



## COMPART - *Comparing Partnerships*

# The reform process of EU's external aid: Cross-border cooperation under ENPI and IPA, and the role of Local Authorities in the new Thematic Programmes

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### BUILDING CROSS-BORDER COOPERATION UNDER ENPI AND IPA

During the four day conference (7-10<sup>th</sup> February 2006) held in Rome and organised by the Interact point Managing Transition, representatives of the European Commission revealed some aspects of the mystery surrounding IPA (Instrument for Pre-accession Assistance) and ENPI (European Neighbourhood and Partnership Instrument) cross-border cooperation (CBC) components. This newsletter aims to present the main aspects of the European Commission's (EC) proposals on ENPI and IPA CBC, to highlight the similarities and the differences between the implementing methods of these two new instruments and in particular on: the partnership in planning, the priorities of cooperation, the management system and the funding of IPA and ENPI CBC programmes.

#### ➤ **Partnership in planning**

According to the general regulation to be adopted in co-decision by the Council and the European

Parliament, the programming of cross-border cooperation under IPA will follow the same process as the other IPA components (Transition Assistance and Institution Building; Regional and Cross-Border Co-operation; Regional Development; Human Resources Development; Rural Development). In particular, there will be three levels of programming. A Multi-annual Indicative Financial Framework (MIFF) and a Multi-annual Indicative Planning Document (MIPD) will establish the financial framework, the general strategies and priorities of CBC cooperation under IPA. Joint cross-border programmes will represent the third level of programming and have to be prepared on the basis of the said two general documents.

The Multiannual Indicative Financial and Planning documents will last for three years and will be prepared by the European Commission in consultation with Member States and partners countries.

During the conference of Rome, the EC asked participant stakeholders to give their contribution to the elaboration of the strategy and to the identification of cooperation priorities, by directly contacting the EC and by actively participating in the consultation events to be organised by the EC from April to July. This consultation process should involve as many different kinds of actors as possible: national, regional and local level institutions as well as members of civil society and the private sector, economic and social partners.

In the preparation of Joint Cross-border programmes, the Commission has proposed to use a bottom-up approach, adopting shared management as implementing modality. So, although the programmes will be formally approved by a Commission decision, they will be prepared jointly by the partners.

For each CBC programme, partners should create a programming committee, composed by representatives from all the countries involved. In this process, Third country partners will have an equal role to Member State partners.

Moreover, the programming committee should be supported by a draft committee and, if necessary, external support could be recruited (e. g. for the preparation of ex-ante evaluation).

According to the ENPI draft regulation, the strategy and priorities of cross-border cooperation will be defined by the EC (DG Relex) in a specific Strategy Paper. Moreover, in a separate document, AIDCO will describe the implementing rules for ENPI CBC and guidelines will be provided on how to prepare joint ENPI CBC programmes.

As in the case of IPA, also ENPI CBC programmes (7 years) shall be prepared by partner countries and formally adopted by a Commission's decision.

As a first step in preparing CBC programmes each participant Member State and Partner Country should nominate a correspondent to maintain contacts with the Commission. They will personally participate to the consultation process with EC representatives on the implementation rules, to be finalised during a meeting to be held on April, 22-24 in Brussels. Being reserved to ENPI CBC correspondents, this consultation process is likely to involve mainly central government representatives. Thus, the involvement of regional and local authorities, as well as horizontal partners, will depend on national practices and interests.

In the planning phase of ENPI CBC programmes, partner countries should decide which methodology to adopt (flexible approach), even though the Commission has stressed the importance of having truly joint programming through the involvement of a balanced number of representatives from each Member State and partner country and the participation of representatives from national, regional and local authorities as well as from civil society.

Although participant countries have the responsibility for preparing IPA/ENPI CBC programmes, the planning process should be fulfilled in consultation with the Commission, in order to facilitate the final approval of programmes.

#### ➤ **Priorities of IPA/ENPI CBC cooperation**

Cross-border cooperation will pursue different objectives under IPA and ENPI, in line with the differentiation approach characterising the EU's relationships with its neighbours.

So in the case of IPA CBC, being addressed to candidate and potential candidate countries, priorities of cooperation will be those established for the territorial cooperation objective of structural funds (2007-2013), mainly linked to the Lisbon and Gothenburg agendas (promoting growth, job creation, increased competitiveness and sustainable development).

Within ENPI, instead, each cross-border programme should address four macro priority areas: economic and social development; common challenges; efficient secure borders; people-to-people cooperation. The Commission has stressed the need to concentrate resources on a few priorities and actions, giving participant countries the possibility to choose flexibly between them, but for Technical assistance (5% of resources).

#### ➤ **Eligibility rules of IPA/ENPI CBC cooperation**

IPA CBC will follow the same eligibility rules as structural funds, concerning regions at NUTS III level separated, in the case of maritime borders, by a maximum of 150 km. The EC has proposed to set up 12 potential IPA CBC programmes. They will be mainly bilateral and established at land border, except the Italy/Adriatic programme, which will be a multilateral programme and the only one to concern maritime borders.

As far as eligibility is concerned, also in the case of ENPI CBC the same criteria of the cohesion policy will apply. ENPI CBC programmes will be established at land borders and sea-crossings (maritime borders) of particular importance, both at bilateral and multilateral level.

Moreover, ENPI CBC will be implemented also through basin programmes involving regions at NUTS II level.

Basin programmes, though, will have a flexible cross-border connotation, involving not only border regions but also those regions of a particular geographical area linked to each other by common cultural and historical reasons. The latter are trans-national external territorial cooperation programmes where the limit of 150 km does not apply.

As far as Mediterranean countries are concerned, ENPI CBC cooperation will take place in three sea crossing programmes (Spain/Morocco North; Spain/ Morocco South; Italy/Tunisia) and in one Sea Basin Programme (Mediterranean Sea Basin programme).

#### ➤ **“Normal” Management modality of IPA/ENPI CBC programmes**

IPA and ENPI CBC programmes will “normally” be managed according to single implementing rules, using shared management arrangements (art.53 (1) (b) Reg. no.1605/2002).

A *single Managing Authority* (normally located in a Member State) will be responsible vis-à-vis the Commission for the management and implementation of an IPA/ENPI CBC programme in its entirety, as well as for ensuring the legality and regularity of the operations. The Managing Authority, jointly chosen by all the partners, will also play the role of payment authority. For this reason it is required to rigorously separate the operational functions from the financial ones (segregation of duties).

Where the Member States have already established for the management of structural funds a certifying and audit authority, they can be used for the implementation of IPA/ENPI CBC programmes, in order to ensure an appropriate segregation of duties.

The Joint Managing authority will be assisted in carrying out its duties by a *Joint Technical Secretariat*.

A *Joint Monitoring Committee* will also be established. It is a composite committee, composed by an appropriate number of national, regional and local representatives, as well as horizontal actors (economic and social partners and NGOs) from all countries involved in the programme. It will also include the Managing Authority and the Commission as an observer.

This committee will be competent for monitoring the implementation of the joint programme and for selecting the projects directly or through a specific *Joint selection committee*.

Projects will normally be selected through a call for proposals but in some cases also without a call for proposal rather by specifically mentioning these projects in the programme itself.

For each project, a unique *lead partner* has to be appointed. It will be responsible for implementing the entire project and for the management of the funds received from the Managing authority.

When it comes to the procurement rules, both ENPI and IPA implementing rules will apply those of external relations, in order to have a single set of rules on both sides of EU borders.

It is worth noting that, on the contrary of Member States, Third country partners are not directly bound either by the IPA/ENPI CBC implementing rules.

Instead, the pre-condition for the implementing ENPI CBC according to the “normal” implementation modalities is the conclusion of the Financing agreement with third partner countries. Third country partners will have time until the first two years (n+1) following the Commission decision approving an ENPI CBC programme to sign this agreement. For these first two years the ENPI CBC programme concerned will be implemented according to “transitional arrangements”, i.e. it will receive only a percentage of the annual budgetary commitment (equal to the European Regional Development Fund - ERDF contribution). If at the end of these first two years, the Financial agreement is not signed then the portion of ENPI funds will be de-committed and the programme will cover only the Member States border regions.

#### ➤ **Funding IPA/ENPI CBC programmes**

IPA and ENPI CBC cooperation will be financed by a balance of funding from IPA/ENPI (50%) and ERDF (50%). On the contrary of the current Neighbourhood approach, these funds will converge in a single pot of money. So, the distinction between internal and external funds will not operate anymore, but they will be used according to a single set of rules and could be spent indistinctly inside the territory of the Member States or of the partner countries.

As regards to ENPI CBC, the EC has also announced that joint programmes will be pre-

financed by the 80% of their total cost, in order to make reimbursements easier and facilitate the work of the Management authority.

Concerning projects implemented in the framework of IPA and ENPI CBC programmes, they have to be co-financed respectively by 25% and 15% of their total cost.

In addition to this, as in the case of structural funds, an **automatic de-commitment rule** (n+3 for contracting) will be imposed also in IPA/ENPI CBC cooperation. According to this rule, the EC must automatically de-commit any part of commitment not disbursed by the end of the third (n+3)- in the case of ENPI- and the fourth (n+4)- in the case of IPA- year following the year of commitment.

Since the Financial Perspective has not yet been approved, up till now the total amount of IPA/ENPI CBC funding and the distribution of these funds between Eastern Europe, Central Asia and South Mediterranean countries and among Joint Programmes is still unknown. Anyway, EC has already proposed a 5-steps financial allocation procedure.

First of all, following the Council position on Financial Perspective, the total amount ERDF contribution to IPA/ENPI CBC should be equal to 738 million €. These resources have to be divided between IPA and ENPI according to the relative weight of Member States' population living in eligible external border regions. On the basis of this criteria the Commission proposed to allocate 310 million €ERDF funds to IPA and 428 million €ERDF funds to ENPI CBC.

Secondly according to the draft regulation of ENPI and IPA, each of these funds has to match the ERDF contribution, so that the total amount of resources available should be 620 million € for CBC under ENPI (in any case no more than 1 billion €) and 856 million € under IPA.

The third step consists in calculating the aid intensity per capita, obtained by dividing the total amount of resources (ENPI/IPA CBC + ERDF contribution) by the whole eligible population living in border regions. In the case of IPA for example the aid intensity should be equal to 16,7 €/per capita.

As fourth step, the aid intensity is multiplied by the total eligible population of each programme.

However, this mechanism can lead to two "undesired effects". Firstly, in some Member States it can produce an excessive ERDF contribution to ENPI/IPA when compared to the ERDF External Territorial Cooperation envelope allocated to the Member State. In particular, it's the case of Cyprus (146% of ETC CBC envelope), Greece (64%) and Romania (35%). In order to solve this problem, the European Commission has proposed to cap the ERDF contribution to IPA/ENPI of each Member State to 30% of their individual ETC CBC allocation. Secondly, by adopting this solution, the total appropriations could be reduced. For example, in the case of IPA the total appropriation after capping are 469 million € (234 M€ERDF, 234 M€IPA) instead of 620 M€.

In any case, it is worth stressing that the 5-steps procedures as well as the capping of resources have still to be negotiated in the Council.

#### ➤ OPEN ISSUES

##### ❖ **The first open issue concerns the eligibility rules of CBC cooperation under IPA**

Adopting the same eligibility rules as structural funds, only NUTS III level regions will be eligible to cross-border cooperation under IPA, both internally and externally, on the contrary of the current programming period of external territorial cooperation where all the territory of the external partners is eligible. Consequently, many of the actual stakeholders of CARDS and PHARE external territorial cooperation programmes could not be anymore eligible under the future IPA CBC component. Taking the future Italy/Adriatic programme as example, the adoption of the NUTS III level will include only a small part of the coast of Montenegro and Bosnia-Herzegovina.

Moreover, on the Italian side, objections have been raised on the exclusion of the Italy/Albania programme from IPA CBC, what has also implied the exclusion of Italian regions from bilateral CBC.

❖ **The second open issue concerns the Adjoining regions**

As counterpart to the adoption of structural funds' eligibility rules, EC has proposed to open to ENPI/IPA CBC beneficiary countries the possibility to participate in other CBC programmes as adjoining regions. So for example, regions eligible to an IPA CBC programme could participate in an ENPI CBC programme or in a ERDF territorial cooperation (cross-border; trans-national and interregional) programme. In these cases, the implementing rules of the "host" programme will apply. Furthermore, only IPA will financially support the participation of Candidate (CC) and Potential Candidate (PCC) countries in the "host" programme ("entry ticket"), even if the percentage of resources to be dedicated to this aim has not yet been established.

At the same time, EC has proposed that regions bordering an eligible region can be associated to cooperation within each IPA/ENPI CBC programme as adjoining regions. Also in this case, the modalities have not been foreseen yet. In any case, adding adjoining regions to an IPA/ENPI CBC programme will not increase available funding.

❖ **The third open question concerns the ENPI CBC Mediterranean Basin Programme**

Partners could find some difficulties in managing and implementing the ENPI CBC Mediterranean Basin programme, because of the big number of partners at NUTS II level and of the novelty of the implementing modalities. One of the main problem could be the lack of experience of third partner countries (South Mediterranean) in this kind of cooperation. Indeed, during the current programming period of external territorial cooperation they have not participated actively neither in planning nor in managing and implementing the Neighbourhood programmes.

From an institutional and political point of view, the existing differences between the partners could represent another constraint in managing and implementing this programme. This could probably give rise to an asymmetrical political and institutional situation where partner countries would be represented at national or regional level according to their institutional arrangements.

It is likely that all these aspects could generate delays in the implementation of the programme and consequently could seriously represent a risk, due to the transitional arrangements and the de-commitment clause.

❖ **The forth open question concerns the financing of the ENPI CBC Mediterranean Programme**

As far as the Sea Basin programme is concerned the amount of resources available could represent another important constraint, since the EC has proposed to concentrate the 80% of ENPI resources to CBC programmes at land and maritime borders and only the 20% to the sea basin programmes.

Moreover, during the conference of Rome, EC has diffused any information on the division of ENPI CBC resources between TACIS and MEDA countries. Notwithstanding this, it is worth reminding that the allocation of resources will be determined according to other factors affecting the intensity of cooperation, and more precisely "the specific characteristics and the needs of the country or the region concerned, the level of ambition of the Union's partnership with a given country, the management capacity and the potential for absorption of funds" (art.7.2).

These two last criteria could penalise significantly south Mediterranean countries in the division of ENPI resources, considering that they have no experience in this kind of cooperation especially compared to TACIS countries.

## THE THEMATIC PROGRAMMES OF THE EUROPEAN COMMISSION

In the context of the next Financial Perspectives 2007 – 2013, the European Commission proposed a simplified structure for the delivery of the Community's external assistance (instruments and programmes) geared towards facilitating coherence and consistency, and achieving better and more with resources available.

This simplification has concerned directly the thematic programmes. A thematic programme encompasses a specific area of activity of interest to a group of partner countries not determined by geography, or cooperation activities addressed to various regions or groups of partner countries, or an international operation that is not geographically specific, including multilateral or global initiatives to promote the Union's internal policies abroad.

However they don't substitute but **supplement actions under geographical programmes** (such as IPA and ENPI) which remain the privileged framework for Community cooperation with third countries.

They are useful for implementing Community action in cases where the government of the partner country blocks action under the geographical programmes, which is particularly the case in sensitive areas such as human rights, democracy or support to civil society. They are also important to create or contribute to international initiatives and partnerships, to pursue global advocacy and to buttress a leadership role for the EU on key issues on the international agenda.

The reform has produced the reduction from 30 to 6 lines according to main global issues. All that strengthens the distinctive characteristic of thematic programmes and mainly the wider **implementing of subsidiarity with the involving of associations of civil society and local authorities**.

The thematic programmes cut across the geographical coverage of the three policy driven instruments of European cooperation (Development Cooperation and Economic Cooperation instrument - DCECI, ENPI and to a lesser degree IPA).

For each programme a four-year (2007-2010) and, subsequently, three-year (2011-2013) Thematic Strategy Papers (programming documents) will be prepared by the European Commission. These

programmes will define in more detail the criteria for selecting priority countries and regions, together with priorities for action.

On the basis of this multi-annual programming, the Commission shall produce annual action programmes which establish priority actions to be supported, specific objectives, anticipated results as well as indicative amounts.

The COMPART newsletter deals with the thematic programmes because of their interaction with ENPI and IPA (but only in the case of the thematic programme on Democracy and Human Rights).

The involving of Civil Society organizations and Local Authorities in the implementation of the thematic programmes will create **new opportunities for developing and strengthening partnerships and territorial cooperation in the Mediterranean area**.

Hereinafter, a short presentation of six thematic programmes<sup>1</sup> where **Local Authorities and Civil Society Actors may play a relevant role**.

### *The promotion of democracy and human rights worldwide*

The two key strategic objectives of the programme are:

- to enhance respect for human rights and fundamental freedoms where they are most at risk and provide support and solidarity to victims of repression or abuse;
- to **strengthen the role of civil society** in promoting human rights and democratic reform, in supporting conflict prevention and **in developing political participation and representation**

The programme would have a complementary objective to reflect the EU's continuing strong commitment to multilateral cooperation in the field of democracy and human rights:

- to strengthen the international framework for the protection of human rights, the rule of law and the promotion of democracy;
- to build confidence in democratic electoral processes through further development of electoral observation.

The programme, which would not require the formal consent of the governments of the

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<sup>1</sup> The thematic programme on *Cooperation with Industrialised and other High-income* is not presented because it does not cover the Mediterranean area.

countries concerned, should provide specific financial and technical assistance for operations that cannot be carried out through mainstreaming in an appropriate or effective manner by other EC programmes. It should have the capacity to support activities at international, regional, national **and local level, working primarily with and through civil society.**

### ***Non-state Actors and Local Authorities in Development***

The interventions address to promote an inclusive and empowered society and support coordination activities **between civil society and local authorities networks**, within their organisations and with EU institutions. It aims at achieving more efficient cooperation by fostering synergies and ensuring a structured dialogue.

The priorities are: facilitating stakeholders' participation in situations which are not favourable; strengthening capacity development processes and encouraging more participatory development in partner countries and regions; reinforcing structures for dialogue and information sharing between stakeholders organisations, between civil society and local authorities, by promoting networking and exchanges of best practices and North-South and South-South relationships; awareness raising in EU and acceding countries.

A wide range of non-profit making actors from the EU and from partner countries (all types of non-state actors, including NGOs, trade unions, environmental advocacy groups, universities and political foundations etc.) will be eligible for funding under the programme. In addition, **Local Authorities** may receive financial support for activities in specific contexts, where their added value can be established, and where these activities cannot be carried out under the geographic programmes.

Interventions will be implemented in developing countries covered by the DCECI and all countries covered by the ENPI.

### ***Investing in people***

This thematic programme focuses on six themes crucial for human and social development: good health for all; knowledge and skills for all; culture; employment and social cohesion; gender equality; youth and children

Thematic action within this programme will be based on some guiding principles for

implementation (coordination with Member States and other financing mechanisms, special attention to disadvantaged groups, cross-regional dialogue with stakeholders and effective **partnerships with civil society**, social partners, key organisations and global initiatives and funding mechanism, etc.) to ensure consistency with the policy framework for external action and development.

### ***Environment and Sustainable Management of Natural Resources including Energy***

The objectives of the programme are to:

- assist developing countries to make progress towards MDG (Millennium Development Goals) on environmental sustainability by providing tools and examples of good practice and innovative approaches;
- promote environmental integration and sustainable management of natural resources, including energy across all EC external assistance;
- promote coherence in EU policies that affect the global environment and the global security of energy supplies or those of partner countries;
- enable the European Community and assist the EU to meet their international obligations and commitments under MEAs (Multilateral Environment Agreements) and other processes, especially with regard to assisting developing countries;
- promote international environmental governance and EU environmental and energy policies abroad;
- support sustainable energy options in partner countries and regions.

The priorities of interventions concern: capacity building for environmental integration in developing countries; **supporting civil society actors and consultative platforms**; environmental monitoring and assessment; developing innovative approaches; drawing on EU experience.

The programme will cover all geographical regions except the pre-accession and potential candidate countries. The main focus will be on global actions and measures in developing countries, complemented by actions in emerging economies, and, to a very limited extent, industrialised countries through policy dialogue and coalition-building.

The DCECI and the ENPI will both be used to fund this thematic programme.

### ***Advancing the food security agenda to achieve the MDGs***

The Programme's specific objective is to improve the impact of the EC Food Security policy, particularly on the most vulnerable, through a consistent set of priorities and actions which complement national programmes and improve their coherence.

The coverage of the Programme varies according to the component:

- the first is a global component, and as such it focuses primarily on the continental, interregional and regional levels with a particular focus on Africa and anywhere else where there may be deteriorated food security situations;
- the second component of the Programme will be implemented primarily at national **and local level**, to complement the geographical instrument where necessary.
- the third component supports innovative policies, strategies and approaches irrespective of geographical level, which could be global, regional, national or local.

There is a broad range of beneficiaries belonging to some broad disadvantaged groups: children under the age of 5; communities with members suffering from HIV/AIDS or other chronic illnesses; war affected communities and groups and internally displaced people; women, particularly female heads of household; food-insecure pastoralists, small farmers and fisher folk; landless and farm labourers, urban ultra-poor.

The Programme is intended to work with a range of different **public and non-state actors** (with special attention to civil society organizations). In particular, aid in situations of state failure will rely on local stakeholders' assessments, priorities and own initiatives with **an important role of Local Authorities in case of fragile states and situations of post-crisis**.

### ***The cooperation with third countries in the areas of migration and asylum***

The programme main topics concern:

- fostering the links between migration and development;
- promoting well-managed labour migration;

- fighting illegal immigration and facilitating the readmission of illegal immigrants;
- protecting migrants against exploitation and exclusion;
- promoting asylum and international protection, including through regional protection programmes.

This programme will not finance operations designed directly to address the root causes of migration (conflicts, poverty, bad governance, etc.). Indeed, this pertains to the larger cooperation programmes currently financed under the geographical instruments and in the future, under ENPI and DCECI, better suited for this purpose.

From a geographical point of view, no limitations should be defined *a priori*, all neighbouring and developing third countries covered by the ENPI and DCECI being eligible.

The list of partners eligible for financial support under the thematic programme should be as broad as possible and include federal, national, **provincial and local governments, their departments and agencies, municipalities**, regional and international organisations and agencies, as well as non-governmental organisations or other non-State actors, research institutes, associations, social partners and public and private operators, both in the European Union and in the third countries, with the emphasis being placed on partnership between them.

## **USEFUL LINKS**

### **❖ On ENPI/IPA Cross-border Cooperation:**

- Interact website: <http://www.interact-eu.net/4107/0/0/3>

### **❖ On Thematic programmes:**

- European Commission website: [http://europa.eu.int/comm/development/body/communications/thematic\\_programmes.htm](http://europa.eu.int/comm/development/body/communications/thematic_programmes.htm)

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