation.</p>

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The Project **LENA** is co-funded by the ERDF and IPA II



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