



Annual report 2006

ESPON 2006 INTERREG III Programme

(Presented for the consideration of the Monitoring Committee for discussion and approval in view of its submission to the European Commission by 30 June 2006)

Annual implementation report
(In accordance with article 37 of Council Regulation (EC) No 1260/99)
Approved by the ESPON Monitoring Committee on April 19 2007

Preface

In accordance with article 37 of Council Regulation (EC) no. 1260/99 an annual implementation report has to be submitted by the Managing Authority of ESPON to the European Commission within six months of the end of each full calendar year of implementation. This annual report shall include the progress in the implementation of priorities and measures, the financial implementation of the assistance, steps taken by the Managing Authority and by the Monitoring Committee to ensure the quality and effectiveness of implementation as well as steps taken to ensure compatibility with Community policies.

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1. The programme year 2006

During the year 2006 the programme shifted its main activities from the approval of new projects to the more intensified discussion on the results achieved by the concluded applied research projects, the monitoring of remaining ongoing projects. In addition, in accordance with the work plan for 2006 approved by the Monitoring Committee, major efforts were made in relation to the financial implementation of the assistance and the audit activities in accordance with the timetable approved by the ESPON Financial Control Group.

The four major activities in 2006 can be summarised as follows:

- assessment of the final deliveries of the remaining 18 ongoing projects
- strengthen the capitalisation of the results obtained by improving the communication activities
- support to some key policy developments, such as the 4th Cohesion Report and the Territorial State and Perspectives of the EU in order to test the usefulness of ESPON results
- the financial management of the programme and in particular the administrative and financial closure of the majority of the approved operations and the implementation of the second level financial control

In content terms, the year 2006 has been characterised by the delivery of 16 Final Reports and three Interim Reports. The ESPON Coordination has been deeply involved in the assessment of the final project deliveries so to assess their compliance with the projects terms of reference, subsidy contract, the latest CU response on the Interim Report and as well the different Guidance papers that have been elaborated in the framework of the scientific guidance provided to the project by the ESPON Programme.

The phasing out from the projects research activities corresponded as well to increased inflows of reimbursement claims from the projects side and increased intensity of communication activities to widely disseminate the results of the ESPON Programme.

In addition, during 2006 the second level financial control took place, in particular with the implementation of the system audit and the on-the-spot-check of the TA and MA expenditures. The results of the audit and of the on-the-spot-checks were generally positive as only minor problems were detected. The financial corrections that was implemented following the finalisation of the audit follow-up procedure amounted at only €772,80 and was due to an not completely clear audit trail on four travel expenditures.

2. Changes in the conditions relevant to the implementation of the assistance

In February 2006 the Monitoring Committee decided on the revision of the programme complement. In particular, the following changes were decided and implemented in the text of the programme complement. The changes were limited to the following points:

- Page 27: insertion of the description (extract from ToRs) for projects 1.4.2; 1.4.3; 1.4.4 and 1.4.5
- Page 28: revision of the table on expected results for Priority 1
- Page 42: insertion of the description (extract from ToRs) for project 2.4.1

- Page 43: revision of the table on expected results for Priority 2
- Page 72: update of the indication of the total budget reserved for communication “*A total amount of €300.000 has been reserved for information and communication actions within the ESPON 5.2 measure*”
- Page 72: revision of the last sentence “*The Monitoring Committee will select, on the basis of a detailed actions plan presenting a wide range of actions, the most efficient communication strategy for the Programme. A decision is expected for the 2nd and 3rd March 2005*”
- Annex I: revision of the financial table
- Annex II: revision of the table on state of progress and timing of the ToRs to include Rounds 8, 9, 10 and 11 for the new project under priority 4.1 (*see next point on the agenda – 5.3*)

The financial tables of the programme complement were revised in order to take into account the project consumption rate and the resources available for the externalisation of the controls according to Article 10 of Commission Regulation (EC) 438/2001 and the implementation of the improved communication strategy. According to the financial data in relation to the implementation of Priority 4, where a considerable under spending was recorded, the Monitoring Committee decided that a transfer of resources from Priority 5 to Priority 5 was needed, leading to a modification of the Programme financial tables. In particular, an amount of €110.600 has been reallocated from Priority 4 to Priority 3 (€37.500) and to Priority 5, measure 5.2 (€73.100). In addition, some reallocation also intervened among measures within Priorities 1-4.

In order to set the legal basis for the setting up of the Financial Control Group in charge of controls according to Chapter IV of Regulation (EC) 438/2001, the Agreement between the Managing Authority and the Member States has been revised in 2006. The revision took the form of an amendment, signed by all Member States. The changes were limited to the organisation of the second level of financial control, following the finalization of the arrangements for the implementation of checks under Article 10 of Regulation (EC) 438/2001 and the institution of a Financial Control Group.

Consequently, the description of the management and control system for the ESPON Programme had to be updated. The revised version was submitted in July 2006 to the Commission in accordance with Article 13 of Regulation (EC) 438/2001. The revised description of the management and control system has been approved by the ESPON Monitoring Committee on 20 February 2006. The Financial Control Group for the ESPON 2006 Programme has been consulted concerning this update and raised no concerns at its meeting on 20 June 2006.

3. Progress in the implementation of priorities

3.1 Priorities 1-3

In the framework of Priorities 1, 2 and 3 are financed the core activities of the ESPON 2006 Programme, the applied research projects. During 2006 the selection of the projects of the 10th call was finalised. Therefore, with the signature of the last three subsidy contracts the financial resources available for Priorities 1, 2 and 3 were practically entirely committed. In total 32 projects have been approved during the lifetime of the programme, fifteen under Priority 1, eleven under Priority 2 and six under Priority 3.

Table 1 – overview of projects approved during the ESPON Programme

NUMBER	TITLE	ABBREVIATION	STATUS
Project 1.1.1	The role, specific situation and potentials of urban areas as nodes in a polycentric development	POLYCENTRISM	Final report in 2004
Project 1.1.2	Urban-rural relations in Europe	URBAN-RURAL	Final report in 2004
Project 1.1.3	Particular Effects of enlargement of the EU and beyond on a polycentric spatial tissue with special attention on discontinuities and barriers	ENLARGEMENT	Final report in 2005
Project 1.1.4	The spatial effects of demographic trends and migration	DEMOGRAPHY	Final report in 2005
Project 1.2.1	Transport services and networks: Territorial trends and basic supply of infrastructure for territorial cohesion	TRANSPORT TRENDS	Final report in 2004
Project 1.2.2	Telecommunication services and networks: Territorial trends and basic supply of infrastructure for territorial cohesion	TELECOM TRENDS	Final report in 2004
Project 1.2.3	Identification of spatially relevant aspects of the Information Society	INFORMATION SOCIETY	Final report in 2006
Project 1.3.1	Territorial effects and management of natural and technological hazards in general and in relation to climate change	NATURAL HAZARDS	Final report in 2005
Project 1.3.2	Territorial trends in the management of natural heritage	NATURAL HERITAGE	Final report in 2004
Project 1.3.3	Role and spatial effects of cultural heritage and identity	CULTURAL HERITAGE	Final report in 2006
Project 1.4.1	The role of small and medium size towns	SMALL AND MEDIUM SIZE TOWNS	Final report in 2006
Project 1.4.2	Preparatory Study on Social aspects of EU territorial development	SOCIAL DIMENSION	Final report in 2006
Project 1.4.3	Study on Urban Functions	URBAN FUNCTIONS	Final report in 2006
Project 1.4.4	Preparatory Study on Feasibility on Flows Analysis	FLOWS	Final report in 2006
Project 1.4.5	Preparatory study on spatially relevant aspects of tourism	TOURSIMS	Final report in 2006
Project 2.1.1	Territorial impact of EU transport and TEN Policies	TRANSPORT IMPACTS	Final report in 2004

NUMBER	TITLE	ABBREVIATION	STATUS
Project 2.1.2	Territorial impact of EU research and development policy	R&D IMPACT	Final report in 2004 ¹ - Revised final report in 2005
Project 2.1.3	The territorial impact of CAP and rural development policy	CAP IMPACT	Final report in 2004
Project 2.1.4	Territorial trends of energy services and networks and territorial impact of EU energy policy	ENERGY	Final report in 2005
Project 2.2.1	Territorial effects of EU Structural Funds	STRUCTURAL FUNDS IMPACTS	Final report in 2005
Project 2.2.2	Territorial effects of the “Aquis Communautaire”, Pre-accession Aid and Phare/Tacis/Meda Programmes	ACCESSION AID	Final report in 2005
Project 2.2.3 ²	Territorial effects of Structural Funds in urban areas	STRUCTURAL FUNDS URBAN IMPACT	Final report in 2004
Project 2.3.1	Applications and effects of the ESDP in Member States	ESDP	Final report in 2006
Project 2.3.2	Governance of territorial and urban policies from EU to local level	GOVERNANCE	Final report in 2006
Project 2.4.1	Territorial trends and policy impacts in the field of EU Environment Policy	ENVIRONMENT	Final report in 2006
Project 2.4.2	Integrated analysis of transnational and national territories based on ESPON results	ZOOMING	Final report in 2005
Project 3.1	Integrated tools for European spatial development territorial	SPATIAL TOOLS	Final report in 2004, additional final delivery in 2006
Project 3.2	Spatial Scenarios and orientations towards ESDP and the Cohesion Policy	SCENARIO	Final report in 2006
Project 3.3	Territorial dimension of the Lisbon / Gothenburg process	LISBON	Final report in 2006
Project 3.4.1	Europe in the World	EUROPE IN THE WORLD	Final report in 2006

¹ The Final report of this project was not deemed acceptable by the Monitoring Committee and a revised Final report was requested and submitted by the project team in December 2005.

² This project was closed before the delivery of the Final report. Detailed information has been provided with the Annual report for 2004.

NUMBER	TITLE	ABBREVIATION	STATUS
Project 3.4.2	Territorial impacts of EU economic policies and location of economic activities	ECONOMY	Final report in 2006
Project 3.4.3	The modifiable areas unit problem	MAUP	Final report in 2006

3.1.1 Approval of new projects

The evaluation session of the 10th call launched at the end of 2005 dealing with projects 1.4.3 “*Urban Functions*” and 1.4.5 “*Spatially relevant aspects of tourism*” took place on the 16th of January 2006 in Brussels. The deadline for the submission of the proposal was set on the 11th January 2006. No proposals were received for the project 1.4.4 *Feasibility of Flows* and the open call was re-launched with a publication on the Official Journal on 20 January 2006 with a deadline for the submission of tenders set on 22 February 2006.

Concerning project 1.4.3 “*Urban Functions*” two proposals were received. The evaluators agreed that the two proposals were in general are of good quality and that both of the project groups were competent for executing the project. Based on the individual scoring by evaluators, the proposals received the same score. However, the three evaluators agreed on one of the proposals being the best concerning the proposed content of the study. In particular, the proposal received by the Belgian Lead Partner IGEAT was considered more inclusive and innovative giving evaluators the impression that more will be achieved compared to the proposal presented by the University of Ljubljana.

For the project 1.4.5 “*Spatially relevant aspects of tourism*” seven proposal were received from the following Lead Partners:

- Technical University of Ostrava Department of Regional Economics, Czech Republic
- University of Dortmund, Institute of Spatial Planning (IRPUD), Germany
- EuroFutures Fredriksson & Partners AB, Sweden
- European Institute of Comparative Urban Research (EURICUR), The Netherlands
- Centre for Regional Studies of Hungarian Academy of Sciences (CRS HAS), Hungary
- Overseas Development Institute (ODI), UK
- Institut de Gestion de l'Environnement et d'Aménagement du territoire (IGEAT), Université Libre de Bruxelles, BELGIUM
- Ramboll Management Brussels (RMB), Denmark

In general, the tenders were considered of good quality, which were reflected in small margins in score between the two best proposals presented by the Swedish and the Dutch Lead Partners. The evaluators decided to select the proposals presented by the Swedish Lead partners, recommendation that was followed by the Monitoring Committee of the ESPON programme.

As anticipated, the call for the project 1.4.4 *Feasibility of Flows* was re-launched at the end of January 2006. During this second call, two proposals were received, one from Spiekermann and Wegener, Germany and the second one from the University of Ljubljana, Faculty of Economics. The evaluators recommended the proposal presented by the German Lead Partner, proposal accepted by the ESPON Monitoring Committee.

Table 2 – overview of projects approved during 2006

Project 1.4.3	Study on Urban Functions	URBAN FUNCTIONS	Final report in 2006
Project 1.4.4	Preparatory Study on Feasibility on Flows Analysis	FLOWS	Final report in 2006
Project 1.4.5	Preparatory study on spatially relevant aspects of tourism	TOURSIMS	Final report in 2006

3.1.2 Progress in the implementation of the approved projects

During 2006 the programme received 16 final reports and 3 interim reports from the ongoing projects (including the ones approved in 2006). Due to the large amount of final delivery to assess, the Monitoring Committee in agreement with the Managing Authority and the Coordination Unit decided to organise their assessment in two groups.

In September 2006 the ESPON CU sent out to the Lead Partner of projects 1.4.3, 1.4.4, 1.4.5 the assessment and formal response to the Interim Reports submitted by May and August 2006 providing additional guidance toward the final reports. Lead partners had been prior informed on the content in order to ensure continuity in the research activities.

The Monitoring Committee, following the evaluation of the final deliveries made by the ESPON Coordination Unit decided on the formal closure of the following projects, following the submission of revised final reports according to a series of comments and requests for clarifications.

We would like to recall that according to the procedure in force within the ESPON 2006 Programme, the ESPON CU shall assess the contractual compliance of the final deliveries of the operations and integrate in the final recommendation to the MC, Member States comments and blunder-checks undertaken by the ECP network. According to the results of the assessment the MC decide of the formal approval of the final deliveries. In most cases, projects are requested to revise the Final Report according to the remarks made. During the lifetime of the programme, reduction of the subsidy initially granted have been also decided due to the lack of compliance with the minimum requirements set in the subsidy contract.

Table 3: Overview of final deliveries formally approved by the MC

PROJECT	DELIVERY OF REVISED REPORT	DATE OF APPROVAL BY THE MC
1.1.3 – ENLARGMENT	September 2006	October 2006
2.4.2 – ZOOMING	May 2006	June 2006
2.1.2 – R&D IMPACTS	May 2006	June 2006
1.3.3 – CULTURAL HERITAGE	September 2006	September 2006
1.2.3 – INFORMATION SOCIETY	November 2006 January 2007	Further clarifications requested
1.4.1 – SMALL AND MEDIUM SIZE TOWNS	September 2006	September 2006

1.4.2 – SOCIAL DIMENSION	November 2006	December 2006
2.2.1 – STRUCTURAL FUNDS IMPACTS	September 2006	September 2006
2.4.1 – ENVIRONMENT	September 2006	October 2006
2.3.1 – ESDP	November 2006 January 2007	Further clarifications requested
2.3.2 – GOVERNANCE	October 2006	November 2006
3.3 – LISBON	October 2006	November 2006
3.4.1 – EUROPE IN THE WORLD	October 2006 December 2006	December 2006
3.4.2 – ECONOMY	October 2006 December 2006	December 2006
3.4.3 - MAUP	November 2006	December 2006

In relation to project 1.1.3 it has to be noted that although the project was deemed of good quality, the Monitoring Committee decided a reduction of the grant by €20.000 due to the partial accomplishment of one of the project outputs, the RESSET model. The reduction was agreed in good terms with the Lead Partner of the project.

Concerning projects 3.4.1 Europe in the World, 3.4.2 Economy 1.2.3 Information Society and project 2.3.1 ESDP, following the assessment of the revised final report, the CU requested additional clarifications as some of the improvements requested had still not been implemented. A new revised version of the final report was therefore requested to the Lead Partner with a set deadline for its submission in December 2006 for 3.4.1 and 3.4.2 and January 2007 for 1.2.3 and 2.3.1. Following the re-submission of the final report of project 3.4.1, the MC could formally approve the final delivery of this project.

An important milestone for the current year was the progress towards the final results of the ESPON Project on spatial scenario, which sees the deep involvement of the Monitoring Committee due its strategic nature. The 2006 was a year of intensive discussion between the project team and the members of the Monitoring Committee, in particular in relation to the integrated roll-forward scenarios and their territorialisation and with the development of the pro-active roll-back scenario. Further discussion addressed the visualisation of the final scenarios and the strategy to communicate the results achieved.

By the end of 2006 only the final deliveries of 3 projects had not yet been formally approved by the ESPON Monitoring Committee. Their approval is foreseen for the first half of 2007.

3.1.3 Changes in operations

In 2006, during the implementation phase, many projects realised they need to adjust their budget. These requests are managed directly by the Coordination Unit and the Managing Authority following a decision of the Monitoring Committee in 2005. Nearly all projects requested a budget reallocation by the end of their implementation phase. This is not surprising,

as it is extremely difficult to exactly foresee the amount of financial resources needed for each budget category at proposal moment. The changes requested were mainly due to under spending in the travel and meeting budget lines and the over spending in the staff budget line. No major changes were implemented, nor in relation to the activity foreseen neither in relation to the composition of project partnerships.

Only two projects undertook more significant changes, one at the request of the ESPON Monitoring Committee. Both changes led to a revision of the Subsidy contract and the subscription of an amendment, revisions formally approved by the Monitoring Committee.

Following two unfruitful calls for the elaboration of a Manual for data collection, the Monitoring Committee decided in June 2006 to ask the Lead Partner of project 3.2 to undertake some work in the direction of the manual by enlarging the scope of one of their already foreseen activities, in particular the management of the ESPON database and the elaboration of a proposal for a long term database which included as well a collection of data elaboration techniques. The subsidy contract for this project was therefore revised and the grant increased by €37.500 (MS co-financed included).

Due to budget under spending, the Lead partner of the Project 3.1 asked for a modification of the subsidy contract so to include an additional final activity consisting in the preparation and publication of an Atlas based on ESPON results. The proposal was discussed and accepted by the ESPON Monitoring Committee. The Atlas was designed to complement one of the ESPON main publication foreseen for 2006, the Final Synthesis report. ESPON maps and key results have been displayed following a thematic structure. Selected thematic and relevant project results have been combined in individual synoptic presentation while giving in parallel space to the original results of each project.

3.1.4 Reporting

In the framework of the ESPON programme, projects have two different reporting deadlines. The first associated to the reporting of the results of the applied research work, and therefore the submission of the projects' Interim and Final Reports, the second one related to the general activities undertaken within the partnership and the financial reporting.

As we said, during 2006 the ESPON Programme has received sixteen 16 Final Reports and three Interim Reports. The deliveries were submitted according to the timetable defined in the Terms of Reference annexed to the Subsidy contract and only few minor justified delays (prior communicated to the Managing Authority) have been registered, which have not hampered the correct implementation of the Programme.

From a financial point of view, as almost all funds were already committed and all projects were in the closing phase in 2006 more and more progress reports were submitted in 2006. The ESPON CU has assessed in total 50 progress reports which led to the released of the same amount of reimbursement claims to Lead Partners.

The ESPON projects have to submit progress report according to a tailor made calendar defined in the subsidy programme, which takes into account the starting date of the projects and the time needed for the certification of the expenditures by the 1st level financial controller. During 2006, the Managing Authority decided to postpone the deadline for the submission of the final progress reports the ongoing projects to take into account the procedure for the finalisation of the final deliveries, which in many cases has implied a revision of the Final Report to ensure its formal approval by the Monitoring Committee.

Following a gradual increase of the quality of the progress reports during 2005, especially from those projects submitting their second or third progress reports, their quality dropped again during 2006. The ESPON CU has been therefore forced to invest more and more resources in

order to ensure that impeccable reimbursement claim were forwarded to the Paying Authority for processing.

In addition, the Programme had to face important delays with the submission of the progress reports, delays that required a close follow-up of the financial situation of the programme in order not to incur in any de-commitment according to the N+2 rule.

The common weakness found in the progress reports were related to the following items:

- lack of detailed information in relation to the expenditures incurred, such as the description of the expenditures and the date of expenditure (these information are part of the reporting requirements)
- application of the wrong exchange rate
- unclear calculation of the staff and administration costs, which required additional clarifications
- lack of knowledge of the procedures in place for the certification of the expenditures (1st level financial control)
- further information were also requested in some cases in relation to the independence and qualification of the delegated 1st level financial controller

The delays were partly related to problems inside the project partnership and partly related to the certification procedure. It has to be said that if in some cases the delays was directly link to the activity of the 1st level financial controllers, in many cases was also due to the project partners who, in many cases, have failed to provide all the supporting documentation needed for the certification of the expenditure.

In order not to incur in any de-commitment the Managing Authority and the ESPON Coordination Unit have taken a proactive approach and have been active providing information, additional guidance not only to Lead Partners but also directly to Project Partners and to the national and delegated 1st level Financial Controller. This approach has revealed successful and the ESPON Programme has succeeded in certifying a sufficient amount of expenditure to the Commission to avoid de-commitment.

However, the workload generated was hardly sustainable for the ESPON Coordination Unit and even stronger measures will have to be taken in future in order to ensure that all actors involved assume entirely their respective responsibilities.

3.1.5 Analysis of projects' performance

The Programme complement agreed by the MC in February 2006 and approved by the Commission in January 2007 provides quantified performance indicators for priority and measures level for the period 2002 – 2006 showing generally higher expectations than those defined for 2002-2004. The projects are required to provide a list of outputs corresponding to these performance indicators for their final reports as most of them are only fully quantifiable at the final stage of project groups' work. Below are presented the performance indicators of the ESPON Programme reached by the end of 2006.

Taking into account that all projects have delivered Final results (three final deliveries are still pending the formal approval of the Monitoring Committee, but have delivered the final results in 2006), the following tables present the final overall results for the ESPON Programme for Priorities 1-3:

Table 4 - Indicators achieved for measure 1.1

Indicators 2002-2006	1.1.1	1.1.2	1.1.3	1.1.4	Total achieved	Total envisaged (2002- 2006)
Number of spatial indicators being developed	43	6	9	3	61	15
Number of spatial concepts defined	4	12	13	10	39	4
Number of spatial typologies tested	3	4	6	13	26	10
Number of maps produced	35	60	26	101	222	10
Number of ESDP policy options addressed	7	28	3	11	49	20

Table 5 - Indicators achieved for measure 1.2

Indicators 2002-2006	1.2.1	1.2.2	1.2.3	Total achieved	Total envisaged (2002-2006)
Number of spatial indicators being developed		41	2		15
Number of spatial concepts defined		6	1		7
Number of spatial typologies tested		18	1		10
Number of maps produced		78	5		12
Number of ESDP policy options addressed		4	5		15

Table 6 - Indicators achieved for measure 1.3

Indicators 2002-2006	1.3.1	1.3.2 *	1.3.3	Total achieved	Total envisaged (2002-2006)
Number of spatial indicators being developed	32		30		10
Number of spatial concepts defined	2		3		5
Number of spatial typologies tested	2		3		10
Number of maps produced	33		52		10

Number of ESDP policy options addressed	5		5		17
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* This project's report was not considered of sufficient quality; therefore a reduction of payment has been decided.

Table 7 - Indicators achieved for measure 1.4

Indicators 2004-2006	1.4.1	1.4.2	1.4.3	1.4.4	1.4.5	Total achieved	Total envisaged (2004-2006)
Number of spatial indicators being developed	1	0	-	26	-	27	5
Number of spatial concepts defined	2	0	-	0	-	2	3
Number of spatial typologies tested	0	0	-	0	-	0	3
Number of maps produced	5	15	-	18	-	38	5
Number of ESDP policy options addressed	6	2	-	35	-	43	5

Table 8 - Indicators achieved for measure 2.1

Indicators 2002-2006	2.1.1	2.1.2	2.1.3	2.1.4	Total achieved	Total envisaged (2002-2006)
Number of spatial indicators being developed	9	8	80	57	149	10
Number of sectoral policies fully addressed	1	-	1	N	6	5
Number of charts on the institutional structure of sector policies	0	-	2	0	2	3
Number of maps produced	56	12	27	44	113	20
Number of ESDP policy options addressed	5	8	All	4	All	All

Table 9 - Indicators achieved for measure 2.2

Indicators 2002-2006	2.2.1	2.2.2	2.2.3	Total achieved	Total envisaged (2002-2006)
Number of spatial indicators being developed	2	51	-	-	7
Number of funds fully addressed	6	4	-	-	6

Number of charts on the institutional structure of sector policies	14	0	-	-	6
Number of maps produced	9	29	-	-	10
Number of ESDP policy options addressed	10	4	-	-	All

Table 10 - Indicators achieved for measure 2.3

Indicators 2002-2006	2.3.1	2.3.2	Total achieved	Total envisaged (2002-2006)
Number of countries investigated	29 (25 Member states + BU-RO-NO-CH)	29 (25 Member states + BU-RO-NO-CH)	-	15
Number of funds fully addressed	-	4	-	-
Number of charts on the institutional structure of special planning, both in urban and territorial policies	-	93 figures 37 tables	-	3
Number of maps produced	18	31	49	-
Number of ESDP policy options addressed	13	4	All	All aims

Table 11 - Indicators achieved for measure 2.4

Indicators 2002-2006	2.4.1	2.4.2	Total achieved	Total envisaged (2002-2006)
Number of spatial indicators being employed	32	47	79	12
Number of typologies tested	5	7	12	-
Number of maps produced	38	57	95	20
Number of ESDP policy options addressed in that field	4	23	27	-

Table 12 - Indicators achieved for measure 3.1

Indicators 2002-2006	3.1	Total envisaged (2002-2006)
Number of spatial indicators being developed	89	40
Number of maps produced	89	10
Number of ESDP policy options addressed in that field	15	-

Table 13 - Indicators achieved for measure 3.2

Indicators 2002-2006	3.2	Total envisaged (2002-2006)
Number of spatial indicators being developed	241	45
Number of spatial concepts defined	0	3
Number of maps produced	217	10
Number of ESDP policy options addressed in that field	All	all

Table 14 - Indicators achieved for measure 3.3

Indicators 2002-2006	3.3	Total envisaged (2002-2006)
Number of spatial indicators being developed	116	n.a
Number of spatial concepts defined	20	n.a
Number of maps produced	133	n.a
Number of ESDP policy options addressed in that field	49	n.a

Table 15 - Indicators achieved for measure 3.4

Indicators 2002-2006	3.4.1	3.4.2	3.4.3	Total envisaged (2002-2006)
Number of spatial indicators used / developed	24	8	n.a	n.a
Number of spatial typologies applied	14	8	n.a	n.a
Number of maps produced	228	67	86	n.a
Number of ESDP policy options addressed in that field	15	n.a	n.a.	n.a

3.2 Priority 4

The measures specified under priority 4 are performed by a mix of project activity and CU led initiatives.

3.2.1 Implementation of measure 4.1: Data navigator: preparatory surveys on data access

In January 2006 the improved versions of the Hyperatlas and of the WEB-based GIS were presented. The new tools have been made available for public use on the new version of the

ESPON website at the end of March 2006. During the last months of 2006, the tools have been updated with the new version of the ESPON database. The two tools were improved on the basis of the result of the test phase carried out during a six months period in 2005. The two tools will be updated at the beginning of 2007 with the new and last version of the ESPON database.

During the current year the Monitoring Committee decided on the launching of a call for the elaboration of a Manual for data collection. After two rounds of unfruitful calls (no proposals were received) the Monitoring Committee decided to ask the Lead Partner of project 3.2 to undertake some work in the direction of the manual by enlarging the scope of one of their already foreseen activities, in particular the management of the ESPON database and the elaboration of a proposal for a long term database which included as well a collection of data elaboration techniques.

Following the decision of the Monitoring Committee in February 2006 to launch a call for a preparatory project on Monitoring Territorial Development based on ESPON key indicators, under Priority 4.1, a call specific call was launched in March 2006. One proposal, led by the German Lead Partner BBR, was received, deemed admissible and then evaluated on the 26 April 2006. The proposal was accepted by the Monitoring Committee via written procedure in May 2006.

The projects, a scientific support project in field of data and indicators, was designed to support the identification of the most appropriate indicators allowing for a periodic assessment/evaluation of the evolution of the European territory towards the acknowledged territorial policy options and aims as stated in the most relevant European Commission and intergovernmental policy documents and reflecting territorial balance and cohesion.

The project has submitted in 2006 an Interim Report and a draft Final Report. The assessment of the operation' final delivery, according to the internal ESPON procedure, will take place during the first half of 2007. The project has not submitted any progress report during 2006.

Table 16 – indicators achieved for measure 4.1

Indicators 2003 - 2005	Achieved 2003	Achieved 2004	Achieved 2005	Achieved 2006	Total achieved	Total envisaged (2002 – 2006)
Number of national data access surveys	18	-	10		28	27

3.2.2 Implementation of measure 4.2: ESPON briefing and scientific co-ordination of ESPON Contact Points (ECP)

Measure 4.2 is not a project activity, but an action carried through ECP co-ordination and meetings. Basically, ECPs undertake a multitude of tasks.

At national level, ECPs contribute to the programme implementation in Member States, in particular by providing support to Transnational Project Groups in the project development process in cooperation with the ESPON Coordination Unit (tendering procedures, access to data and information). They also play an important role in the promotion and dissemination of ESPON results towards national stakeholders and manage a national network of researchers.

As a network, they also support Transnational Project Groups by fostering exchanges with other projects and with the Coordination Unit, and finally, by commenting on the Interim and Final reports, bringing national perspectives to the results achieved at EU level.

Three meetings have been held during 2006, two of them at the occasion of the ESPON seminars. The first meeting was conducted on the 15 March 2006 back to back with the ESPON seminar in Salzburg. The second meeting took place in Brussels on the 1st of June 2006 and the third and last one for the ESPON 2006 programme, in Espoo back to back with the ESPON seminar.

During the meetings the main points for discussion were the development of the ESPON Programme and the future ESPON 2013 Programme, the review and coordination of ESPON activities in the framework of the programme but also at national level and implementation of the ECP networking activities and the development of a code of conduct for the members of the ECP network.

The following table provides the final performance indicators achieved for this measure within the ESPON 2006 programme.

Table 17 – indicators achieved for measure 4.2

Indicators 2003 - 2005	Achieved 2003	Achieved 2004	Achieved 2005	Achieved 2006	Total achieved	Total envisaged (2002 – 2006)
Number of ESPON Contact Point briefings	3	4	5	3	15	6

3.2.2.1 Implementation of ECP financial mechanism

THE ECP financial mechanism has been set up by the programme to support ECPs in developing further their networking activities at transnational level. By beginning of 2006, a third round of Transnational networking activities started.

New activities contracted

The evaluation of project received under the third call for the ECP financial mechanism was held on 13 January 2006. In total three proposals were received:

- MONTESPON: proposal for a transnational seminar focused on mountainous regions and addressing ESPON results from this perspective, submitted by ECP Switzerland
- SEEP, a follow-up activity of the SEEP seminar aiming at disseminating widely SEEP results over South Eastern Europe, submitted by ECP Greece
- YOUNGSTARS II, a transnational seminar directed towards young academics and professionals in the fields of geography, regional development, spatial planning, submitted by ECP Hungary.

According to the results of the evaluation, two of the three activities were approved by the Monitoring Committee in February 2006: MONTESPON and YOUNGSTARS II. However, before the signature of the subsidy contract the Lead Partners of the two selected activities were requested to provide some clarifications and to implement some improvements to their proposals, as suggested by the evaluators.

Progress with the implementation of the activities previously contracted

In February 2007 the final results from the 1st round of ECP transnational activities, namely “ESPON Going Regional” led by ECP UK, “Youngstars I” led by ECP Germany and “South Eastern Europe Perspective – SEEP” led by ECP Greece, received at the end of 2005, were formally approved by the Monitoring Committee. For all the three activities positive appreciations were given, considering the undisputable results achieved and the objectives met.

During spring 2006 three projects contracted as a result of the second call launched in July 2005 and one project contracted within the third call, made major progress in relation to the implementation of the foreseen activities. In particular:

- COBALT, led by ECP Sweden organised a transnational seminar on territorial cooperation and cohesion in the Baltic Sea region;
- SSE "Sustainable Southern Europe", led by ECP Spain, organised a transnational seminar on sustainable territorial management in southern Europe,
- YOUNGSTARS II, led by ECP Hungary, organised the seminar addressed to young academics, professionals and students in the field of territorial development.

Three transnational seminars took place by April-May 2006 and had a very good response in terms of participation.

In addition, the project WESTERN BALKANS submitted the draft final report at the beginning of May 2006. Following the evaluation of the ESPON Coordination Unit, the Lead Partner was asked to submit some clarification and to implement some improvement to the report. Following the assessment of the revised version, the Monitoring Committee was able to approve the final delivery in September 2006.

In September 2006 the ESPON Coordination Unit received 4 draft final reports for the projects MONTESPON, SSE, COBALT and YOUNGSTARS II. Following the assessment of the ESPON Coordination Unit, the Lead Partners of the above mentioned projects were requested to submit improved revised version of the final reports by the end of November 2006. The revised final report for MONTESPON was approved in December 2006, while additional clarifications were requested for the other three projects with a new deadline set for January 2007 for YOUNGSTARS II and March 2007 for the SSE and COBALT.

3.2.3 Implementation of measure 4.3: ESPON briefing and scientific co-ordination of Transnational Project Groups

Measure 4.3 is being handled in a similar way to measure 4.2 and is a measure carried out through ESPON seminars and Lead Partners meetings both held twice each year.

3.2.3.1 Lead Partners seminars

Two Lead Partner Seminars have been held during 2006. The main intention of the first LP Seminar held in Brussels on 13 January 2006 was to discuss the approaches and methodologies applied in ESPON for Territorial Impact Assessment and to hold an open discussion on existing approaches and methodologies and their use in for ex-ante TIA for the identification of causes-effect relationships. The aim of the open discussion was to set up the basis for the development of an ex-ante territorial impact assessment tool within the ESPON programme.

The second Lead Partner seminar was held in Brussels on the 3 and 4 April 2006. The main aim for the discussion of the progress toward the final report of the still ongoing applied research projects. In addition, during the meeting the Lead Partners were informed about the formal closure procedure and about the forthcoming ESPON publications.

The following table provides the final performance indicators achieved for this measure within the ESPON 2006 programme.

3.2.3.2 ESPON seminars

The eighth ESPON Seminar took place in Salzburg, Austria, on the 13-14 March 2006. The Seminar aimed at networking and discussion between Transnational Project Groups, Monitoring Committee Members and ESPON Contact Points. During the seminar the analytical progress of the ongoing ESPON Projects were presented and discussed. The discussion was organised in the form of four parallel workshops organised around four main thematic issues: Competitiveness, Processes in territorial policies, Social and cultural potentials and Environmental potentials. In addition, the issues related to the dissemination and capitalization of results and the way ahead to the future ESPON programme were as well on the agenda.

The ninetieth ESPON seminar took place in Espoo, Finland, on the 14 and 15 November 2006. This seminar was organised in close cooperation with the Finnish Presidency of the European Union and included, on the second day, a plenary session with the General Directors responsible for territorial cooperation and cohesion on the main challenges facing the European territory and the kind of territorial evidence that will be need in the future. During the first day, the progress toward an ESPON scientific platform and the final results of the last ongoing ESPON projects were presented and debated.

Table 18 – indicators achieved for measure 4.3

Indicators 2003 - 2005	Achieved 2003	Achieved 2004	Achieved 2005	Achieved 2006	Total achieved	Total envisaged (2002 – 2006)
Number of conferences with Transnational Project Groups	4	4	4	4	16	12

3.3 Technical Assistance

The technical assistance activities focused on implementing and monitoring the operations and promoting the programme and its results. These tasks were mainly implemented by the Coordination Unit in its role of support to the Managing Authority.

The ESPON Coordination Unit focused its work on the following elements:

- organisation and running of programme Monitoring Committee and ECP meetings
- implementing activities foreseen under measures 4.2 and 4.3 the Lead Partners seminar and the ESPON Seminars
- elaborate terms of reference for the new projects and organise the calls and evaluation sessions
- updating the Community Initiative Programme document and the Programme Complemented
- revision of the Article 5 Communication and of the Agreement with the Member States
- implementing the Monitoring Committee decisions
- monitoring the implementation of the ongoing projects

- assess received Interim Reports and elaborate official responses
- assess the contractual compliance of the final project deliveries and follow-up the implementation of project formal closure
- provide projects with further assistance, in particular in relation to the financial implementation and the elaboration of reimbursement claim
- support the Financial Control Group and the Winding-up Body for the implementation of second level financial control and further definition of the financial control system
- Coordination activities with the Managing and Paying authorities
- Implementation of second level financial control and in particular the system audit and the preparation of the audits on operations
- Elaboration of the programme publications
- Communicate the programme results at a series of events during the year

In total €70.646,74 were committed for the implementation of Priority 5 in 2006 and €10.162,88 were spent by 31 December 2006. These amounts correspond to both measures 5.1 and 5.2. The relatively low level of expenditures is mainly due to the fact that the hosting institution of the ESPON Coordination Unit anticipates all the running costs (including staff costs) which are then reimbursed by the Managing Authority at a later stage. In fact, by the end of March 2007 the expenditures on the commitment for the implementation of the 2006 budget for Priority 5 was at the level of €38.782,26.

4. Financial implementation of the assistance

For the Forecast Application of Payment for 2006 to the European Commission, a total of expenditure of €6.120.000 (€3.060.000 ERDF) was expected to be spent and reported. The actual total expenditure reported to the European Commission represented only the half of the indicated amount, due to the already reported delays in the submission of the progress reports and the decreasing level of the quality of the reported expenditures from the projects which extend the delays for their approval. It has to be said that the ESPON Programme only declares to the Commission expenditures that have been reported by the operations and that have been successfully assessed and evaluated by the ESPON Coordination Unit.

Although the amount reported in 2006 was smaller than the forecasted amount, the programme managed to meet the 2006 expenditure target and thus to avoid de-commitment in 2006.

4.1 Priorities 1-4

The total level of expenditure declared to the Commission in 2006 for Priorities 1-4 amounted at €2.573.328,39.

The financial allocations for Priorities 1-3 have been committed up to more than 99% and the level of payments has constantly increased in 2006. However, some over commitment due to under spending has to be underlined in Priority 4, in particular under Measures 4.2 and 4.3. The reason of this under spending is twofold, on one side the over estimation of resources needed for the networking activities (ECP meetings, Lead Partners seminars and ESPON seminars) and the under spending registered by the ECPs activities, which were not able to spend the amount allocated to the projects.

The following table provide detailed indication of the level of the commitments and expenditures during 2006 and reached by the end of the year.

Priority / Measure	Available in CIP (A)	Commitments (B)	% of Commitments (B/A)	Payments in 2006	Cumulative payments until end of March 2007	Execution rate
1.1. - Polycentric development and urban-rural relations	€1.602.000,00	€1.598.783,20	99,80%	€435.410,07	€1.362.317,73	85,04%
1.2. Access to infrastructure and knowledge	€1.027.000,00	€1.028.268,36	100,12%	€52.369,25	€912.707,73	88,87%
1.3. Natural and cultural heritage	€1.196.000,00	€1.191.224,45	99,60%	€384.711,79	€1.010.368,04	84,48%
1.4. Natural and cultural heritage	€425.000,00	€423.950,00	99,75%	€48.534,54	€233.339,98	55,04%
P.1 Thematic projects on important spatial developments	€4.250.000,00	€4.242.226,01	99,82%	€921.025,65	€3.518.733,48	82,95%
Total 2.1. The territorial effects of sector policies	€1.495.500,00	€1.483.406,08	99,19%	€139.544,48	€1.088.506,08	72,79%
Total 2.2. Structural Funds and related Funds	€1.011.824,00	€1.011.325,00	99,95%	€77.635,76	€757.078,29	74,82%
Total 2.3. Institutions and instruments of spatial policies	€762.000,00	€761.598,35	99,95%	€328.837,70	€328.837,70	43,15%
Total 2.4. Filling gaps and new	€450.000,00	€444.017,38	98,67%	€246.812,05	€444.017,38	98,67%
TOTAL P. 2 Policy impact projects	€3.719.324,00	€3.700.346,81	99,49%	€792.829,99	€2.618.439,45	70,40%
Measure 3.1. Integrated tools for European spatial development territorial	€1.140.000,00	€1.117.510,51	98,03%	€104.080,63	€1.117.510,51	98,03%
Measure 3.2. Spatial Scenarios	€1.521.502,00	€1.517.000,00	99,70%	€508.796,49	€590.137,17	38,79%
Measure 3.3. Lisbon	€431.000,00	€431.000,00	100,00%	€149.364,55	€223.020,28	51,74%
Total 3.4. Filling gaps and new projects	€649.000,00	€649.000,00	100,00%	€0,00	€0,00	€0,00
TOTAL P. 3 Co-ordinating cross-thematic projects	€3.741.502,00	€3.714.510,51	99,28%	€762.241,67	€1.930.667,96	51,60%
Measure 4.1 Datanavigator preparatory surveys on data access	€350.000,00	€349.775,20	99,94%	€20.773,61	€198.280,10	56,69%
Measure 4.2 Briefing and scientific coordination: ECPs	€446.500,00	€422.428,95	94,61%	€39.222,56	€211.572,89	50,08%
Measure 4.3 Briefing and scientific coordination: LPs	€194.500,00	€172.173,19	88,52%	€38.637,08	€147.874,01	85,89%
TOTAL P. 4 Research briefing and scientific networking	€991.000,00	€944.377,34	95,30%	€98.633,25	€557.727,00	56,28%
Measure 5.1	€1.270.494,00	€1.093.145,16	86,04%	€350.644,55	€975.157,67	89,21%
Measure 5.2	€492.368,00	€467.651,98	94,98%	€158.116,16	€450.002,78	96,23%
TOTAL P. 5 Technical Assistance and Communication	€1.762.862,00	€1.560.797,14	88,54%	€508.760,71	€1.425.160,45	80,84%
TOTAL	€14.464.688,00	€14.162.257,81	97,91%	€3.083.491,27	€10.050.728,34	69,48%

4.2 Technical Assistance

The budget for Technical Assistance for 2006 approved at the beginning of the year by the Monitoring Committee, amounted at €34.232,68 and the level of commitment reached €476.195,94. By the end of December 2006 the expenditures amounted at €361.580,66.

The relatively low level of expenditures is mainly due to the fact that the hosting institution of the ESPON Coordination Unit anticipates all the running costs (including staff costs) which are then reimbursed by the Managing Authority at a later stage.

Measure 5.1. Management, monitoring and implementation	Allocations 2006	Budget implementation end 2006	
		Commitments	Payments
CU Travel	€ 42.500,00	€ 23.081,50	€ 23.081,50
MC EU Member travel	€ 80.000,00	€ 80.000,00	€ 51.247,87
MC Observers travel	€ 2.400,00	€ 0,00	€ 0,00
Project Expert	€ 75.000,00	€ 72.893,36	€ 72.893,36
Financial and administrative support expert	€ 63.000,00	€ 61.560,84	€ 61.560,84
Trainee	€ 10.000,00	€ 8.494,30	€ 8.494,30
Secondment from New Member States	€ 45.590,00	€ 45.990,00	€ 45.590,00
Training of CU staff	€ 10.000,00	€ 0,00	€ 0,00
Office rent	€ 20.592,68	€ 20.592,68	€ 20.592,68
Miscellaneous	€ 10.000,00	€ 5.680,82	€ 5.680,82
Site costs for FCG meetings	€ 5.200,00	€ 3.601,89	€ 3.601,89
Costs for 2nd level control and winding	€ 113.950,00	€ 113.950,00	€ 28.486,85
Financial Monitoring system	€ 7.000,00	€ 0,00	€ 0,00
Ex-ante evaluation ESPON II	€ 22.000,00	€ 22.000,00	€ 22.000,00
Experts (legal advice, reports, etc.)	€ 5.000,00	€ 1.897,08	€ 1.897,08
TVA 2004	€ 22.000,00	€ 16.453,47	€ 16.453,47
TOTAL	€ 534.232,68	€ 476.195,94	€ 361.580,66

Concerning measure 5.2, due to the lower costs of some of the foreseen publications, the level of commitment and expenditure registered so far allow for some additional activities during 2007.

Measure 5.2.	TOTAL BUDGET	TOTAL COMMITMENTS	TOTAL EXPENDITURE	Comments
Website and Intranet		€31.162,50	€31.162,50	
Datanavigator		€28.773,72	€28.773,72	
Mid-term evaluation		€48.500,00	€48.500,00	
Mid-term evaluation update		€15.000,00	€15.000,00	
ESPON Publications		€245.285,30	€245.285,30	
Graphic identity for ESPON		€20.356,50	€20.356,50	
Communication Strategy & Media Bureau		€75.680,00	€36.065,65	
Scientific Conference		€8.573,16	€8.573,16	
TOTAL	€492.368,00	€473.331,18	€433.716,83	

4.3 Certification of expenditure

Three statements of expenditure / applications for payment were submitted to the European Commission during 2006. They were based on accounts closed on the 31 December 2006 and included certified expenditures that were already assessed and recommended for payment to the Paying Authority of the ESPON Programme. All the expenditures, with the exception of three project reimbursement claim, were already reimbursed to the respective beneficiaries by the Paying Authority of the ESPON Programme.

Statement of expenditure by 31 December 2006

Priority/Measure						
	2002	2003	2004	2005	2006	Total
	Expenditure	Expenditure	Expenditure	Expenditure	Expenditure	Expenditure
Priority 1	- €	328.538,60 €	674.918,75 €	957.346,24 €	921.025,65 €	2.881.829,25 €
Measure 1.1.	- €	80.017,45 €	407.780,10 €	283.530,43 €	435.410,07 €	1.206.738,05 €
Measure 1.2.	- €	205.613,52 €	62.011,70 €	592.084,42 €	52.369,25 €	912.078,89 €
Measure 1.3.	- €	42.907,63 €	205.126,95 €	81.731,39 €	384.711,79 €	714.477,77 €
Measure 1.4.	- €	- €	- €	- €	48.534,54 €	48.534,54 €
Priority 2	- €	215.361,64 €	369.491,04 €	1.085.265,96 €	792.829,99 €	2.462.948,63 €
Measure 2.1.	- €	147.280,28 €	181.607,57 €	620.073,75 €	139.544,48 €	1.088.506,08 €
Measure 2.2.	- €	68.081,36 €	187.883,47 €	406.754,15 €	77.635,76 €	740.354,74 €
Measure 2.3.	- €	- €	- €	32.115,69 €	328.837,70 €	360.953,39 €
Measure 2.4.	- €	- €	- €	26.322,37 €	246.812,05 €	273.134,42 €
Priority 3	- €	358.373,39 €	- €	617.851,64 €	762.241,67 €	1.738.466,70 €
Measure 3.1.	- €	358.373,39 €	- €	537.420,80 €	104.080,63 €	999.874,82 €
Measure 3.2.	- €	- €	- €	80.430,84 €	508.796,49 €	589.227,33 €
Measure 3.3.	- €	- €	- €	- €	149.364,55 €	149.364,55 €
Priority 4	61,13 €	126.328,85 €	68.113,56 €	132.275,78 €	97.231,08 €	424.010,40 €
Measure 4.1.	- €	84.763,08 €	28.109,87 €	59.633,54 €	20.773,61 €	193.280,10 €
Measure 4.2.	- €	12.713,90 €	16.105,86 €	33.911,43 €	37.820,39 €	100.551,58 €
Measure 4.3.	61,13 €	28.851,87 €	23.897,83 €	38.730,81 €	38.637,08 €	130.178,72 €
Priority 5	41.881,59 €	98.329,27 €	357.833,84 €	249.722,12 €	510.162,88 €	1.257.929,70 €
Measure 5.1. (TA)	41.881,59 €	53.346,82 €	236.286,72 €	171.602,47 €	352.046,72 €	855.164,32 €
Measure 5.2.	- €	44.982,45 €	121.547,12 €	78.119,65 €	158.116,16 €	402.765,38 €
Total	41.942,72 €	1.126.931,75 €	1.470.357,19 €	3.042.461,74 €	3.083.491,27 €	8.765.184,68 €
Total ERDF Related	20.971,36 €	563.465,88 €	735.178,60 €	1.521.230,87 €	1.541.745,64 €	4.382.592,34 €

4.4 Payments received from the European Commission

In 2006 the Paying Authority received €1.372.877,73 from the European Commission. These amounts consist of the following three payments:

- €80.981,24 received on 27 January 2006 corresponding to the request dated 12 December 2005
- €69.026,29 received on 31 May 2006 corresponding to the request dated 28 April 2006
- €22.870,20 received on 2 October 2006 corresponding to the request dated 22 August 2006

4.5 Interests

The account use to manage the advance payment received on the EU funds, do not produce any interest.

5. Steps taken by the Managing Authority and the Monitoring Committee to ensure the quality and effectiveness of implementation

5.1 Monitoring and evaluation

The ESPON Monitoring Committee had five meetings during 2006. Following Article 6 of the Rules of Procedure, several decisions were also taken in a written procedure. The meetings of the Monitoring Committee were chaired in the first half of 2006 by Austria and in the second half of 2006 by Finland, as according to Article 4 the chair person is a representative of the Member State holding the EU Presidency. The co-chair is a representative of the Managing Authority.

During 2006 the Monitoring Committee was involved in the update of the following documents:

- Community Initiative Programme (CIP)
- Programme Complement (PC)
- Programme Agreement
- Article 5 Communication

Additional information on the changes has been provided in the relevant section of this document.

5.2 Financial control (according to Article 13 of Regulation (EC) 438/2001)

At the beginning of 2006 the negotiation with the international audit firm Ernst & Young was finalised and the selection approved in written procedure by the FCG member during the month of March 2006. According to the approved timetable the external auditor presented by the end of May 2006 the draft methodology, the project sample and the timetable for the implementation of the system audit and Article 10 checks. At its meeting in June 2006, the FCG approved the methodology and the project sample. According to the approved timetable, the system audit and the Article 10 checks on expenditure managed directly by the Managing Authority took place during the last week of September 2006 and the first two weeks of October 2006.

The results of the system audit and of the on-the-spot-checks of the Technical Assistance and the projects managed directly by the Managing Authority in the framework of Priority 4 were

generally positive as no major remark was made by the contracted external auditor. On the system audit the external auditor recorded the non respect of some of the reporting deadlines to the European Commission (payment forecast, annual reports, etc.) by some weeks at the beginning of the programme implementation, by days in the following years. In addition, the auditor made some recommendation for improvement in the documentation of the checks undertaken by the Coordination Unit of the project financial reimbursement claims.

Concerning the Technical Assistance and Managing Authority expenditures, as well minor issues were found, mainly related to unclear supporting documents for four different travels. The amounts involved were just above €2.000 over more than €180.000 of checked expenditures. At the end of the follow-up procedure only €772,80 were not accepted by the external auditor. This recommendation was approved by the Financial Control Group at its meeting in February 2007. According with the provisions of the Agreement, the Paying Authority has launched the recovery procedure in March 2007 and has deducted the amount of €772,80 from the payment application submitted on the 4 April 2007.

Article 10 checks of selected projects will be undertaken in May 2007. Summary of the results will be included in the Annual implementation report for 2007 and detailed in the Article 13 Report for 2007.

5.3 Summary of significant problems

Since the start of the programme, the Managing Authority, the Paying Authority and the Coordination Unit have been aware of the possible financial implications of the de-commitment risk. Therefore, also in 2006 the efforts were focused on the reduction of the de-commitment risk without lowering the quality requirements and putting the good functioning of the ESPON 2006 Programme management and control system at risk. In this perspective, the correct implementation reporting requirements by all involved actors (as improved in 2004) has been the most important challenge for the programme during this year.

Specific measures were taken toward assisting projects in implementing the activities as planned and in reporting costs on time and in full (e.g. through consultation meetings, email, phone assistance). In addition, special attention was given to the quality assessment of the 1st level financial control certifications. The Managing Authority is aware that the quality level of the 1st level financial control can be considerably improved and has asked the ESPON Coordination Unit to carefully check and assess the certification provided so not to risk the reimbursement of expenditures based on wrong or misleading certification.

In line with this requirement, the Paying Authority has proceeded with the release of payments to the final beneficiaries only upon positive assessment of the ESPON CU of the financial reports and certifications provided and only of the amount that were considered fully in line with the regulation, as recommended by the ESPON CU.

Withheld amounts, were released only upon submission of the requested clarifications and/or submission of a revised certification from the 1st level financial control. In some cases, following the clarification process, the amount were not accepted as eligible and therefore not reimbursed to the beneficiaries. It has to be underlined that none of the Lead Partners or 1st level financial controller has questioned the remarks made by the ESPON Coordination Unit.

5.4 Use of technical assistance

As already indicated in section 3.3 the technical assistance activities in 2006 focused on implementing and monitoring the operations and promoting the programme and its results. These tasks were mainly implemented by the Coordination Unit in its role of support to the Managing Authority.

The ESPON Coordination Unit focused its work on the following elements:

- organisation and running of programme Monitoring Committee and ECP meetings
- implementing activities foreseen under measures 4.2 and 4.3 the Lead Partners seminar and the ESPON Seminars
- elaborate terms of reference for the new projects and organise the calls and evaluation sessions
- updating the Community Initiative Programme document and the Programme Complemented
- revision of the Article 5 Communication and of the Agreement with the Member States
- implementing the Monitoring Committee decisions
- monitoring the implementation of the ongoing projects
- assess received Interim Reports and elaborate official responses
- assess the contractual compliance of the final project deliveries and follow-up the implementation of project formal closure
- provide projects with further assistance, in particular in relation to the financial implementation and the elaboration of reimbursement claim
- support the Financial Control Group and the Winding-up Body for the implementation of second level financial control and further definition of the financial control system
- Coordination activities with the Managing and Paying authorities
- Implementation of second level financial control and in particular the system audit and the preparation of the audits on operations
- Elaboration of the programme publications
- Communicate the programme results at a series of events during the year

In total €70.646,74 were committed for the implementation of Priority 5 in 2006 and €10.162,88 were spent by 31 December 2006. These amounts correspond to both measures 5.1 and 5.2. The relatively low level of expenditures is mainly due to the fact that the hosting institution of the ESPON Coordination Unit anticipates all the running costs (including staff costs) which are then reimbursed by the Managing Authority at a later stage. In fact, by the end of March 2007 the expenditures on the commitment for the implementation of the 2006 budget for Priority 5 was at the level of €38.782,26.

5.5 Measure to ensure publicity of the assistance

In January 2006 was finalised the contracting of the Media Bureau for the ESPON Programme. The activities undertaken by the Media Bureau include:

- the production of an info-pack to be disseminated in priority to MC members who will then ensure their distribution at national level;
- elaboration of promotion material, such as paper pads, pen, memory sticks and a exhibition stand
- elaboration of five press-releases published in European newspapers and also available on the ESPON website on a specifically created press room section
- creation of speaking opportunities
- regional offices briefing

A limited number of the above mentioned activities will continue during spring 2007.

In addition to the activities of the ESPON Media Bureau, a series of publication has also been implemented:

- ESPON Briefing II, which was distributed for the first time as the ESPON seminar in Salzburg in March 2006. The Briefing II was also made available in digital version on the ESPON website. The document was printed in 1.000 copies.
- ESPON Final Synthesis report, a document of 116 pages structured in 10 stories showing the diversity of potentials of the EU territory and presenting, in a synthetic form, main findings and features of all ESPON applied research project. The document included as well an outlook toward the future, based on results if the project on spatial scenarios. The document has been distributed for the first time at the ESPON seminar in Espoo and was published in 6.000 copies. The report has been supported by the Atlas developed by project 3.1 as additional delivery, which has been printed in 9.000 copies.
- ESPON scientific report, a document of 92 pages dealing with the scientific platform for the applied research, targeting both the policy and scientific community and aimed showing the scientific added-value of the applied research undertaken in the framework of the ESPON Programme. The report has been printed in 6.000 copies
- ESPON Scientific Conference proceedings was made available in June 2006. This report contains the proceeding of the 1st ESPON Scientific conference which took place in October 2005.

The ESPON website was also improved in relation to the design and the organisation of its content. The new version, on the “eu” domain was presented and made accessible at the end of March 2006.

The ESPON took part in a seminar during the “Open Days” in October 2006 where the ESPON Programme gave four presentations on the “Diversity of opportunities in regions and cities”. The session involving ESPON registered full booking with around 100 participants.

Some follow-up activities to the scientific conference that was organised in October 2005 together with 5 other European Scientific organisations were organised in February 2006 with the aim of maintaining and strengthen the cooperation between ESPON and the involved research organisation. It was agreed to continue the cooperation with the aim of enhancing a multidisciplinary European network of researcher in the field of territorial research.

ESPON was also present at the stakeholder event meeting organised by the Dutch Presidency in Amsterdam on the 28 June 2006. An information of the programme was given to an audience of more than 200 persons including a number of ministers and high level representatives, among them Commissioner Hübner. The event “Territorial Cohesion and Lisbon Strategy” included two sessions one of them with an introduction based on ESPON results.

Finally, the Luxembourg Minister of the Interior and Spatial Planning, Mr. Halsdorf organised an awareness raising event in Brussels on 28 November 2006. The event took place at the Committee of the Regions, and registered the participation of Commissioner Hübner.

The ESPON Coordination Unit and Managing Authority were as well involved in the dissemination of ESPON results in a series of events during 2006:

20 January 2006	Presentation for Trier University	Esch/Alzette (L)
7 February 2006	Meeting of Senior Officials for Regional Policy (NCM)	Bruxelles
21 February 2006	SUD Committee meeting	Bruxelles
23 February 2006	Meeting with Eurostat	Luxembourg
27-28 February 2006	Interact Seminar on Spatial Vision & Scenarios	Milano (I)
13-14 March 2006	ESPON Seminar	Salzburg (A)
17 March 2006	Eurostat Workshop	Luxembourg
23 March 2006	ESPON Contact Point Workshop on “State of the implementation of the ESPON Programme”	Luxembourg
12 April 2006	CEMR Seminar on Cohesion Policy	Bruxelles
20-21 April 2006	EESC Committee meeting	Bruxelles
24-25 April 2006	ESPON Contact Point Seminar ‘COBALT Project’	Parnü (EST)
25 April 2006	Interact Seminar on Polycentrism	The Hague (NL)
05 May 2006	Norwegian Enterprise Conference	Bruxelles
11-12 May 2006	ESPON Contact Point Seminar ‘SSE Project’	Madrid (E)
15-16 May 2006	OECD Conference	Paris (F)
18-19 May 2006	Conference on “Evidence based on Spatial Planning”	Amsterdam (NL)
18-19 May 2006	ESPON Contact Point Seminar ‘Youngstars II Project’	Budapest (H)
8-9 June 2006	Vadstena forum	Vadstena (SE)
14 June 2006	Interact Seminar on Crossborder	Riga (LV)
19-20 June 2006	Alpine Space Peak Event	Stresa (I)
28 June 2006	EU Stakeholders Conference “Territorial cohesion and the Lisbon strategy: exploiting Europe’s territorial potentials”	Amsterdam (NL)
30 June 2006	G-4 Metropolis (Dutch cities)	Bruxelles
5-6 September 2006	ESPON Contact Point Seminar ‘MONTESPON Project’	Lucerns (CH)
19 September 2006	Meeting on Asturias Regions	Bruxelles
27 September 2006	Metrex Conference “The state of the practice”	Szczecin (PL)
28 September 2006	SUD Committee meeting	Bruxelles
11-12 October 2006	European Commission Open Days	Bruxelles

21 October 2006	Tokyo University Conference “National Land Planning in Japan”	Bruxelles
25 October 2006	Workshop on Land Use	Bruxelles
31 October 2006	Conference on Metropolitan Regions “Stadt-Umland-Kooperationen”	Berlin (D)
6-7 November 2006	Baltic Sea Region Stakeholders Conference “The future of Baltic Europe Territory”	Warsaw (PL)
20 November 2006	Euromontana Board meeting	Bruxelles
23-24 November 2006	ESDP Conference “Spatial Development of Peripheral Regions”	Valletta (M)
27 November 2006	OECD Workshop “Defining and measuring Metropolitan Regions”	Paris (F)
11 December 2006	Conference on Forecasting and Assessment Models in Spatial Development Planning	Milano (I)

5.6 Cooperation with the INTERACT Programme

In the framework of the cooperation between the ESPON 2006 and the INTERACT programme, during 2006 were completed three thematic report and organised three seminars. In particular, the reports on Spatial visions and scenarios, Polycentric urban development and rural-urban partnership and Cross-border cooperation. The three reports are available in electronic format on the ESPON and INTERACT respective websites.

The results of the three thematic studies were discussed during ad hoc seminars:

- the Spatial vision and scenarios seminar was held in Milan on the 27-28 February 2006. More than 100 participants registered for the event;
- the seminar on Polycentric urban development took place in Den Haag on the 25 April 2006;
- the seminar on Cross-border cooperation was organised in Tallin on the 14 June 2006.

At then of the year a Final ESPON-INTERACT report has been drafted. The report syntetically present the main findings of the 5 ESPON-INTERACT studies and the cooperation experience gathering members of INTERREG secretariats and the ESPON scientists for mutual benefits.

During 2006 the INTERREG project database, developed by ESPON as support to the thematic studies, was also finalised. At its final stage the database contained information on 8.500 projects.

5.7 Preparation of the new ESPON Programme

During 2006, the Managing Authority and Monitoring Committee of the ESPON 2006 programme have been also deeply involved in the preparation of the new ESPON programme for the programming period 2007-2013. This preparation included step by step discussions on the objectives and structure of the new ESPON 2013 programme and the negotiation of the Member States contributions to the new programme budget. The ex-ante evaluation was launched in June

2006, including, in accordance with the requirements of the SEA Directive 2001/42 Article 3 (6), an “examination of the likely significant environmental effects” of the ESPON 2007-2013 Programme.

According to the result of this first screening of the likely significant environmental effects of the ESPON 2007-2013 Programme, the Ministry of Environment of Luxembourg decided that a full Strategic Environmental Assessment for the ESPON 2013 Programme was not needed. The Luxembourg Authority informed officially all relevant authorities in the other Member States about the results of the screening and the decision taken asking them endorsing this decision. The consultation procedure was successfully concluded in October 2006.

Finally, the Monitoring Committee approved in September 2006 the final ex-ante evaluation report for the ESPON 2013 programme.

6. Steps taken to ensure compatibility with community policies and to ensure coordination of all community structural assistance

The following measures are in place in the framework of the ESPON 2006 Programme to ensure the compatibility of activities financed with Community policy:

During the first level financial control carried out for each operation in principle for every six months period, or at least every time a progress report is submitted to the ESPON Coordination Unit, the independent auditor of the Lead Partner sign a statement confirming the compliance of the implementation of all relevant EU and national legislation and policies.

In addition to the above, and taking into account the nature of the activities financed under the ESPON Programme, the Coordination Unit has issued specific guidance on the respect of the publicity requirements that have to be respected by financed operations. The CU perform additional checks to the one implemented by the 1st level financial controller in relation to the compliance with the publicity requirements.