



**DIRECTORATE-GENERAL FOR THE INTERNAL POLICIES OF THE  
UNION**

**POLICY DEPARTMENT B: STRUCTURAL AND COHESION POLICIES**

**REGIONAL DEVELOPMENT**

# **Monitoring programmes of cross-border cooperation with neighbouring partner countries**

**STUDY**

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**Content**

This study, which covers the cross-border programming period 2007-2013 of the European Neighbourhood and Partnership Instrument (ENPI CBC), describes the basic concepts, historical background, operational procedures, ongoing processes, problems that have arisen and recommendations for future improvements relating to the cross-border cooperation dimension of the European Neighbourhood Policy.

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## SUMMARY

### Basic concepts

We are living in economies in which the concept of 'relationship' is central not only to wealth production but also to the exchange of experience and good practice in territorial development, the acquisition or sharing of knowledge on a basis of solidarity, the search for and consolidation of mutual trust and security between 'home' and 'elsewhere'.

The world that has opened up over the past few decades is a world of multi-ownership and conflict between unity and diversity. The question that very soon arose at Community level was how to 'create community' together and reach beyond the existing borders, at a time when the far is also the near, when globalisation is being experienced at local level. For it will always be necessary to 'create community' across borders, with neighbouring communities.

A particular issue is how to 'create community' in a project for the future, i.e. be united by diversity and not only similarity, around a common purpose and a shared memory. The idea of a 'community of neighbouring local and regional partners' is certainly central here, for even if there will always be conflicts of interest between social groups, they must certainly cease to play the central role they did in the past, given the need to react jointly to the twofold change of scale in the world – internal and external.

A society that is fragmented by borders must seek and find ways to unite if it is to be capable of developing shared projects and creating real solidarity, while still focusing on the main objective, which is to protect the respective values within a new context. That is certainly what justifies the founding principles of cross-border cooperation and, hence, of the European Neighbourhood Policy as a whole. They are as follows:

- active participation by all the actors concerned;
- search for dialogue and complementarity between various actors;
- decentralised management;
- adoption of a 'process approach';
- giving priority to capacity building and institutional development;
- a pragmatic vision of cooperation.

### The context

The European Neighbourhood and Partnership Instrument (ENPI) implements the European Neighbourhood Policy (ENP). The ENPI, in force since 1 January 2007, replaces the TACIS (Eastern Europe) and MEDA (European countries) programmes of earlier programming periods. This instrument, with a budget of nearly EUR 12 billion for the period 2007-2013, supports 17 partner countries: 10 Mediterranean countries (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestinian Authority, Syria, Tunisia); 6 Eastern European countries (Armenia, Azerbaijan, Republic of Belarus, Georgia, Republic of Moldova, Ukraine), and Russia.

There are various forms of ENPI cooperation: bilateral; regional (ENPI-South and ENPI-East); and, in particular, cross border cooperation (CBC) (i.e. between countries sharing a land or sea border).

Cross-border cooperation is a new feature of the programmes for the period 2007-2013. It is cofinanced by the ERDF and the ENPI to support partner countries that share borders with the EU and, more specifically, to improve the economies of border regions and the social links between them.

## **Joint Operational Programmes**

Regions of EU Member States and regions of partner states that share a land or sea border or a sea basin (in this case, the Baltic Sea, Black Sea and Mediterranean Sea Basins) are establishing joint operational programmes (JOPs) on the basis of the ENPI CBC Strategy Paper.

JOPs are defined jointly by the participant countries, which set up 'Joint Task Forces' of their representatives, mainly on the basis of Regulation (EC) No 1638/2006 of the European Parliament and the Council of 24 October 2006 on the general principles of the ENPI, and Regulation (EC) No 951/2007 of the Commission of 9 August 2007, which lays down the rules governing cross-border cooperation programmes. The programmes are implemented in the framework of joint management carried out by a Joint Monitoring Committee (JMC), a Joint Managing Authority (JMA) and, possibly, a Joint Technical Secretariat (JTS).

The partner countries concerned were fully involved in JOP drafting by the Joint Task Forces, whereas their role in the process of drafting the relevant regulations and the Strategy Paper was largely advisory. In that sense, it could be said that the first moment the partnership principle was truly applied was during the activities to determine the content of the JOPs.

As regards financing, up to 5% of the ENPI's overall budget is allocated to cross-border cooperation programmes. The partner states must provide cofinancing that represents at least 10% of the Community contribution. That EU contribution, i.e. funds from the ENPI plus the proportion from ERDF funds, comes to a total of EUR 11 184 million for the period 2007-2013 (EUR 583 million for the period 2007-2010 and EUR 535 million for 2011-2013 following the European Commission's evaluation of all the JOPs).

For the first 2007-2010 period, nine JOPs were to be established for regions sharing a land border, three JOPs for regions sharing a sea border and, finally, three JOPs for regions situated around a sea basin.

All 15 of these initially projected programmes have been adopted, except for the Spain-Morocco Programme and the Atlantic CBC Programme, largely because of territorial disputes between the two countries.

The European Commission adopted the other JOPs in 2008, i.e. more than a year later than anticipated. An exception is the Baltic Sea Region Programme, which was adopted in December 2007.

<b>Land border programmes</b>	<b>Sea crossing programmes</b>
Kolarctic – Finland/Russia Programme	Spain/Morocco
Karelia – Finland/Russia Programme	Atlantic CBC Programme
SE Finland/Russia	Italy/Tunisia
Estonia/Latvia/Russia	
Latvia/Lithuania/Republic of Belarus	<b>Sea basin programmes</b>
Lithuania/Poland/Russia	Baltic Sea Region
Poland/Republic of Belarus/Ukraine	Black Sea Basin
Hungary/Slovak Republic/Romania/Ukraine	Mediterranean Sea Basin
Romania/Republic of Moldova/Ukraine	

That old-up also delayed the launch of calls for project proposals. As a result, the only projects that have been approved relate to the Baltic Sea Region Programme. Other factors, such as the inflexibility of the ENPI implementing rules (e.g. the Practical Guide to Contract Procedures for EC External Actions) have increased the delays.

The priorities set out in the adopted programmes generally appear consistent with the priorities defined in the European Commission's Strategy Paper, although each programme assigns a different 'weight' to each priority, depending on the specific features of the region concerned and the specific national rules of the countries concerned. For example, some countries regard the priority of 'efficient and secure border management' as a matter to be regulated purely at national level.

It is worth noting two atypical situations, which depart to some extent from the ENPI principle:

- the first concerns the Baltic Sea Region Programme, in which eight EU Member States, Norway, and only two partner countries – Russia and the Republic of Belarus - participate. It is designed as an integrated programme that combines the ENPI's cross-border approach to the sea basin with the ERDF's Baltic Sea Region transnational cooperation programme;
- the second concerns the Black Sea JOP, which will be funded not only from the ENPI and ERDF but also from the Instrument for Pre-Accession Assistance (IPA), to provide for Turkey's participation.

## **The projects**

To date, only the Baltic Sea Region and the Mediterranean Sea Basin Programmes have launched calls for proposals.

In the first case, two calls have now been launched: the first in February 2008, following which 24 projects have been approved; the second in January 2009, for which the proposals received (total of 86) are currently being evaluated. Those programmes had the advantage of being able to draw on the experience the participating countries had accumulated over a period of about 10 years of cooperation under two transnational programmes of cooperation among EU Member States: INTERREG IIA (1997-1999) and INTERREG IIIA (2000-2006).

The Baltic Sea Region Programme is basically a European transnational cooperation programme (under the 'European Territorial Cooperation' objective of the Structural Funds for 2007-2013) but includes an ENPI cross-border cooperation component relating to two partner countries: Russia and the Republic of Belarus. Because of the special nature of that programme, the ENPI finances activities carried out in the eligible territories of the partner

countries, as provided in the Strategy Paper, while the ERDF finances only activities carried out within the EU border. The management and implementing rules are laid down in the Structural Funds regulations and, in specific cases, indicated explicitly in the JOP under the ENPI regulations.

Although, within the general framework of ENPI CBC programme implementation, the fact that this particular programme has reached a more advanced stage is an exception and, therefore, a positive factor, on the other hand it should be noted that the programme is faced with very complex management problems that may prejudice the achievement of some of its key objectives. Indeed, for reasons its authorities have not officially communicated, Russia has not signed the financing agreement with the European Commission. That means that the partners of the Russian regions eligible for the programme will not be able to obtain ENPI funding. They remain entirely free to participate in cooperation projects, but only on the basis of own funding (in particular, Russian national funds). They could obtain ERDF cofinancing under certain conditions (expenditure must benefit the EU partners). Moreover, ERDF cofinancing would in any case be limited to 10% of the ERDF resources allocated to the project. The project leaders are currently redefining the activities and expenditure in order to adjust to this new situation.

For its part, the European Commission is currently considering reviewing the ENPI funds originally allocated to the programme, given that the Republic of Belarus may not be capable on its own of absorbing all the funds released by the absence of the Russian partners. Moreover, very few Belarusian entities are involved in the recently approved projects and that situation is not likely to change significantly in future.

In regard to the outcome of the first call for proposals, the 24 approved projects involve 442 partners. Those projects are more or less equally distributed between the programme priorities (relating to the following areas: 1 innovation; 2 accessibility; 3 Baltic Sea management; 4 attractive cities and regions), except in the case of the second priority, where only one project has been approved.

Regarding participation by the partner countries in the projects as a whole, while there are signs of a strong (albeit hypothetical for the time being) presence of Russian bodies (36 in all), very few Belarusian bodies are involved (4 in all, participating in 3 cooperation projects).

In the case of the Mediterranean Sea Basin Programme, the call for project proposals was launched on 19 May 2009. The reason why more progress has been made with this call than in the case of all the other approved ENPI CBC programmes is because the final programme was adopted in August 2008, i.e. four months before the others. Another relatively more advanced programme, in terms of implementation, is the Black Sea Basin Programme, where the first call for proposals is likely to be launched before summer 2009.

## **Problems**

The European Neighbourhood Policy, including of course its cross-border strand, is still a fairly recent policy. It is, therefore, difficult to make a complete and reliable assessment of it. In terms of the cross-border strand, however, the start-up phase of its implementation has already brought certain problems to light:

- in 2006 the European Union adopted a new single instrument designed to remedy the weaknesses of the earlier instruments (TACIS and MEDA), which were also used for cross-border cooperation over the previous programming

period. Nonetheless, as things stand today, the Strategy Paper and the two regulations respectively establishing and implementing the ENPI still need the support of other practical tools to ensure that the desired policy is implemented adequately. Indeed, the Joint Managing Authorities believe that the tools used to date for EU external assistance cannot be used as such for the part of the programmes that the Member States have to implement. Moreover, mechanisms are needed to coordinate the programmes, to prevent any duplication of financing and ensure complementarity and synergy in the shared areas;

- there has been a considerable delay in the operational implementation of the single instrument. One reason is certainly the complexity of that instrument, but others also seem to play a part: the shortage of human resources in the European Commission services and the fact that it is now impossible to finance the programmes' management structures until the European Commission has adopted those programmes;<sup>1</sup>
- the difficulties encountered in relation to Russia's signature of the financing agreements may prevent the start-up of five cooperation programmes in which Russia is the only partner country.<sup>2</sup> Russia has already been excluded from the Baltic Sea Region Programme and may not be able to take part in the Black Sea Programme;
- difficulties between Spain and Morocco are hindering the preparation of the bilateral programmes. Some of the funds initially budgeted are already lost and there is a risk that all the funds allocated for the Atlantic and Spain-Morocco programmes will be forfeited. Moreover, that problem has forced Morocco to suspend its participation in the Mediterranean Sea Basin Programme. That, together with non-participation by Algeria, has greatly reduced the chances of cooperation in the Maghreb area.

The problems described above have already led to a number of automatic decommitments; others are almost certain to come. Notwithstanding the initial hopes, these situations may well awaken doubts about the very effectiveness of the neighbourhood policy and its cross-border component. That would justify introducing measures to make the ENPI operational management rules more flexible.

## Conclusions and recommendations

Although the programmes are still at the initial stage and despite the risks that half of them may come to nothing and the scepticism of a good number of partner countries, the bodies consulted generally feel positive about the creation of the single instrument. That is why, apart from hoping that a way may be found to overcome the current difficulties encountered with Russia and Morocco, the European Parliament could propose and argue that the European Commission should adopt a number of both short and medium-term measures to improve the effectiveness of the joint operational programmes:

(a) Short-term measures:

- **this first generation of ENPI CBC programmes could be regarded as a pilot stage in preparation for the next programming period.** That would mean guaranteeing a system of managing the know-how acquired by the current Joint

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<sup>1</sup> ERDF European Territorial Cooperation Programmes, which are similarly complex, also regard as eligible the management expenditure incurred by the programme management structures as from the month of January 2007.

<sup>2</sup> Those programmes are as follows: South-East Finland-Russia, Karelia-Russia, Kolarctic-Russia, Latvia-Estonia-Russia, and Poland-Lithuania-Russia.

Managing Authorities with a view to improving the preparation, launching and implementation of the programmes during the period 2014-2020. Unless such a system is activated immediately, there is a risk that all the lessons learned from the current stage will go to waste;

- **a version of the PRAG could be drafted that was targeted especially at cross-border cooperation projects.** INTERACT ENPI and all the management authorities should be involved in its preparation. Meanwhile, the European Commission and its EuropeAid office should **show flexibility** in regard to the adjustments proposed by the programmes, without treating them all as derogations;
- **EuropeAid, INTERACT ENPI and the Joint Managing Authorities could jointly develop tools to be used at programme level**, such as: terms of reference for the Joint Managing Authorities' external auditors; definition of internal audit procedures and reports; terms of reference for the control of projects by sampling; detailed procedure for recoveries; model annual report on programme implementation, etc;
- **continuous technical assistance could be provided under the Regional Capacity Building Initiative (RCBI), at least until the finalisation of a first cycle of projects** (calls for proposals, approval, implementation). There is also a need to reconsider the prevailing view that capacity building is necessary only in the partner countries. Such assistance also seems vital to the success of programmes in Member States that have no experience of using the Practical Guide;
- **specific coordination procedures could be defined and implemented to avoid any duplication of financing between ENPI CBC programmes and other ENPI programmes.** Joint tools are needed, because there is a real chance that some European territorial cooperation programmes may overlap with several existing ENPI CBC programmes covering the same areas;
- **mechanisms could be created to coordinate all the Joint Managing Authorities of those two instruments, among themselves and with the European Commission:** e.g. sharing of data bases on partners with a view to checking their eligibility. This kind of tool could be managed by INTERACT ENPI;
- **networking between the various Joint Managing Authorities could be reinforced and formalised, in cooperation with INTERACT ENPI;**
- **the EuropeAid team responsible for implementing the single instrument could be strengthened**, to ensure that it has the necessary skills and experience to address the specific cultural features of the geographical areas covered by ENPI CBC. That team should have a minimum degree of stability over time.

(b) Medium-term measures:

The following improvements are proposed for the medium term. They should be considered as of now so that they can be applied towards the end of the current period or no later than the next programming period (2014-2020):

- **the rules could be changed so that eligibility for expenditure incurred during the preparation of the programmes can be made retroactive.** Indeed, if the expenditure incurred by the programme management structures remained eligible only as from the adoption of the programme by the European Commission, that would seriously slow down the development process. The only reason there could be a negotiation phase for this first generation of programmes was that the EU Member States supported this expenditure by drawing on their national budgets. The European Commission has directly supported expenditure incurred by the partner countries;
- **the PRAG, and any adjustments that may be made at this point, should be revised towards 2011 or 2012**, to check whether they are effective and whether any further improvements are needed to adjust the guide more closely to future

cross-border cooperation. The analysis should be based on an evaluation of the way they function in the various programmes;

- **a new 'codecision' mechanism should be defined during the ENPI CBC preparation stage for the period 2014-2020.** Even if they are only observers in some ENPI committees, the partner countries should be more closely involved in preparing the regulative and organisational framework, in the same way as the Member States. Real cooperation and joint programme development cannot be based on rules imposed by the European Union;
- **there is a need for closer dialogue with the European Commission's Directorate-General for Regional Policy (DG REGIO) and a more detailed look at the European territorial cooperation mechanisms, as a means of improving ENPI CBC programme management.** Naturally the ENPI experience may also, in its turn, prove very useful to the European territorial cooperation programmes, especially in terms of procedures and ensuring the transparency of project selection procedures. A clear separation between the functions of the Joint Technical Secretariats and the ENPI CBC project Selection Committees is an asset that must not be lost;
- **the national authorities involved in programme management could be given more responsibility.** That greater responsibility should be accompanied by the appropriate provision of human and financial resources;
- **'macro managing authorities' could be created to somewhat simplify the programme management structures while also making them less fragmented.** That could be done by grouping the management of several joint operational programmes to cover larger geographical areas, accompanied by sub-programmes defined by borders and basins. That would create more consistent and experienced teams, concentrate resources, simplify the European Commission's task of monitoring and supporting the programmes, and make it easier to redeploy funds in the event of a JOP being blocked. An alternative solution might be to give a power of general management and coordination to three or four **'regional macro monitoring committees'** that would cover a number of JOPs, each managed by sub-management authorities made up of the partners of each of the JOP's states, assisted by a suitably structured JTS;
- **genuine, sustained assistance could be provided for potential project stakeholders** in partner countries that do not have the same experience or support structures as the EU partner countries;
- **the criteria for defining the programmes' eligible territories could be revised in the next Strategy Paper** prior to programme adoption, involving the countries concerned, including the national authorities of the EU partner countries, more closely;
- with a view to achieving all the above under the best possible conditions, it would be highly desirable for the European Parliament to propose to the European Commission that it carry out three separate **'opinion polls'** in the cooperation regions, to sound out, on either side of the borders, the most representative public and private partners, with a view to revising to some degree the regulations, the strategy and the implementing procedures and adapting them more closely to the heterogeneous nature of the geographical, political and socio-economic situations of the various partner countries, while adhering to the founding principles of cross-border cooperation and its ultimate objectives.

Lastly, perhaps it would be advisable for the European Parliament to propose, for the future, a **different organisation of the European Commission's competent services with a view to removing the rather artificial distinction between those responsible**

**for the general approach and policy guidelines and those who are responsible for implementing the ENP.** Moreover, those services should be equipped with an adequate number of suitably qualified personnel, to take account of the heterogeneous nature of the respective geographical situations and cultures. If the services in question had been organised in a more integrated manner and had more consolidated knowledge of the diversity of national and local attitudes and mindsets, that might have avoided the difficulties encountered with Russia, Morocco and other southern and eastern Mediterranean countries.