

**COMPART Project
INTERACT PROGRAMME**

**THE PARTNERSHIP PRINCIPLE
IN MEDITERRANEAN CROSS-
BORDER COOPERATION**

Concept Paper

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EXECUTIVE SUMMARY

The main aim of this concept paper is to clarify and establish a common language on the basic concepts and questions on the application of **the partnership principle in the cross-border cooperation component of the European Neighbourhood Partnership Instrument (ENPI) and of the Instrument of Pre-Accession (IPA), and in the territorial cooperation of the European Union (EU) Cohesion Policy.**

The analysis focuses on the partnership principle which lies at the core of the cross-border cooperation functioning. The partnership principle is an end in itself being an expression of democratic values, as well as having an instrumental purpose for improving the efficacy of local development linked to the subsidiarity principle. According to the European Commission *“partnership can contribute to the effectiveness, efficiency, legitimacy and transparency of Structural Funds operations, and to the commitment to, and ownership of, programme outputs ... Where it is well implemented, partnership has also generated further benefits such as the improvement of institutional capacities at different levels, better inter-institutional coordination and communication at the national level, or a better involvement of civil society”*¹.

The concept paper is a working tool for the COMPART project, it clarifies the concepts as a first step of a process conducing to the stakeholder analysis on joint programming and to the benchmarking analysis on partnership in project implementation. It is also a policy document that raises the main questions and some initial proposals on the partnership principle in the new Mediterranean² cross-border cooperation.

ENPI, IPA and the Third Objective of the Cohesion Policy shape **a new opportunity structure** and represent a big push for the political role of Mediterranean regions and local authorities. The exploitation of this opportunity depends fundamentally on **the active participation of regions and local authorities in creating effective partnerships**.

However, in the European Commission proposals and in the negotiation phase, **some questions** have arisen concerning: the real participation of regions and local authorities of Third countries in the decision-making process; the efficacy of the cross-border methodology based on the INTERREG experience and the need to concentrate scarce resources on strategic actions; the thematic priorities and the border concept; the geographic dimension; the likely reduction of financial resources; the coordination mechanisms between the cross-border components of IPA and ENPI, and the territorial cooperation of the Third Objective of the Cohesion Policy (see the third chapter).

Answers to these questions, that is on the role of regions in the common development of the Mediterranean, depend on **the sharing of the partnership principle** among institutions at different levels and among the diverse countries of the basin. It implies the adoption of the vertical and horizontal subsidiarity, of decentralization and democratization processes, of the participative development and bottom-up approach. In this sense it is **very demanding at political level** and it can have important effects in the diverse Mediterranean countries. It is part of the Action Plans established in the Neighbourhood Policy and of the pre-accession process.

The partnership principle is **very demanding also at implementation level**, particularly if the different political, social and economical situations of Mediterranean countries are taken into account. **It is necessary to operationalize** (see the fourth chapter) and contextualize the partnership concept in the relationships between regions and local authorities.

¹ European Commission, Directorate-General Regional Policy, *Partnership in the 2000-2006 programming period, Analysis of the implementation of the partnership principle*, Discussion Paper of DG Regio, November 2005.

² In the COMPART project the Mediterranean term covers all the countries which share the same geographical basin area. It comprises the North, South and also East shores (Albania, Bosnia-Herzegovina, Croatia and Slovenia).

Different answers should be identified in diverse institutional contexts. **The partnership concept should be contextualized** in order to find solutions that can improve the efficacy and efficiency of joint programming, enhancing the role of regional and local authorities. This is the objective of the COMPART project.

1. REGIONAL AND LOCAL AUTHORITIES PARTNERSHIPS FOR THE MULTI-LEVEL GOVERNANCE OF GLOCALIZATION IN THE MEDITERRANEAN BASIN

The traditional analysis on the Mediterranean area focuses on political, economic, social and cultural issues at macro level in the globalization scenario³. But crisis phenomena and development opportunities have real **territorial roots and effects**. Terrorism hits people living in towns, migrants flow from origin areas through transit territories towards destination local labour markets, biodiversity and cultural inheritance have natural and historical territorial dimensions, the international division of labour, distributes production in specific geographic spaces, the control of financial flows concentrates in global and regional cities.

The territorial approach adds important knowledge and policy inputs to the macro economic and political analysis. Territories are strictly interdependent with the globalization scenario. Flows and territories interact between them. **Glocalization** is the new concept that defines the interconnection between the global and the local levels.

Migration flows overcome national frontiers and challenge the traditional central State role. New multilateral institutions are created to regulate the flows (WTO) and to construct new development models (EU). Borders are ever and ever porous. Territories are connected by flows that originate also from distant areas. Natural and political borders are accompanied by **new virtual borders** that are more and more important for the development of territories. The digital divide is a clear example of this new type of border between people and territories. Glocalization leads to the new concept of virtual border.

Another important phenomenon that is interweaved with glocalization, is **the fiscal and welfare crisis of the central State**. In order to strengthen the regulation of flows, to spur the competition capacity and to protect the social welfare of territories, the powers and competences of the central State are shared upwards with multilateral institutions and downwards with deconcentrated and decentralised authorities according to the **subsidiarity principle**.

In this new framework, local authorities are engaging in new transnational activities. They operate within the State, but also within transnational regimes and global economy⁴. Another new concept used in international literature is **paradiplomacy**. It studies and defines the transnational activities of local authorities.

Paradiplomacy emphasizes a **new regionalism**: glocalization and decentralization are legitimizing the new activism of local authorities, and particularly of regions, in external policy. This decentralised institutional activism accompanies social, economic and cultural transnational relations that are emerging among local actors (civil society organizations, small and medium

³ See, for example, the analysis carried out by the Euromesco (www.euromesco.net) and Femise (www.femise.org) networks supported by the Euro-Mediterranean Partnership.

⁴Aldecoa F., Keating M. (Editors), (1999), *Paradiplomacy in Action: The Foreign Relations of Subnational Governments*, London, Frank Cass.

enterprises, universities and research centres) as well as interacting with the incoming flows of multinationals, global media and transmigrants. Diverse economic, political and institutional factors have underpinned the rise of regions and inter-regional co-operation, as detailed in Box 1 below.

The **opportunity structures** generated by the interplay between multilateral, national and local institutions, shape the access and the capacity of local authorities to participate in the glocalization process. In the late twenty years **European integration** has changed the opportunity structure. It has furthered the transnational activities of regions through the regional and cohesion policies, within the European internal policy. The adoption of **the partnership principle** in programming and management of Structural Funds established the right of regions to participate in the multi-level governance of the European development.

BOX 1. Inter-Regional Co-operation in Europe

Michael Keating, Professor and Head of Department of Political and Social Sciences, European University Institute Florence

The Rise of Regions

Across Europe in recent years we have seen a strengthening of the regional level of government and administration. The forms are different from one state to another, but there are common factors:

- *The need for planning.* Planning of infrastructures and public services needs to be done at a higher level than the purely local in order to take into account new economic, geographical and demographic realities. It needs to be done at a level below the state in order to account for the specific requirements of different areas.
- *Economic development.* There is a growing appreciation of the region as a key level for the understanding and mastering of economic change. Regions have emerged as economic areas or even production systems, with their own internal logic, and competing in national, European and global markets. There is a strong advantage to those regions that are institutionally equipped to manage the new challenges, and to balance co-operation (internal and external) with competition.
- *State modernization.* States are modernizing their administrative apparatus, moving away from top-down bureaucratic structures and adopting more flexible, differentiated forms of public management. This applies in a number of policy fields, including the welfare state.
- *Political pluralism and democratization.* There is a stronger emphasis on the democratic benefits of decentralization, even in traditionally centralist countries.

Inter-Regional Co-operation

There has also been an increase in inter-regional co-operation in Europe. This has taken a variety of forms: Cross-border co-operation by adjacent regions; Co-operation by regions that are non-contiguous; Co-operation by regions with common sectoral concerns or common ambitions for modernization; Broad-based regional associations, which are long-standing and are not our principal concern here.

The reasons for this new interest in co-operation are several.

Economic factors include:

- *European economic integration*, especially the single-market programme. This has not abolished national borders but has undermined their economic rationale. Economic activity has adapted to the new European space, producing new patterns of economic geography or, in some cases, re-establishing old ones that were suppressed with the creation of national markets in the nineteenth and early twentieth centuries. New forms of planning, infrastructure development and economic organization are needed to cope with these trends, which spill across state borders.

- *Inter-regional competition.* Market changes and the end of old-style national regional policies means that regions are no longer complementary elements in nationally-bounded economies. Instead, they compete in European economic space to gain inward investment, technology and markets. This new protagonism has also led to alliances and new forms of co-operation.
- *Regional production systems.* Regions as production systems are successful to the extent to which they contain clusters of economic activities, a complementary range of firms and activities, and a degree of organization in state and civil society. Small firms depend on what are sometimes called 'untraded interdependencies', that is patterns of co-operation, diffuse knowledge and cultural norms of reciprocity. These are not always available within a political or administrative region, hence the search for partners elsewhere, whether in an adjacent region or in another part of Europe.

Political factors are also important, notably:

- *Stabilizing borders.* There is a need to secure and stabilize borders in areas of divided nationality or where there are minorities. Cross-border co-operation permits cultural activities to develop and groups on either side to share common pursuits and identities, without threatening the state itself.
- *Political prestige.* Local and regional politicians desire to appear as good Europeans and engage in external activities to enhance their prestige.
- *Autonomy.* Co-operation may accommodate autonomist movements by extending autonomy beyond the state to the European sphere.
- *Policy learning.* Regions can learn from policy innovation in other regions. This is not a matter of just imitating what others are doing, but of learning from both successes and failures, and applying the lessons appropriately.

Institutional factors include:

- *EU policy.* The European Union encourages co-operation through the Structural Funds and the INTERREG programme.
- *National Law.* Changes in national laws permit regions to operate beyond state borders.
- *European Law.* Legal arrangements such as the Council of Europe's Madrid Convention providing means for regions to co-operate. There are proposals for a new EU legal framework to complement this.

Document presented at the EuroMed Regional Conference, Barcelona 25-26 November 2005.

In the framework of Structural Funds, the Community Initiative Programme called **INTERREG** has promoted cross-border, transnational and interregional cooperation among regions to manage common spaces and flows, and to foster a territorial balanced and polycentric development. Also regions of Third Countries sharing borders with the EU, could participate in INTERREG, but to a lesser extent. The EC proposal on the new Cohesion Policy (2007-2013) enhances the INTERREG experience at objective level: the Third objective will be dedicated to furthering the harmonious and balanced integration of the Union by supporting **territorial cooperation** that will also involve regions of Neighbour and candidate countries.

After the EU enlargement, the EC proposals on the regulations of the new external assistance instruments (2007-2013), the Instrument for Pre-Accession (**IPA**) and the European Neighbourhood Partnership Instrument (**ENPI**), represent a great turning point for the role of regions in external policy. IPA and ENPI will support **cross-border cooperation** between the EU and Neighbour and candidate countries. They translate the partnership principle of internal policy into external policy. For the first time, regions are allowed to participate in the multi-level governance of the European

external policy. The partnership principle will apply at multilateral, national and regional/local level.

Regions of the Mediterranean will be supported in promoting their common territorial development through cross-border cooperation. They could shape political partnerships for governing globalization in the Mediterranean through joint programmes.

This relevant political and institutional innovation opens new opportunities. It gives regions access to IPA and ENPI. But **access and capacity questions remain at national and local level**. The opportunity structures for region/local participation differ from country to country. Constitutional and institutional systems in the diverse Mediterranean countries determine the partnership possibilities between regions as well as the participation of civil societies (horizontal subsidiarity and democratic principle).

Deconcentration and decentralization processes have different characteristics and implementation rates in different countries. Thus, local capacities also differ meaningfully from country to country. EU is negotiating **Action Plans** with Neighbour countries that include commitment and support to decentralization processes⁵. Institution building activities are put forward with the Med Pact and Twinning programmes.

Other multilateral organizations share the political objective of decentralization and democratization at local level. They sustain decentralised cooperation programmes between Mediterranean regions and local authorities in order to create opportunities and capacities for common human development. The **United Nation Development Programme** is implementing the Art, Gold Maghreb and City to City Programmes. Also **at bilateral-national level**, some European central governments are collaborating with regions and local authorities to support decentralization processes, particularly through institution and capacity building projects. Finally the same regions and local authorities, alone and in networks, implement **decentralised cooperation** projects with Mediterranean partners, trying to create partnerships between territorial systems.

In this framework, the new opportunity structure offered by ENPI, IPA and the new Third Objective of the Cohesion Policy represents **a big push** for the political role and cross-border, transnational and territorial cooperation of Mediterranean regions and local authorities. The exploitation of this opportunity depends fundamentally on the active participation of regions and local authorities in creating effective partnerships. The new opportunity structure paves the way. Now, it rests on regions and local authorities to improve their capacity to gain access. But this capacity also depends on several factors determined by the behaviour of central governments: the resources they can apply for, the competences on which they can act, the mechanisms of partnerships, the strategic approach, the geographical scope of cooperation, and , in particular, the role they have in the decision making process.

⁵For further details see: European Commission, (2004) *Plan Proposé d'Action UE/Morocco*. Available at: http://europa.eu.int/comm/world/enp/pdf/action_plans/Proposed_Action_Plan_EU-Moroco_FR.pdf

Glocalization in the Mediterranean:
the interplay between flows and territories

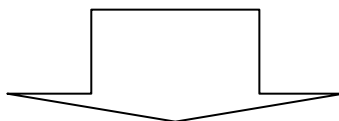
Overcoming of the traditional borders
and creation of new virtual borders

Redefinition of the Central State Power

Emergence of new transnational actors



New Regionalism:
the new role of regions and local authorities in the glocal development
(decentralised, cross border, transnational, territorial cooperation)



The big push of the cross-border cooperation component
in IPA, ENPI and Cohesion Policy:
a new opportunity structure for the participation of regions and local
authorities in the multi-level governance of the Mediterranean common
development

2. THE LOCAL AUTHORITIES PARTNERSHIPS IN THE DECISION MAKING PROCESS OF CROSS-BORDER COOPERATION

This chapter presents and clarifies who the actors of partnerships are and how the regional and local authorities are involved in the decision making process, in the transition from the INTERREG programme to the new cross-border cooperation of ENPI and IPA, and the territorial cooperation (Third Objective) of the Cohesion Policy.

2.1 The past: the INTERREG Programme

In the past, territorial cooperation between European and Mediterranean regional and local authorities did not find an appropriate ‘opportunity structure’ in the EC external policies. Most of the European cooperation programmes towards Mediterranean countries being mainly addressed to central governments, to a lesser extent to non state actors and very little to local authorities⁶. Consequently, although regional and local authorities are increasingly relevant potential stakeholders, so far they have not participated actively in the programming or in the implementation of EU external policies.

On the contrary, on the internal side, the European Structural Funds have provided the most suitable framework for cooperation between regional and local authorities. Since 1988, this policy has been financing **the Interreg Community Initiative**⁷ whose third phase (Interreg III) is being implemented within the current programming period (2000-2006).

The overall aim of Interreg is to promote economic and social cohesion by means of cooperation between regional and local authorities of EU Member States. It also foresees the potential involvement of Third Countries regional and local authorities. Its starting point is the overcoming of the so-called “barrier effect”⁸, and the pursuit of a balanced and polycentric development in order to reduce the territorial differentials between poor and rich regions.

Interreg promotes cooperation between regions and local authorities sharing one or more borders (*Cross-border cooperation* – Interreg III A); a group of regions of a specific geographical area (*Transnational cooperation* – Interreg III B); all European regions (*Interregional cooperation* – Interreg III C).

⁶ Decentralised cooperation programmes involving local authorities have been financed on a limited scale within CARDS and MEDA European external assistance programmes. In the former case, although the promotion of cross-border cooperation has been considered as an objective of CARDS assistance, it has not been realised until Neighbourhood programme approach entered into force. As far as MEDA is concerned cooperation between local authorities took initially place within MED-URBS. Launched in 1992, it aimed to improve the quality of life by stimulating decentralised cooperation among local authorities (towns) of the UE and the Mediterranean partner countries. Following its suspension because of financial irregularities in 1995, the Barcelona Process had not created a space for dialogue, exchange and cooperation between cities till 2003, when the Commission launched MED’ACT (a Pilot cooperation programme between the Euro-Mediterranean cities). In 2005, MED’ACT has been substituted by MEDPACT (*Programme de Partenariat entre Collectivités Territoriales en Méditerranée*) with the aim of re-establishing a conduit for decentralised cooperation in the framework of the Euro-Mediterranean Partnership; and to encourage collaboration and transfer of experiences between municipalities on shared issues.

⁷ “Community Initiatives are instruments created directly and independently by the Commission to carry out regional development projects”. See Sodupe, “The European Union and Inter-regional Co-operation”, in Aldecoa F. and Keating M. (editors), (1999), op. cit.

⁸The perception of borders as dividing lines between communities, which are cut off economically, socially and culturally and as obstacles to a coherent management of ecosystems.

On the basis of **the partnership principle** – one of the main aspect of the European Structural Funds⁹ – Interreg’s functioning is based on the joint participation of all the partners (regional and local authorities) involved in the planning, management and implementation of the programmes through the establishment of joint structures (Management and Payment authorities; Selection committee; Monitoring committee)¹⁰.

But the partnership principle **did not involve local authorities of Mediterranean Third countries**. Although the Commission guidelines¹¹ on INTERREG III recognised the possibility for Third countries regional and local authorities to take part in the projects, their participation has encountered great difficulties. Even when eligible Third countries have been involved, this has often been on a limited scale¹² because of financial¹³ and procedural¹⁴ obstacles.

The possibility of resorting to external cooperation policies (MEDA and CARDS) – foreseen by the Commission Guidelines on Interreg III – has been hindered by a **lack of resources** dedicated to cross-border and transnational cooperation. For this reason, most of the time, the costs of the involvement in projects of eligible Third countries have been covered by the European partners (regions and local authorities) themselves.

Moreover, the participation of Third countries has been hindered by a **lack of coordination** mechanisms between INTERREG and the EU external aid (MEDA and CARDS particularly). Indeed, different procedures for both kinds of instruments, concerning the planning, selection, implementation, evaluation and control of the interventions, exist. But coordination mechanisms have been put in place only for PHARE and TACIS programmes in the framework of their cross-border component¹⁵.

However since 2004, new coordination mechanisms - between INTERREG and the European aid programmes **towards Neighbour countries** - have been put in place during the transitional phase (2004-2006) of the European Neighbourhood policy. These mechanisms will contribute to laying the foundations for the implementation of cross-border cooperation under the two new European instruments towards neighbouring countries - ENPI and IPA- which, from 2007 onwards, will substitute the current programmes: MEDA and TACIS, in the first case; CARDS, PHARE, SAPARD and ISPA in the second. Built on the basis of the experience of promoting cross-border cooperation within Phare CBC, Tacis CBC and INTERREG programmes, **the cross-border component of ENPI and IPA** “will ensure the smooth functioning and secure management of the

⁹ European Council of Ministers (2000), *Regulation (EC) n. 1260/99, Laying Down General Provision on the Structural Funds*, art.8. Available at: http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/content/it/02_pdf/00_1_sf_1_it.pdf.

¹⁰ The management and implementation of INTERREG is decentralised to particular organisms (committees), established at the level of Member States.

¹¹ European Commission (2000), *Communication Laying Down Guidelines for a Community Initiative Concerning Trans-European Cooperation Intended to Encourage Harmonious and Balanced Development of the European Territory – Interreg III*. Available at: http://europa.eu.int/comm/regional_policy/sources/docoffic/official/guidelines/pdf/inter_en.pdf.

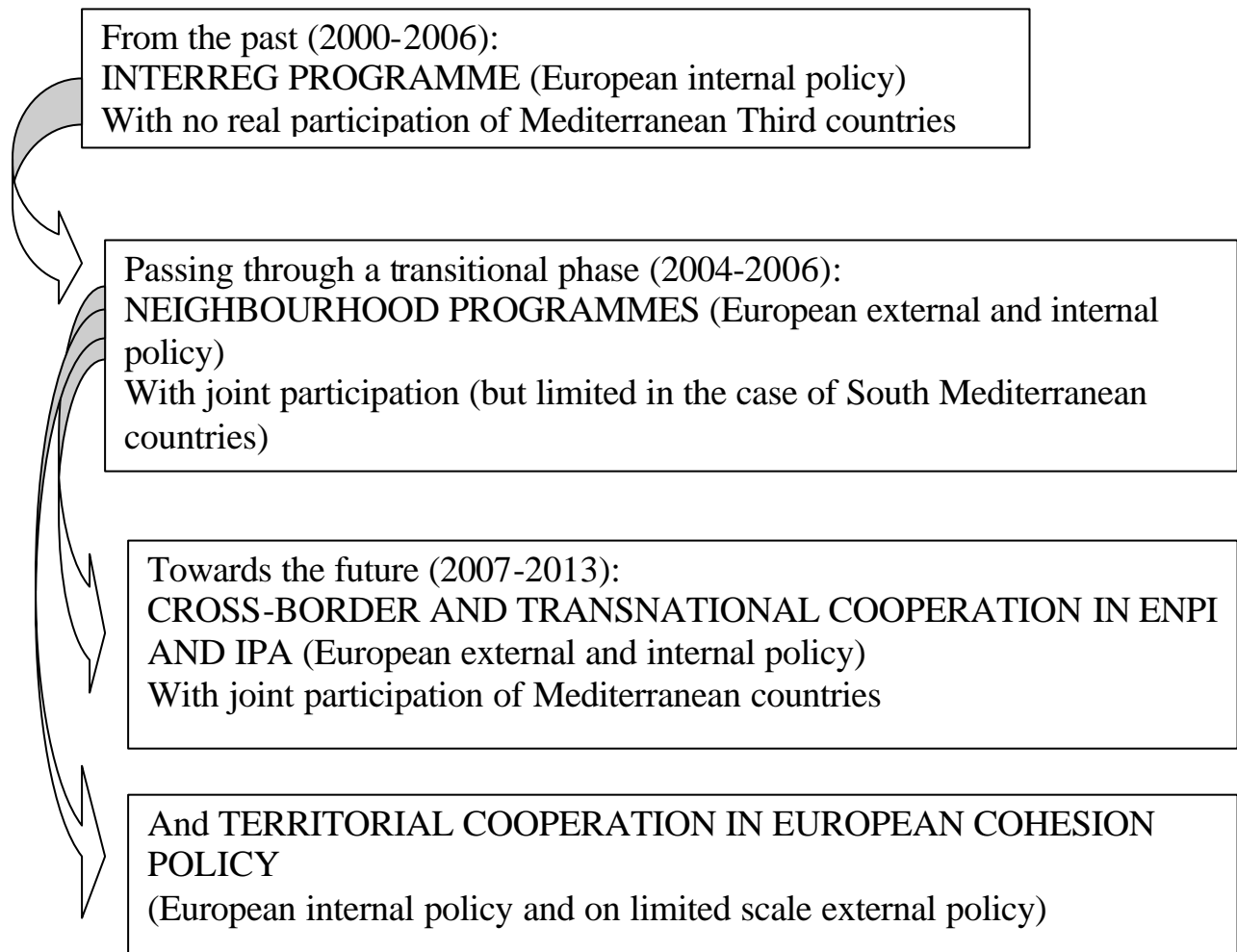
¹² European Commission (2003) *Guidance Note Concerning the Preparation of Neighbourhood Programmes at the External Borders of Member States and Accession Countries*, pp.3. Available at: http://europa.eu.int/comm/regional_policy/interreg3/doc/pdf/neighbour_guidance.pdf.

¹³ The involvement of third country partners has been hindered by the fact that the resources of the European Regional Development Fund (ERDF) can be used only to finance interventions inside the EU territory. Consequently, in order to take part to Interreg programmes, eligible third countries had to use their own resources or additional resources provided by European partners.

¹⁴ Third Countries local authorities were not involved in joint institutions to plan and implement Interreg programmes.

¹⁵ Phare Cross Border Cooperation – CBC – and Tacis CBC were set up respectively in 1994 and 2001.

Eastern and Mediterranean borders, promoting sustainable economic and social development of the border regions and pursuing regional and transnational cooperation”¹⁶.



2.2 The present-day situation: the Neighbourhood Programmes 2004-2006

The transitional period aims at letting EU Member States and Neighbour countries familiarise with the future cross-border component of ENPI and IPA, through the concept of Neighbourhood Programmes¹⁷.

Starting from 2004, **Neighbourhood Programmes** have been introduced **on the basis of the INTERREG approach of territorial cooperation**. Neighbourhood Programmes are built on the INTERREG programmes that already exist and on those prepared after the last enlargement in order to give to the 10 new Member States the opportunity to benefit from this Community Initiative.

INTERREG programmes on the external borders (Neighbourhood Programmes) of the Union are to be **modified jointly by the participating countries** (both European and Third countries eligible). These programmes may offer the opportunity to expand cooperation activities to all or some of the Neighbourhood Policy's **priorities**¹⁸:

¹⁶ European Commission (2003), *Paving the Way for a New Neighbourhood Instrument*, COM(2003) 393 final, pp.3. Available at: http://europa.eu.int/comm/world/enp/pdf/com03_393_en.pdf.

¹⁷ Ibidem.

¹⁸ European Commission (2003) *Guidance Note Concerning the Preparation of Neighbourhood Programmes at the External Borders of Member States and Accession Countries*, op. cit.

- Promoting sustainable economic and social development in the border areas;
- Working together to address common challenges, in fields such as the environment, public health, and the prevention and fight against organised crime;
- Ensuring efficient and secure borders;
- Promoting local, “people-to-people” type actions.

The new procedures try to coordinate INTERREG and the present external aid programmes with Neighbour countries. The European Commission has prepared guidelines for the **coordination** of INTERREG with TACIS and CARDS; whereas MEDA funding is linked to INTERREG programmes on an *ad hoc* basis¹⁹. Their main aim is to facilitate the involvement of Neighbour countries.

In the transitional phase, Neighbourhood Programmes have a total **allocation** of 995 M€ coming from INTERREG-EFRD (700 M€) as well as from external assistance programmes (90 M€ from PAHRE CBC; 75 M€ from TACIS CBC; 45 M€ from CARDS and 45 M€ from MEDA)²⁰.

In the Neighbourhood programme approach, funds coming from INTERREG, finance interventions in EU territories while funds coming from CARDS, MEDA and TACIS programmes finance actions in external territories, combining external policy objectives with internal social and economic cohesion aims at the same time.

Neighbourhood Programmes, also and above all, provide a framework to **build an appropriate partnership between internal and external actors**. On the contrary of INTERREG programmes, Neighbourhood Programmes must be managed through **a participatory approach**, i.e. an equal role is to be recognised to external and internal partners in all the different steps of programming (planning; management; implementation), harmonising and integrating Structural Funds and external aid legal and financial provisions.

During the transitional period, due to the co-existence of different legal bases, coordination mechanisms have been put in place in order to allow a joint planning and a joint selection of the interventions – which consists in a single call for proposal and in a selection process carried out by the (joint) selection committee. These mechanisms represent an important turning point compared to INTERREG, having enhanced the ownership of the programmes by eligible Third countries. Third countries take part in the planning of the Neighbourhood Programme as well as participating in the joint committees (joint monitoring committee; joint selection committee; joint secretariat).

On the contrary the management and implementation phases are under the responsibility of different authorities, i.e. a managing and a payment authority are responsible for all financing under the EU internal funding component; whereas a Programme Coordination Unit and a Contracting Authority (Commission or EAR²¹) are responsible for external funding (see the Annex).

During the transitional period, though, Neighbourhood Programmes are characterised by **a complex institutional structure**, due to co-existence of joint committees and national authorities. Moreover, it is worth noting that this framework is even more complicated by the difference in the actors involved, depending on the different deconcentration or decentralization processes existing in the diverse Mediterranean countries. In eligible Third countries, central authorities play a more relevant

¹⁹ European Commission (2005), *Neighbourhood programmes 2004-2006 Electronic Newsletter*, Issue 3. Available at: http://www.cadses.net/media/files/np_newsletter3_07-05.pdf

²⁰ An annual financing agreement must be signed between the European Commission and the involved Third countries in order to release the external funding of a Neighbourhood programme.

²¹ The European Agency for Reconstruction's task is to manage the European Union's main assistance programmes in Serbia and Montenegro (the Republic of Serbia, the Republic of Montenegro, UN-administered Kosovo) and the former Yugoslav Republic of Macedonia.

role than in the European counterparts, where the regional and local authorities are key actors in all the different phases of programming.

At present²² the European Commission has approved all the Neighbourhood programmes with TACIS and CARDS funding with the exception of those involving Italy/Albania and Greece/FYROM; whereas Russia, Ukraine, Belarus, Moldova, Croatia, Serbia & Montenegro, Bosnia – Herzegovina, Albania, and the former Yugoslav Republic of Macedonia have signed the financing agreement with EC for 2004.

Furthermore, from a financial point of view the coexistence of different sources of funding hinders the implementation of effective joint projects. It is worth remembering that N+2 rule²³ applies to ERFD funds. In order to avoid losing resources, in some cases Member States have preferred to launch single call for proposals, instead of joint calls, because of the difficulties of the external counterpart²⁴ in meeting the deadlines.

In the case of South Mediterranean countries, the Commission has decided to link MEDA funding with INTERREG programmes on an *ad hoc* basis, without proceeding to the elaboration of new Neighbourhood programmes. Indeed, the cross-border (Spain/Morocco; Gibraltar/Morocco) and transnational (Archimed; Western Mediterranean) INTERREG programmes involving South Mediterranean countries have not been modified in order to take the specific Neighbourhood content into account²⁵. Thus, **South Mediterranean countries do not experience a real partnership in decision making**. They do not participate in joint programming. They only have the possibility to choose INTERREG projects to complement MEDA funding for their territories²⁶. The Neighbourhood approach does not apply. Consequently, the transitional period will have little or no impact at all on the improvement of the partnership between internal and external actors involved.

As explicitly stated by the Commission²⁷ this choice is due to the particular situation of South Mediterranean countries: their **weak absorption capacity** and the existence of a maritime basin that can not be considered as a border²⁸. Furthermore, the adoption of the Neighbourhood approach in the Mediterranean area would be hindered by the incipient decentralization processes, as well as by the lack of experience in managing cross-border and transnational programmes.

²² European Commission (2005), *Neighbourhood programmes 2004-2006 Electronic Newsletter*, op. cit.

²³ The ERFD funds will be decommitted if they have not been spent the second year following the acceptance of the commitment in the Commission's account.

²⁴ Above of the Commission's delegations.

²⁵ Ibidem.

²⁶ During the MEDOCC information day organised in Rome on 19-20 July 2005, the European Commission and all the actors involved in the Interreg Medoc programme agreed on the implementing procedures for the transitional period. Meda funding (4,5 M€) for the transitional period will be used for further financing those ongoing projects approved during the second and third call of proposal of the Interreg MEDOCC programme; or for financing those projects to be selected in the fourth and last call for proposal (September 2005). In each South Mediterranean country, a National coordinator will choose the projects to be financed among those already selected by the Interreg MEDOCC monitoring committee; in which involved Meda countries may participate as observers, and not as equal partners with Member state representatives.

²⁷ European Commission (2004), *European Neighbourhood Policy. Strategy Paper*, COM (2004) 373 final. Available at: http://europa.eu.int/comm/world/enp/pdf/strategy/Strategy_Paper_EN.pdf

²⁸ “[...] If one looks in detail at the programme led during these programming periods, one can see that the majority of projects are land-based cross-border projects. [...] Cross-border policy, owing to its very nature, has mainly been applied to land-based programmes. Maritime borders have been included on a case-by-case basis when considered justified on account of their geographical proximity [...]”. See CRPM General secretariat (2005), *EU internal and external cooperation actions: Background Information and Factors of Consideration for a CRPM Position*, Rennes, pp.4.

To this regard, the EC position seems to be excessively passive and in contrast with the political commitment to democratization and decentralization that South Mediterranean countries are adopting. Autonomous decentralised cooperation of local authorities is already promoting relationships and partnerships. And in the future, institution building cooperation will be necessary to sustain planning and financial absorption capacities of South Mediterranean local authorities, as well as to accompany the decentralization processes established in the Action Plans with the EU²⁹.

2.3 The future: Cross-border cooperation under ENPI

Launched by the European Commission in 2003³⁰, the Neighbourhood policy has inaugurated a new set of relations between the EU and its neighbours, based on an innovative strategy: a reinforced cooperation, a progressive integration in the EU internal market, a differentiated approach instead of a “one-size-fits-all” policy, that would lead to the creation of “a zone of peace and friendly neighbourhood” (“a ring of friends”) around the EU. In order to reach these aims, the Commission has recognised a **strategic and innovative role to cross-border cooperation** towards its neighbours.

This represents an important turning point from a political point of view. **For the first time, the partnership principle that involves the application of the vertical subsidiarity is applied in an EU external policy.** The cross-border cooperation between European and neighbouring countries’ regional and local authorities is considered a key tool in EU external policy. As explicitly stated by the Commission proposal on ENPI regulation, ENPI assistance on cross-border cooperation “[...] may be used for the benefit³¹ of Member States and partner countries [...]”³².

Definitively, ENPI cross-border cooperation will contribute to the overall objective of developing an area of good “neighbourhood” through **promoting cohesion and polycentric development in a common space between EU and its neighbours**: “Cross-border cooperation should also contribute to integrated and sustainable regional development between neighbouring border regions and harmonious territorial integration across the Community and with neighbouring countries”³³.

Cross-border cooperation will be a specific component of the ENPI under which “the ENPI will finance ‘joint programmes’ bringing together regions of Member States and partner countries sharing a common border”³⁴.

The ENPI cross-border component will be based on the approach used for the management of territorial cooperation under Structural Funds (multi-annual programming; partnership; co-financing) and on the experience acquired from the transitional period.

²⁹ European Commission, (2004) *Plan proposé d’Action UE/Morocco*, op. cit.

³⁰ European Commission (2003), *Communication on Wider Europe – Neighbourhood: A New Framework for Relations with Our Eastern and Southern Neighbours*, COM (2003) 104 final. Available at: http://europa.eu.int/comm/world/enp/pdf/com03_104_en.pdf.

³¹ However a safeguard clause has been introduced, according to which: “In exceptional circumstances, where a joint programme cannot be established owing to problems arising in relations between participating countries, the Commission may adopt a programme which is not a joint programme [...] but which allows the Member State border region or regions concerned to benefit from the assistance provided in [...]”. See European Commission (2004), *Proposal for a Regulation Laying Down General Provisions Establishing a European Neighbourhood and Partnership Instrument (ENPI)*, COM (2004) 628 final, art. 9.8. Available at: http://europa.eu.int/eur-lex/en/com/pdf/2004/com2004_0628en01.pdf.

³² European Council of Ministers (2005) *Council Proposals for Amendments on Commission Proposal for a Regulation Laying Down General Provisions Establishing a European Neighbourhood and Partnership Instrument (ENPI)*. Informal Working Document, art.1.2.

³³ European Commission (2004), *Proposal for a Regulation Laying Down General Provisions Establishing a European Neighbourhood and Partnership Instrument (ENPI)*, op.cit., pp.12.

³⁴ Ibidem, pp. 2.

programming cycle, assuring the ownership of all partners involved. Consequently, cross-border programmes must be prepared, managed and implemented jointly by the beneficiary countries on both sides of the borders. Indeed, “Joint programmes shall be established by the concerned Member States and partner countries at the appropriate territorial level, in accordance with their institutional system taking into account the principle of partnership³⁵”.

One or more **strategy papers**, adopted by the European Commission, will establish the implementing³⁶ rules of the **joint programmes**.

With regard to the **strategic priorities** of the ENPI cross-border component, they should focus on promoting “sustainable economic, social and environmental development in border regions and integrated territorial development across the Community external border”³⁷.

On the contrary of the transitional period, cross-border and transnational cooperation will be **managed under the same procedures** for each side of the border; even if the ERDF will still contribute to the financing of the participation of the European part of the borders. A Joint management authority³⁸ – normally located in a Member State - will be responsible for the implementation of each cross-border programme. “This provision takes into account the fact that Member States have more experience than partner countries in managing EU funds”³⁹, also considering that the procurement rules will be those applied to by the management body (Management authority)⁴⁰.

This represents a real step forward compared to Neighbourhood programmes. In the latter case the coexistence of various legal instruments have required the complementation of different methods of implementation³⁷: the shared management of the European Structural Funds and the centralised or decentralised management of the external aid programmes. The main difference between them consists in the role played by the Commission and by Member States. While in the case of external cooperation programmes, the Commission performs the implementation tasks or delegates some of these tasks to Third countries, in the shared management mode, implementation is entirely delegated to Member States. Indeed adopting **the shared management mode**, the ENPI cross-border cooperation component will “maximise Member States flexibility [and] minimise Commission involvement”⁴¹.

At geographical level, there will be three different kinds of cross-border programmes⁴²:

- Cross-border programmes along *land borders* corresponding to NUTS III⁴³-level, or equivalent, territorial units belonging to one or more Member States and one or more partner countries;

³⁵ European Council of Ministers (2005), *Council Proposals for Amendments on Commission Proposal for ENPI*. Informal Working Document, op. cit. art. 9.2 bis.

³⁶ “Matters covered by the implementing rules shall include issues such as rate of co-financing, preparation of joint programmes, designation and functions of the joint authorities, eligibility of expenditure, joint project selection, technical and financial management of the assistance, financial control and audit, monitoring and evaluation, visibility and publicity”. Ibidem art 11.(2).

³⁷ Ibidem art.2.2 (u).

³⁸ The management authority will be “designated jointly by the Member State or States and the partner country or countries covered by a joint programme”. Ibidem, art.10.3.

³⁹ Ibidem, pp.6.

⁴⁰ Ibidem, art.21.8.

⁴¹ Canciani E. (2005), *Power Point Presentation on “Cross-border cooperation at the EU external borders”*, presented in the Seminar on Territorial Cooperation, Brussels.

⁴² Possibility for *adjoining regions* to participate in co-operation: “[...] regions eligible for cooperation, for Community assistance under the Pre- accession instrument or the financing instrument for development and economic cooperation and the overseas countries and territories associated with the Community” (in particular Turkey).

⁴³ NUTS III: “Départements” in France; “Nomoi” in Greece; “Province” in Italy; “Provincias” in Spain.

- Cross-border programmes along *sea crossings* of significant importance corresponding to NUTS III-level, or equivalent, territorial units belonging to one or more Member States and one or more partner countries;
- Multilateral Cross-border programmes facing a *common sea basin* corresponding to NUTS II-level⁴⁴ or equivalent, coastal territorial units belonging to several participating countries, including at least one Member State and one partner country.

Cross-border programmes along sea crossing and coastal NUTS II-level will represent an innovation in comparison with the Structural Funds approach mainly focused on cross-border cooperation along land borders. Within ENPI, maritime borders have obtained a first important recognition, mainly due to the lobbying of European Mediterranean regions and associations of regions organised at EU level (such as the Conference of Maritime and Peripheral Regions - CMPR).

The multilateral cross-border programmes facing a common sea basin will be based on the experience of transnational cooperation programmes under Interreg IIIB, such as Medocc, Archimed or Cadses. In this case, a link should be established with the trans-national cooperation component of the new Third objective of Structural Funds⁴⁵.

From a financial point of view, up till now it is not yet clear how many resources will be allocated to the cross-border component. It depends on the ongoing negotiations on the EU Financial perspective, and above all on the negotiation outcome on the new Third objective of Structural Funds. However the regulation proposal of the European Commission on ENPI indicates that the **financial resources** for cross-border cooperation should come from two sources. The participation of regions from Member States should be covered by the ERDF (12,1% of the resources dedicated to cross-border cooperation) whereas the participation of external regions from ENPI, whose resources should be at least equal to the amount of the ERDF.

In addition ENPI presents another innovative aspect compared to traditional external cooperation. The operations to be financed within its framework should receive a co-financing also from beneficiary third countries.

2.4 The future: the Cross-border component under IPA

IPA represents a unified instrument for pre-accession assistance; i.e. it will replace the Phare regulation as well as SAPARD, ISPA, and Phare CBC.

Although ENPI and IPA respond to the same objective of promoting security and stabilising the EU's neighbourhood area through the integration of beneficiary countries, they are based on two different strategies. While ENPI would lead to integration covering "everything but institutions"; IPA will be addressed to those neighbouring countries recognised as potential⁴⁶ or official **candidates to accession to the EU**⁴⁷.

IPA will differentiate the scope of the assistance towards the two statuses of the countries. In particular, assistance to candidate countries will be especially focused on the **adoption and**

⁴⁴ NUTS II: "Régions" in France; "Periferies" in Greece; "Regioni" in Italy; "Comunidades y ciudades autónomas" in Spain.

⁴⁵ Canciani E. (2005), op. cit.

⁴⁶ As stressed by the European Council at its meeting at Santa Feira on 20 June 2000 and in Thessaloniki on June 2003, Balkans (Albania, Bosnia and Herzegovina; Serbia and Montenegro; the Former Yugoslav Republic of Macedonia) are potential candidates for membership of the European Union.

⁴⁷ Croatia and Turkey.

implementation of the full *acquis communautaire*⁴⁸. At the same time IPA assistance will concern also some **common target areas** such as support for democracy, rule of law, public administration reform, economic reform, respect for human and minority rights, civil society etc.

Moreover, for both kinds of countries, a **cross-border cooperation component** will be part of the assistance provided under IPA. “Cross-border cooperation shall have the objective of fostering stability, security and prosperity in the mutual interest of all countries concerned, and of encouraging their harmonious, balanced and sustainable development”. Under this component⁴⁹, assistance should be provided on the basis of a **multi-annual framework per country**, which will be adopted by the European Commission. As in the case of the ENPI strategy papers, the IPA multi-annual framework will establish the implementation rules for cross-border cooperation.

The EC proposal on the IPA regulation does not specify the **thematic priorities** of cross-border cooperation. However, considering that it is an instrument of assistance to accession of candidate countries to the EU, it is possible to presume that the priorities will be similar to those established in the territorial cooperation of the Cohesion Policy.

At geographical level, on the contrary of ENPI where cross-border cooperation should concern only “regions of Member States and partner countries sharing a common border”, cross-border cooperation under IPA could take place both among beneficiary countries and between them and EU border regions⁵⁰.

Different **management modes** could be applied. The implementation of cross-border cooperation between beneficiary countries will take place according to the rules of external aid, while the implementation tasks of cooperation involving EU Member States shall, in principle, be delegated to them, through the **shared management** mechanism⁵¹. It is possible, though, to presume that in the latter case cross-border cooperation will be managed and implemented jointly by the partners, following the same mechanisms as ENPI.

As far as the financial aspects are concerned, information is lacking about how many **resources** will be allocated to the cross-border component of IPA. Also in this case, it is necessary to wait for the outcome of the ongoing negotiation on EU financial perspective. However it is certain that contrary to ENPI, “the funds allocated to cross-border programmes with Member States shall be at least equal to the corresponding financing from⁵²” the ERFD. Moreover, the co-financing rule does not apply within IPA.

2.5 The future: Territorial cooperation in the new economic and social cohesion policy

In the new programming period 2007-2013, territorial cooperation will be one of the three priority objectives of the EU Structural Funds. Inspired by the experience of the INTERREG Community initiative, **the new Third objective covers the territorial dimension of the cohesion policy**. It

⁴⁸ European Commission (2004), *Proposal For a Regulation Establishing an Instrument for Pre-Accession Assistance (IPA)*. Available at: http://europa.eu.int/eur-lex/en/com/pdf/2004/com2004_0627en01.pdf.

⁴⁹ IPA assistance shall be programmed and implemented according to 5 components: Transitional Assistance and Institutional Building; Regional and Cross-border cooperation; Regional development; Human resources development and Rural development.

⁵⁰ European Commission (2004), *Proposal for a Regulation Establishing an Instrument for Pre-Accession Assistance (IPA)*, op. cit. art.6.

⁵¹ Ibidem, art. 10.2.

⁵² European Council of Ministers (2005), *Draft Regulation Establishing an Instrument for pre-accession Assistance (IPA)*. Informal document. Art. 4.3.

will support the balanced and sustainable development of the European territory improving integration and encouraging cooperation between and within European regions.

Cooperation under the new Third objective will follow up the INTERREG approach. It will take place at three levels: cross-border cooperation through joint programmes; cooperation between trans-national zones; networks for cooperation and exchange of experiences throughout the Union. As in the case of the other operations to be financed under the economic and social cohesion policy, **the partnership principle**⁵³ will apply in the Third objective. Consequently, as in the case of INTERREG, territorial cooperation will see the joint participation⁵⁴ of all the actors (*bottom-up approach*) in the development; implementation; financing, monitoring and evaluation of the operational programmes⁵⁵.

Concerning **the thematic priorities**, they are linked to the Lisbon and Gothenburg agendas (promoting growth, job creation, increased competitiveness and sustainable development), and they will differ from one strand of cooperation to another according to the diverse geographic dimensions. So, while cross-border cooperation actions should focus on joint solutions to common problems (such as urban, rural or coastal development; development of economic relations and networking of SMEs⁵⁶), trans-national cooperation actions will be mainly addressed to priorities with a trans-national character (R&D, environment, risk prevention, maritime safety and integrated border management).

The **geographical scope** of operations to be implemented under the Third objective will continue to concern each (internal and certain external) land border or group of borders at NUTS III level regions and “certain NUTS III level regions of the Community along maritime borders separated, as a general rule, by a maximum of 150 km”; NUTS II trans-national cooperation areas; whereas networks for cooperation and exchange of experiences will concern the whole territory of the Community.

Furthermore as in the case of INTERREG, also the new Third objective will support cross-border and trans-national **cooperation at the external borders of the EU**, “where this is necessary to ensure that the regions of Member States which border third-countries can be effectively assisted in their development”⁵⁷. In contrast to INTERREG, the Third objective will represent a partial improvement from this point of view, allowing the partial financing of projects located on the territory of eligible Third countries. Notwithstanding this, several limits continue to apply, since the

⁵³ European Commission (2004), *Proposal For A Council Regulation Laying Down General Provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund*, COM(2004)492 final, art.10. Available at: [http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/pdf/2007/general/com\(2004\)492final_en.pdf](http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/pdf/2007/general/com(2004)492final_en.pdf).

⁵⁴ The joint participation in the decision-making will be assured by the setting up of common authorities: “Member States participating in an operational programme shall appoint a single managing authority, a single certification authority and a single audit authority situated in the Member State of the managing authority. [...] Member States shall set up a joint technical secretariat, which shall be located within the managing authority [...]”. See: European Commission (2004), *Proposal for a Regulation on the European Regional Development Fund*, COM(2004) 495 final, art.14. Available at: [http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/pdf/2007/general/com\(2004\)492final_en.pdf](http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/pdf/2007/general/com(2004)492final_en.pdf).

⁵⁵ Operational programmes (OP) set up the territorial development strategy and are submitted by the Member States to the Commission. Contrary to the current programming period (2000-2006), they will not be followed by complement programmes. The multi-level programming comprises: 1) the Community strategic guidelines on cohesion established by the Commission in order to define a framework for the intervention of funds; 2) on this basis Member States present a National framework document on its development strategy (to be approved by the EU Commission); 3) which, in its turn, constitutes the framework to prepare the operational programmes.

⁵⁶ For further details see European Commission (2004), *Proposal for a Regulation on the European Regional Development Fund*, op. cit.

⁵⁷ *Ibidem*, whereas n.13.

possibility to authorise these kinds of expenditures must be on an exceptional basis, up to a limit of 10% of the amount of ERDF contribution to the operational programme and “where they are for the benefit of the regions of the Community”.

Tab. 1: Breakdown of resources among the different strands of cooperation

	INTERREG (2000-2006)	New Objective 3 Commission Proposal (2007-2013)	New Objective 3 Council agreement on financial perspective (2007-2013)
<i>Cross-border co-operation</i>	4.0 bn	6.8 bn	5.7 bn
<u><i>Contribution to the cross-border strand of ENPI and IPA</i></u>		12,1%	12,1%
<i>Trans-national co-operation</i>	1.4 bn	6.8 bn	1,4 bn
<i>TOT.</i>			
<i>Interregional co-operation + networks</i>	380 mio	650 mio	300 mio
Total	5.8 bn	14.25 bn	7.5 bn

According to the Commission’s initial proposal for **the financial perspective**, territorial cooperation should have seen a considerable increase in financial resources compared to the 2000-2006 programming period (from €5.8 billion to €14.2 billion). It is worth noting that transnational cooperation, in particular, would have benefited the most from the initial financial proposal of the Commission. However, during Council negotiations on the EU’s financial perspective, the resources for territorial cooperation have been considerably reduced (from €14.25 billion to €7.5 billion) and, among the various strands of cooperation, transnational cooperation has been penalised the most (reduced from €6.8 billion to €1.4 billion). As far as resources for cross-border cooperation are concerned, these have been cut by €1.1 billion (from €6.8 billion to €5.7 billion). A percentage equal to 12.1% of these latter resources should contribute to EU regions’ participation in cross-border cooperation projects to be implemented under ENPI and IPA.

3. OPEN QUESTIONS ON TERRITORIAL COOPERATION AT THE EXTERNAL BORDERS

Since 2003, the Communication from the Commission on “Paving the way” has opened new scenarios for territorial partnerships at the external borders. Territorial cooperation has been included among the European modes of cooperation towards Neighbour countries. From 2007, both IPA and ENPI should contain a cross-border component, to be implemented on the basis of the experience of INTERREG, PHARE and TACIS CBC.

This new scenario represents a real turning point from a political point of view, since it provides a formal recognition of the added value provided by regional and local authorities. For the first time **regions and local authorities participate in the decision-making of external cooperation**. They are new actors in the multi-level governance of common development with Neighbour countries.

According to the principles of territorial cooperation under INTERREG and in the new Third objective of the Cohesion Policy, also cross-border components under IPA and ENPI will **incorporate the partnership, multi-annual programming and co-financing principles**.

The implementation of the partnership principle in the cross-border components under IPA and ENPI foresees an equal role for Neighbour partners. They will actively participate, alongside EU partners, in the different programming phases, including the planning of the multi annual cross-border programmes (ENPI), and of the multi-annual framework (IPA).

Nevertheless, in the framework of the new Third objective of Structural Funds, territorial cooperation will continue to exist as an instrument of internal cohesion. It does not foresee a real participation of external partners.

However, in the European Commission proposals and in the negotiation phase **some questions** have arisen concerning: the real participation of regions and local authorities of Neighbour countries in the decision-making; the efficacy of the methodology and the need to concentrate scarce resources on strategic actions; the thematic priorities and the border concept; the geographical dimension; the likely reduction of financial resources; the coordination mechanisms between the cross-border components of IPA and ENPI, and the territorial cooperation of the Third Objective of the Cohesion Policy.

The first question concerns the real participation of regions and local authorities of Neighbour countries⁵⁸ in the decision-making. As above underlined, Neighbour countries will participate in a Joint committee with EU partners in the programming phases of cross-border components in IPA and ENPI. But, both on the EU and Neighbour countries side, the participation of regions and local authorities (as well as representatives of civil society) will depend on the respective decentralisation or de-concentration processes. In this sense, an **asymmetrical political and institutional situation** could exist.

In the transitional phase of the Neighbourhood Programmes, national coordination units have been set up in Third Countries, where central State ministries coordinate the participation of regions and local authorities. Those ministries participate in the joint programming and decide on the selection of projects.

The application of the partnership principle should foresee the real participation of regions and local authorities (and civil society) in the decision-making process. The EU has an important role to play in fostering decentralisation processes in Neighbour Countries as well as in favouring the real participation of European societies. In some cases the new Action Plans of the Neighbourhood

⁵⁸ This problem also concerns some EU countries.

Policy contain provisions for sustaining a major role of local authorities and societies in Third countries development.

In this framework, how can EU regions and local authorities contribute to the real participation of regions and local authorities of Neighbour countries in the cross-border cooperation programming?

The second question is about the efficacy of the ex-INTERREG methodology and the need to concentrate scarce resources on strategic actions. The INTERREG methodology of programming should be translated into the new joint programming exercise of the cross-border component in IPA and ENPI. But this kind of programming seems very complex and scarcely efficient. The INTERREG methodology covers the elaboration of operative programmes and programme complements establishing axes, objectives, measures, actions and sub-actions. It is a complex methodology and it has given rise to the fragmentation of resources on a multiplicity of small projects, and to share-out attitudes. It seems that an integrated approach has been lacking.

On the other hand, the need to concentrate scarce resources on strategic actions is rising. The European Commission applies the principle of concentration in the country strategic paper methodology of the external assistance policy. And in the proposal of the new Cohesion Policy it “proposes to enhance the efficiency of the policy [...] to encourage a more strategic approach to programming [...] The programmes would be defined at an aggregate or priority level only, highlighting the most important operations. Additional detail, reflected today in the so-called ‘programme complement’ would be abandoned as well as the management by measure”⁵⁹.

Moreover, the programming exercise should be appropriate to the capacities of regions and local authorities of Neighbour countries. Otherwise their participation could be problematic.

The cross-border component in IPA and ENPI will have a strategic paper and joint programmes. But so far it is not clear how the methodology of the external assistance should interact with the ex INTERREG methodology. What kind of methodology should be implemented in the programming exercise to identify strategic actions?

The third question considers the thematic priorities and the border concept. There is a significant difference in the priorities established in the territorial cooperation proposals in relation to cross-border cooperation in IPA and ENPI. In the case of territorial cooperation in the Cohesion Policy, the European Commission proposes focusing on “strategic priorities with a transnational character such as R&D, environment, risk prevention and integrated water management”⁶⁰. On the contrary in the cross-border component of IPA and ENPI there are not established priorities. This issue is linked to the preceding one and depends on the methodology that should drive the identification of the strategic priorities. However the proposal of the European Commission on transnational priorities is partly questionable. Which are the transnational flows with greater impact on territorial development? How should new virtual borders be overcome to stimulate local development?

The fourth question concerns the geographic dimension. Different scenarios are open as far as the geographical scope of cross-border cooperation is concerned. DG Relex and DG Regio have a two-sided interpretation of how the 12.1% from the ERDF contribution to the cross-border strand of ENPI and IPA is to be allocated.

For DG Relex, the 12.1% will be used to fund the participation of EU regions in cross-border cooperation projects to be implemented within ENPI and IPA, according to the eligibility criteria set up in the latter regulations, i.e. these resources will be used to finance the participation of all regions at NUTS II level sharing a land or sea border with neighbouring countries. On the contrary,

⁵⁹ European Commission (2004), *Proposal for a Council Regulation Laying Down General Provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund*, op. cit. pp.8 and 9.

⁶⁰ Ibidem pp.6.

DG Regio has stated that the 12.1 % will be used according to the same eligibility criteria set up for internal cross-border cooperation; i.e. regions at NUTS III level sharing a border with Neighbour countries, up to a limit of 150 km.

If the latter prevails, it will have serious consequences on the implementation of cross-border components under IPA and ENPI, especially for what concerns partnership. As the CRPM has specified “with the new flexibility given to maritime borders, this would also enable some funding to be granted to a number of Mediterranean maritime borders (ex. Andalusia with Morocco; Sicily with Tunisia)”.⁶¹

Probably, an optimum compromise is likely to be adopted by the Council. Even maintaining in principle the 150km criterion, a flexible interpretation will be adopted, i.e. it will be possible to overcome this limit where there is border closeness.

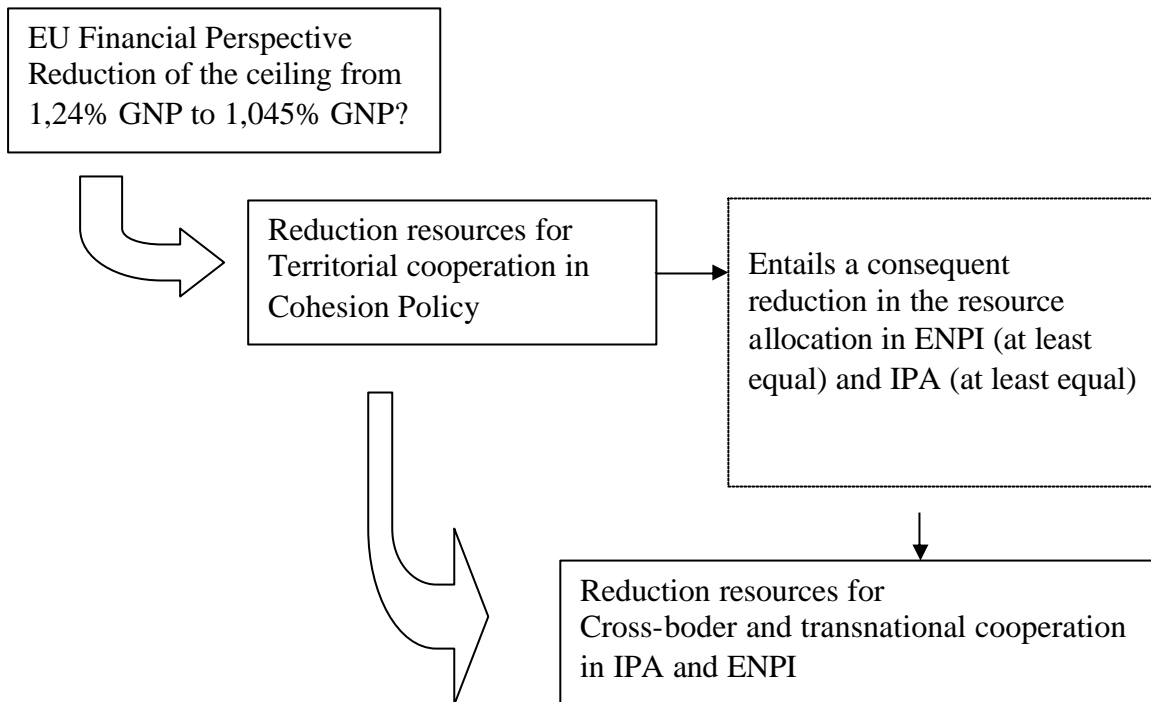
The Council is negotiating also on the **definition of the zones of cooperation for trans-national cooperation**. To this regard, how many trans-national programmes will be implemented in the Mediterranean area? Contrary to the current programming period, in which the Mediterranean area has been divided into three different programmes (Medocc; Archimed; Cadses), probably in the next one, there will be a programme which will combine the regions of the Western and South-East Mediterranean (merging of Medocc and Archimed); and another for the North-West (splitting of Cadses).

The fifth question concerns the likely reduction of financial resources. On 15-16 December 2005 the European Council reached an agreement on financial perspective, which has considerably reduced the ceiling for own resources (from 1,24 to 1,045% of gross national income). This percentage represents also the overall payment ceiling, i.e. the maximum amount of resources that the EU can spend. Indeed, a decrease of this ceiling implies a significant reduction of resources for all the different European policies and consequently for the territorial cooperation under the objective 3 and the cross-border component of ENPI and IPA.

However, an agreement on the financial perspective is still to be found by the European Council, Parliament (EP) and Commission. The ongoing negotiations among the three main institutions appear quite difficult, considering that the Council position has been “rejected” by the European Parliament because it “does not guarantee an EU budget enhancing prosperity, competitiveness, solidarity and cohesion”.

As long as an agreement is not reached the regulation proposals could not be adopted. In the case of a late agreement the start up of the new programming period for structural funds and the entering into force of ENPI and IPA could be postponed.

⁶¹ CRPM General secretariat (2005), op.cit.



The sixth question is on **the coordination mechanisms** between the cross-border components of IPA and ENPI, and the territorial cooperation of the Third Objective of the Cohesion Policy. Several regions of the Mediterranean area are likely to be involved both in trans-national programmes of the Third objective and in the cross-border cooperation components of IPA and ENPI. It is therefore safe to ask whether a link between these programmes will be established or not, and on the basis of which mechanisms.

4. DEFINING AN OPERATIVE CONCEPT OF THE PARTNERSHIP PRINCIPLE

Answers to the questions raised in the negotiation process of the European policy reforms, basically on the role of regions in the common development of the Mediterranean, depend on **the sharing of the partnership principle** among institutions at different levels and among the diverse countries of the basin.

The partnership principle **established by the EU** in the regional and cohesion policy (Art.8 Reg. 1260/99) establishes that ‘Community actions [...] shall be drawn up in close consultation [...] between the Commission and the Member State, together with the authorities and bodies designated by the Member State within the framework of its national rules and current practices, namely: the regional and local authorities and other competent public authorities, the economic and social partners, any other relevant competent bodies within this framework. [...] Partnership shall cover the preparation, financing, monitoring and evaluation of assistance. Member States shall ensure the association of the relevant partners at the different stages of programming, taking account of the time limit for each stage. In application of the principle of subsidiarity, the implementation of assistance shall be the responsibility of the Member States, at the appropriate territorial level according to the arrangements specific to each Member State, and without prejudice to the powers vested in the Commission, notably for implementing the general budget of the European Communities’.

As previously noted, the European Commission recently observed that “*partnership can contribute to the effectiveness, efficiency, legitimacy and transparency of Structural Funds operations, and to the commitment to, and ownership of, programme outputs ... Where it is well implemented, partnership has also generated further benefits such as the improvement of institutional capacities at different levels, better inter-institutional coordination and communication at the national level, or a better involvement of civil society*”⁶².

This implies the adoption of the vertical and horizontal subsidiarity principle, of decentralization and democratization processes, of participative development and of the bottom-up approach. On a **political level**, this is **very demanding** and it can have important effects in the diverse Mediterranean countries. The Action Plans of ENPI and the pre-accession process are supporting these processes.

The partnership principle is **very demanding also at implementation level, particularly if the different political, social and economical situations of Mediterranean countries are taken into account. It is necessary to operationalize** and contextualize the partnership concept in the relationships between regions and local authorities. It is necessary to disaggregate the concept considering not only who and in which phases they are involved.

In the last ten years, international literature has put forward a series of elements which disaggregate the partnership concept, as well as the necessary pre-conditions for successful inter-regional cooperation (see Box 2), that may represent guidelines and criteria of evaluation.

⁶² European Commission, Directorate-General Regional Policy, *Partnership in the 2000-2006 programming period, Analysis of the implementation of the partnership principle*, Discussion Paper of DG Regio, November 2005.

BOX 2. Conditions for Success of Inter-Regional Co-operation

Michael Keating

Inter-regional co-operation initiatives have proliferated across Europe in recent years. Every border has a cross-border co-operation programme of some sort. Most regions have partnership agreements with other regions elsewhere in the continent. Sectoral initiatives for regions embrace a large number of policy areas. It is less clear just what it all amounts to in practice. From the experience and the literature, there appear to be a number of conditions for co-operation to be successful.

- *Agreed borders.* Cross-border co-operation is not a way of dealing with borders that are challenged by the respective states or where there are secessionist or irredentist challenges. On the contrary, it works where the border has been agreed by parties on both sides. Only then can the border be penetrated and crossed with economic, cultural and political initiatives that are not seen as a threat to the state.
- *Complementarity of resources and needs.* Where regions are doing more of less the same thing on either side of the border there is little need for formal co-operation. Where regions are competing ferociously for investments or in the production of infrastructures like airports there is no motive for co-operation. It comes into its own where regions have complementary needs and assets so that both can gain from common action. The failure to appreciate this has undermined many efforts at co-operation.
- *The competences of regions.* European states have very different structures of local and regional government so that, even where there is a will to co-operate, they may be unable to do so since they do not have the powers. Where one region lacks the relevant competence, it has to go back to the central state, bringing in another level of government and politics and complicating matters.
- *Legal structures.* States differ in their permissiveness towards the external activities of regions. In some cases, there are tight restrictions or the need for a central presence. Generally states in recent years have become more permissive, especially in the context of European co-operation programmes.
- *Commitment of politicians.* Politicians may welcome cross-border and inter-regional initiatives as an occasion for press-releases, media exposure, and the opportunity to play the international statesman. In the longer term, their attention often drifts because there are no votes in the other region and domestic preoccupations are more pressing. This is why it is important to put into place structures to take co-operation forward.
- *Commitment of state governments.* Even where regions have the legal competences to engage in co-operation, national governments may be obstructive or co-operative. This depends largely on political relationships between the two levels, which may be confrontational or co-operative.
- *EU Policy.* While the EU has promoted co-operation in its regional policy programmes in western Europe, the design of Structural Fund programmes for the New Member States has been highly centralist. This has not empowered local and regional governments. Cross-border co-operation has consequently often involved entire national borders rather than cross-border regions.
- *Design of programmes.* Often programmes have large but vague ambitions. There is a need for specific aims and for selectivity in both aims and partners in order to avoid overload. Commitments, including financial commitments, need to be long-term. This is particularly important where infrastructure provision is part of the programme.
- *Involvement of non-governmental actors.* Regional development is not just a matter for governments and the new regionalism places much emphasis on the engagement of civil society. Inter-regional co-operation needs to involve these other actors, including business, educational and cultural interests, and the voluntary sector.

- *Identification of needs.* It is necessary to identify who needs co-operation programmes and who benefits. Generally large firms have their own international networks and do not rely on the public goods provided by local and regional governments (apart from infrastructure). Small and medium sized firms, operating at the regional level, may need the synergies and complementarities provided by co-operation and be unable to provide them on their own. Inter-firm networks are not easily created, since firms are inherently competitive, but they are critical in diffusing knowledge of good practice and innovation.

First of all, the partnership principle is based on a **political dialogue between peers**. A partner may not be superior to the other.

In operative terms it signifies that **joint programmes** on cross-border cooperation should be established considering the political objectives of the diverse partners equally. Joint programmes should identify complementarity of resources and needs, synergy effects, common development interests, common positions to overcome conflicts and regulate competition, within the political framework established by EU policies, with Mediterranean partners. Negotiations and compromises should safeguard the interest of all the partners.

But even if the partners are equal in principle, they are not equal in terms of resources, capacities and access. **The equity principle** establishes that priority should be given to the needs of the partner who is more demanding. In this sense the partnership also implies **the reciprocity principle**: each partner should take reciprocal responsibilities and commitments and conditionality should be reciprocal too, in order to overcome the unilateral (Eurocentric) version. In turn, this principle is linked to the **coherence criterion**: for example, industrial, agricultural, trade and migration policies should not be in conflict with the assistance to development. In this regard conflicts are evident for example on agricultural and migration issues among Mediterranean countries and territories. Cross-border cooperation has to face a great challenge in identifying new coherence spaces through political and strategic dialogue.

Another operative implication is that the partnership should foresee the **creation of common political forums and institutions**, at regulative-legislative, government-administrative and (judicial?) level. The comitology of Structural Funds, which will be partially translated into ENPI and IPA, establishes the creation of Joint Monitoring and Selection Committees. But they are not real political forums. In this regard, the Euroregion experience may be interesting to consider. Boxes 3 and 4 below describe two good practice experiences which illustrate the importance of adopting a solid institutional architecture at a political and operational level.

Forum and institutions should be **transparent and open** to participation mechanisms involving the different local stakeholders. Democratic legitimization is a necessary condition to obtain consensus, to articulate a participative joint programming and to allow an effective implementation.

This way **the ownership principle** is recognised: each partner with its different stakeholders should feel the joint programme as its own. Each partner should be in the drivers' seat of its local development. The ownership principle is also based on **the co-financing** criterion. In order to overcome an assistance attitude that can generate passive behaviours, the partners should participate actively, thus enhancing their local resources.

BOX 3. The Working Community between the North Portugal and Galicia regions

Rui Azevedo (CRPM)

The working community (WC) between the North of Portugal and Galicia (NP/G) represents **a significant example of cooperation** from a geographical, economic and demographic point of view. Covering a surface area of 50,700 km² and with 6.35 million inhabitants, the NP/G WC presents a population density (125 inhab/km²) above the European average. In geographic and economic terms, this is a peripheral territory. Indeed, both the North of Portugal and Galicia are classified as Objective 1 regions by the European Regional Policy. North Portugal and Galicia are characterised by strong development disparities, concentrated above all in the coastal axis between Coruña/Ferrol and the Porto metropolitan area. Moreover, from a demographic point of view, Galicia presents a situation marked by population ageing and depopulation, in contrast to a growing and relatively young population in the North of Portugal.

The creation of the WC between the North of Portugal and Galicia regions took root from **historical cross-border relations** between the communities living on both sides of the Minho river, reinforced by the EU integration process. In 1985, the accession of Spain and Portugal to the CEE and the later creation of a single currency enabled political and economic integration between the two countries and reinforcement of existing - and the creation of new - cross-border dynamics between the two regions. On 31 October 1991, the presidents of the Junta de Galicia and the Comissão de Coordenação e Desenvolvimento Regional do Norte (CCDRN) signed **the Constituent Agreement** of the NP/G Working Community. This agreement is not legally binding but, rather, is political in nature, being based on the Convention on Transfrontier Cooperation of the Council of Europe and on the Bilateral Cooperation Treaty between Spain and Portugal.

The Constituent Agreement states that NP/G regions should work together to solve common problems, exchange information, and coordinate and create more dynamic cross-border relations among the regional partners. To achieve these aims, the Agreement provided for the **creation of “sectoral commissions”**, organised on the basis of the regions’ common interests, of **a specific commission grouping together the regions’ cities** (known as Eixo Atlântico), and of **four territorial commissions** (Valley of Lima, Minho, Cávado and Tâmega), which are of particular importance in the implementation of Interreg III A programmes.

The organisational structure of the NP/G WC also comprises a **Council**, which has the responsibility of approving the work plan and budget and establishing the internal functioning rules of the WC. The Council is composed of representatives of the two regions and chaired by the president of the WC, represented by one of the presidents of the two regions (on a 2-year rotating basis). In addition, a **Coordination Committee**, composed of two General Coordinators and a Secretariat, ensures the coordination of activities implemented and planned under an apposite multi-annual Action Programme (2000-2006).

The **main results** achieved by the NP/G WC are as follows:

- Internal accessibility to the regions has been improved through the building of several transport infrastructure works (bridges, roads, motorways). Recently the WC has also developed lobbying initiatives and promoted the undertaking of feasibility studies on the possibility of connecting Porto and Vigo by TGV;
- The enhancement of natural resources, such as the cross-border Gerês- Xurés National Park;
- The development of entrepreneurial cooperation through the creation of a risk capital fund to support investments of Galician and North Portuguese enterprises;
- The enrichment of cultural heritage through the implementation of projects involving actors from both sides of the border;
- The promotion of tourism; and
- More recently, the implementation of a cooperation programme in the maritime sector, based on three priority axes: maritime research and innovation, the environment and sustainable development.

It is worth noting that notwithstanding the different political and institutional status of the two regions involved – namely, strong autonomy in the case of Galicia compared to the political dependence of the CCDRN on the Portuguese national government – the WC has proven to be **a good organisational model** on which to develop and deepen cross-border cooperation.

BOX 4. Euroregion Baltic

Pietro Paolo Proto (CeSPI)

Euroregion Baltic (ERB) was established in February 1998 through a **joint agreement** signed by 9 regions of Denmark, Latvia, Lithuania, Poland, Russia and Sweden. ERB embraces an area of around 6 million inhabitants, in which one of the most distinctive disparities between the regions in the old and new EU member states resides in the level of urbanisation and the depopulation of rural areas. The Polish, Latvian and Lithuanian regions, like the Kaliningrad Region, are facing extremely high unemployment rates and considerable social problems in a countryside dominated by farming and related sources of income. Rural areas in the Swedish and Danish regions are sparsely populated compared to a few decades ago, with a small and ever-decreasing proportion of people deriving an income from farming and forestry but also a growing proportion commuting to neighbouring cities. The unemployment rate, slightly higher than that in the cities, is reasonably low. The future of numerous rural areas is increasingly functionally interlinked with urban development. This is obvious in densely-populated areas but also relevant for more sparsely-populated areas. Given some of the structural and socio-economic disparities between the regions, ERB has aimed, from the outset, at enhancing cooperation between its member states and at fostering a **common sustainable development** pattern in the area. The general cooperation framework may be encapsulated in the following set of goals: i) improving the conditions of life of inhabitants of the region; ii) promoting mutual contacts in the region; iii) strengthening bonds between local communities; iv) eliminating historical prejudices; v) supporting activities geared to sustainable economic development in the member regions; and vi) promoting cooperation between local and regional authorities.

ERB's **Statute**, signed in 1998 and subsequently amended and revised in 2004, defines **the Euroregion's structure** and its functioning:

- The **Council** is its highest decision-making and coordinating body. Its main tasks include the approval of i) action plans and other long-term programmes, ii) financial plans for common projects, iii) the President's annual report, and iv) annual reports by working groups.
- The **Executive Board**, elected from the members of the Council, consists of one representative from each party to the Agreement establishing ERB. Its main tasks include preparing and submitting resolutions to the Council for approval and implementing them once they are approved. It also establishes the working groups.
- **Working groups** carry out research, feasibility studies, needs analyses and project identification and design.
- **ERB Secretariats** form the administrative network of the Euroregion. Each region has its own national secretariat that functions as a contact point and liaison office. In addition, the International Permanent Secretariat (IPS) acts as a coordinator of each of the national secretariats.

The ERB governing and decision-making bodies (the Executive Board and the Council) are mainly composed of elected representatives of the regional executive bodies (councils) of ERB's member regions. ERB cooperation is based on joint political will rather than any legally binding force on its members - its competence rests entirely on the acceptance of ERB proposals by the regional executive bodies in the member regions.

ERB relies on two different **sources of funding**: fees paid by its members and EU contributions provided through the INTERREG IIIB, PHARE and TACIS Programmes. The Seagull project (2002-2005) is the main intervention carried out so far and has been allocated 3.2 million euro, with components co-financed under the Baltic Sea Region (BSR) INTERREG III B (€1.3 million), PHARE and TACIS programmes. A Seagull II project, which was financed in 2005 (to the tune of €83,900), will run until the end of 2007. The general objective of this project is to develop and politically decide on a Joint Development Programme (JDP) for the region that will facilitate pre-feasibility studies and implementation activities concerning important investments for sustainable development, economic growth and cohesion.

Although ERB could be considered as a relatively young Euroregion, it encompasses a number of positive features that would allow it to be considered as a **best practice**. In this regard, reference can be made to the 3 dimensions proposed by Markus Perkmann⁶³:

⁶³ Markus Perkmann, "The construction of the new scales: a framework and case study of the Euregio Cross border region", May 2005.

- **Political mobilization.** ERB brings together a number of regions with similar socio-economic backgrounds. This was the starting point for the creation of an external body that eventually fostered cooperation between regions by transforming common shared policy objectives into concrete projects.
- **Governance building.** ERB has developed a solid governance structure: i) the Statute helps clarify the roles and priorities; ii) members must pay a fee which feeds concrete project activities; and iii) there is a clear distinction between the different roles of the Council and the Executive Board (vertical coordination) on the one hand and the International Permanent Secretariat (horizontal coordination) on the other.
- **Strategic unification.** ERB has been able to channel its objectives and priorities into concrete projects, financed under different EU budget headings.

In the second place, **partnership is time consuming and a process phenomenon** at diverse level.

The political dialogue is a process. A common vision of the Mediterranean regional and local development through transnational and cross-border cooperation takes time to be accomplished. The common political forums and institutions of regions and local authorities which participate in joint programmes should **commit themselves to regular high level meetings** in order to advance in the continuous revision of ideas on common development and to manage conflicts that inevitably arise. A political commitment should **guarantee the continuity of relations**, thus overcoming the changes of majorities and governments.

At the same time, regions should **strengthen structures** dedicated to cross-border and international cooperation activities, in order to support the sustainability of partnerships. The structures should be able to coordinate and animate different administrative sectors, given that external cooperation should be conceived as inextricably-linked to territorial development.

At implementation level, partnership should not be reduced to the implementation of a set of fragmented projects. Joint programming is multi-annual but it should not be considered, according to a project approach, as a simple catalogue of actions. It should be based **on a strategic approach: a medium-long term and result oriented process**. Projects should fit into a flexible sequence of integrated actions that are demand driven by beneficiaries. There is a need for **selectivity and clear identification of targets**. In this regard, the European Commission is pushing towards a concentration of resources in strategic projects. But, as we have seen in the preceding chapter, a clear methodology is still lacking.

The joint programming of cross-border cooperation should not be considered separately or simply as a complementation of the budgeting of regions and local authorities, but it should be **integrated in the local development plans**. Territorial cooperation should be incorporated into regional development strategies. Internal and external actions should be closely integrated. This will, in turn, increase the recognition of the legitimacy of cross-border cooperation (see Box 5).

Partnership is **a learning and confidence process**. The partners should diffuse, intensify and deepen their relations across time. During the initial stages of their relationship, partners are able to implement small and simple actions. They learn to understand each other's conditions, constraints and opportunities. They should create **communication devices and implement confidence and capacity building actions**. In the process, actors achieve reciprocal trust and reduce transaction costs. Joint programming and implementation improve and partners increase their capacity to more selectively identify actions of greater relevance and complexity. Joint secretariats may support these functions but they are not sufficient. **A relationship and learning network** should be set up which performs assessment, monitoring and evaluation functions (Box 5). This relationship process and its intangible results should be appreciated.

On the other hand, in order to support confidence and credibility in joint programming, it is important to reach some real and visible results in a short time. Partners should identify **quick impact actions**.

Third, partnership in cross-border cooperation has a **territorial approach**. Joint programming should be based on the enhancement of local resources and capacities of the diverse stakeholders according to the **endogenous development principle**. This does not mean localism or autarchy. In the glocalization scenario, local development can be nurtured by external knowledge, labour and capital flows. The interplay between local and global forces should be a win-win process and it should not be based only on the exploitation of low cost local resources. Regions and local authorities have the difficult task of participating in the regulation of these forces and in the promotion of positive results.

They should define joint programming, which promotes the **involvement of civil society**, enhances territorial diversities and a sustainable and polycentric development. As far as the involvement of civil society is concerned, the EC's analysis⁶⁴ notes the limited participation of anti-poverty groups and women's groups, and the difficulty stakeholders face in attending Monitoring Committee sessions that are time-consuming because of the level of technical details discussed. These problems raise issues regarding the selection and democratic criteria for the involvement of representatives of civil society. The EC stresses that the efficacy of implementation of the partnership principle rests on clarification in national institutional regulations, however it recommends improving the circulation - at the start and during negotiations on the content of operational programmes - of information regarding how the principle will be implemented, and that Managing Authorities could appoint a representative as a one-stop shop responsible for relations with the partners.

BOX 5. Observations on how to render the partnership concept effective

Rui Azevedo (CRPM)

1. The relationship between inter-regional cooperation and regional development strategies.

In order to add value to inter-regional cooperation strategies, it is necessary to align them with those of regional development. The coherence between regional development and external cooperation strategies make it possible to enhance regional competences in a specific sector and use them to exchange experiences with external counterparts as well as acquire new methodologies and approaches.

2. The documents of the COMPART project stress the importance of partnership. However, in order to be effective, **a partnership should develop synergies**. In practice, partnerships are often merely tactical and do not produce any added value. To render partnerships effective, the conditions for the participation of partners in projects should be clearly-established from the outset. The following questions need to be posed and answered: *How can each partner benefit from the project? In which way could each partner contribute to the project?*

3. **The relevance of the level/scale of territorial cooperation.** Experience shows that the most pertinent level/scale of cooperation (municipalities, NUTS II or III regions or central state) can vary according to the given objectives, to the division of competences between different administrative levels (on both sides of borders) and to the features of the project in question. Projects should leave room to manoeuvre in deciding what is the most pertinent "variable geometry" to be adopted for implementation. In this case, the question is: *Who are the appropriate interlocutors, taking into account the different administrative structures characterising the Mediterranean?*

4. **Selectivity.** In a context of limited resources, it is necessary to be selective in the choice of projects. The most pertinent priorities and subject areas for cooperation should be selected.

⁶⁴ European Commission, Directorate-General Regional Policy, *Partnership in the 2000-2006 programming period, Analysis of the implementation of the partnership principle*, Discussion Paper of DG Regio, November 2005.

Experience shows that cooperation activities are often dispersed over several thematic priorities and projects, which limits the impact and added value of cooperation. It thus becomes necessary to be more selective and concentrate resources on a limited number of priorities and “structural” projects. It is also necessary to take into account the specific features and maturation process of cooperation in a given context. In the inception phase, partners get to know each other and exchange experiences, and cooperation will probably concern mainly small projects and simple activities. When cooperation evolves into its more mature phase, it becomes increasingly targeted, selective and structural.

5. The weakness of regional cooperation tools and competences

Often there is a gap between the intended goals of cooperation and the actual tools and competences available, which has a negative impact on the effectiveness and efficiency of cooperation. As in the majority of cases cooperation concerns different areas and partners, the implementation of activities requires specific competences over and above coordination and planning efforts. The existence of appropriate cooperation tools represents a necessary pre-condition in order to achieve effective results.

6. The importance of monitoring and evaluation functions. The effectiveness and efficiency of cooperation depend on the monitoring of the activities implemented. The monitoring of cooperation should be open to the participation of all stakeholders. To this end, internal mechanisms which enable the participation of stakeholders in the monitoring process should be envisaged from the start-up phase of the project. At the same time, ex-ante, in-itinere and ex-post evaluations are indispensable steps for an effective inter-regional cooperation strategy.

7. The importance of financial and administrative aspects. Excessive bureaucracy constitutes a limiting factor on cooperation, especially when several cooperation instruments are available. In this latter case, it is necessary to strengthen coordination among the various instruments.

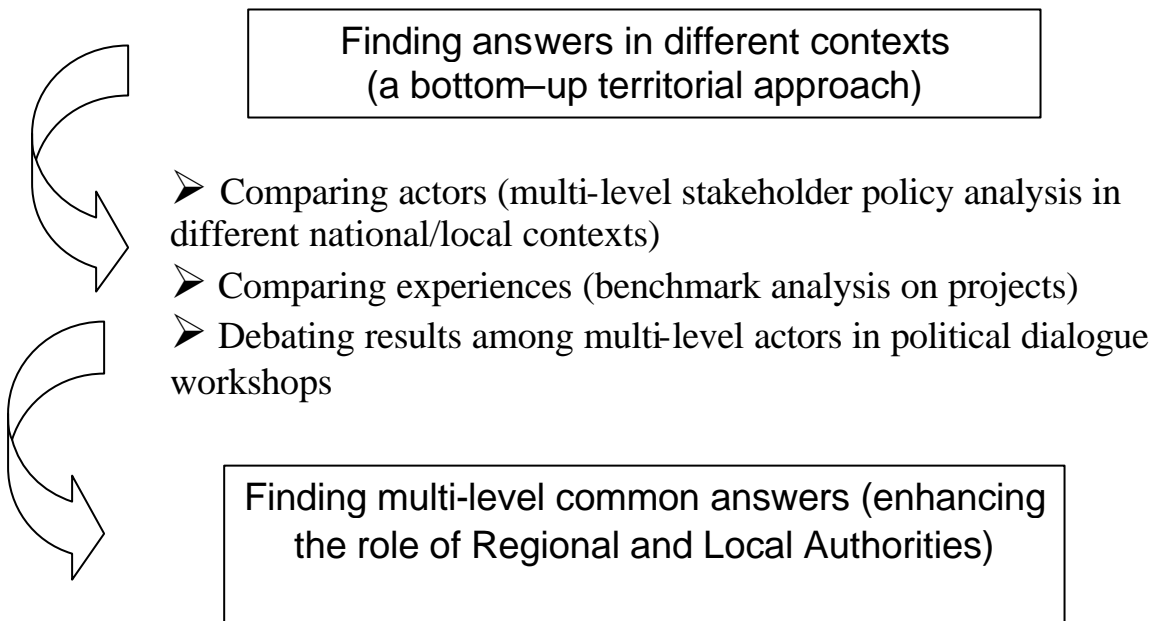
Finally, partnerships between Mediterranean regions and local authorities are included in **multi-level governance**, which involves central State governments and multilateral institutions. Joint programming should structure different types of actions according to the pertinent geographic scale: for instance, infrastructure projects should involve the supra-national, national and local scales; economic cooperation among industrial clusters may have a trans-regional scale, and people-to-people actions may be implemented on a trans-local scale at NUTS III level. Thus, cross-border cooperation has a **variable-geometry** that calls for multi-level governance (see Box 5).

In the case of cross-border cooperation in ENPI, IPA and the Third Objective of the Cohesion Policy, regions and local authorities participate with national governments and the European Commission in the elaboration of joint programmes, according to the different decentralised or deconcentrated institutional framework. But the different competences of regions, legal structures and commitments of state governments, as well as the design of EU external policy in relation to Neighbourhood countries, may create obstacles to effective partnership (see Box 2). Different institutional situations create **asymmetric relations** in multi-level governance: regions of a country may participate in a higher number than regions of another country. The asymmetry could be partly compensated by a stricter direct partnership between regions and local authorities. Decentralization processes should be strengthened directly through institution and capacity building, and politically with the implementation of the reforms established in the Action Plans of the Neighbourhood Policy.

However, different answers should be identified in diverse institutional contexts. **The partnership concept should be contextualized** in order to find solutions that can improve the efficacy and

efficiency of joint programming, enhancing the role of regional and local authorities. This is the objective of the COMPART project.

The activities comprise: a multi-level stakeholder analysis in the different contexts (the partner countries: Bosnia-Herzegovina, Croatia, Italy, Morocco, Spain, Tunisia) for understanding how to improve partnership in joint programming; a benchmark analysis on INTERREG projects for identifying good partnership practices; policy dialogue workshops for putting forward proposals on partnerships in programming and projects at the EU external border.



ANNEX ON NEIGHBOURHOOD PROGRAMME MANAGEMENT STRUCTURE

Different authorities, nominated at national level inside and outside the UE, will be responsible for the financing of Neighbourhood Programmes in the transition period. Each Neighbourhood Programme has a Managing and Payment authority responsible for the EU internal funding component, and a Programme Coordination Unit and a Contracting Authority (Commission or EAR) responsible for external funding, ideally per participating country from NIS or Western Balkans.

The Neighbourhood Programme management structure is composed by three joint structures and calls for a balanced membership of all participating countries: the Joint Monitoring Committee to ensure the policy and financial overview of the programme; the Joint Selection Committee responsible for the selection of the projects and the Joint Technical Secretariat, the main administrative body of the programme.

With regard to the implementation arrangements, within the “constraints” of the existing legal basis the Commission has provided harmonisation procedures, concerning the call for proposals and the selection process in particular, to assure an efficient functioning of Neighbourhood Programmes.

A single application process with a clear separation of the work to be done inside and outside the EU should follow a single call for proposals⁶⁵, decided by the Joint Selection Committee but formally published by the Joint Technical Secretariat. Each project application should include partners from both sides of the borders; and must define a partner responsible for the entire project, as well as a financial lead partner for the EU internal funding component and one for the EU external funding element of the project. After a first assessment⁶⁶, carried out by the Joint Technical Secretariat, the Selection Committee selects the projects to be funded.

“After projects have been selected, the management of Neighbourhood programmes is done in accordance with Structural Funds rules for EU internal funding and in accordance with the Commission’s Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions (the PRAG) for external funding

In short, formal project decisions are different for the elements of the projects taking place inside and outside the EU. The former require a grant letter or a subsidy under private law and issues by the Managing authority; whereas the latter need a formal confirmation by the Contracting authority, which will also “prepare and sign the contracts with the lead partners for the external element of each Neighbourhood project”.

⁶⁵ “Direct project requested and agreed by the participating countries or the Monitoring Committee of the Programme, and not submitted via call for proposal, are also possible”. European Commission (2003) *Guidance Note Concerning the Preparation of Neighbourhood Programmes at the External Borders of Member States and Accession Countries*, op. cit. pp.3.

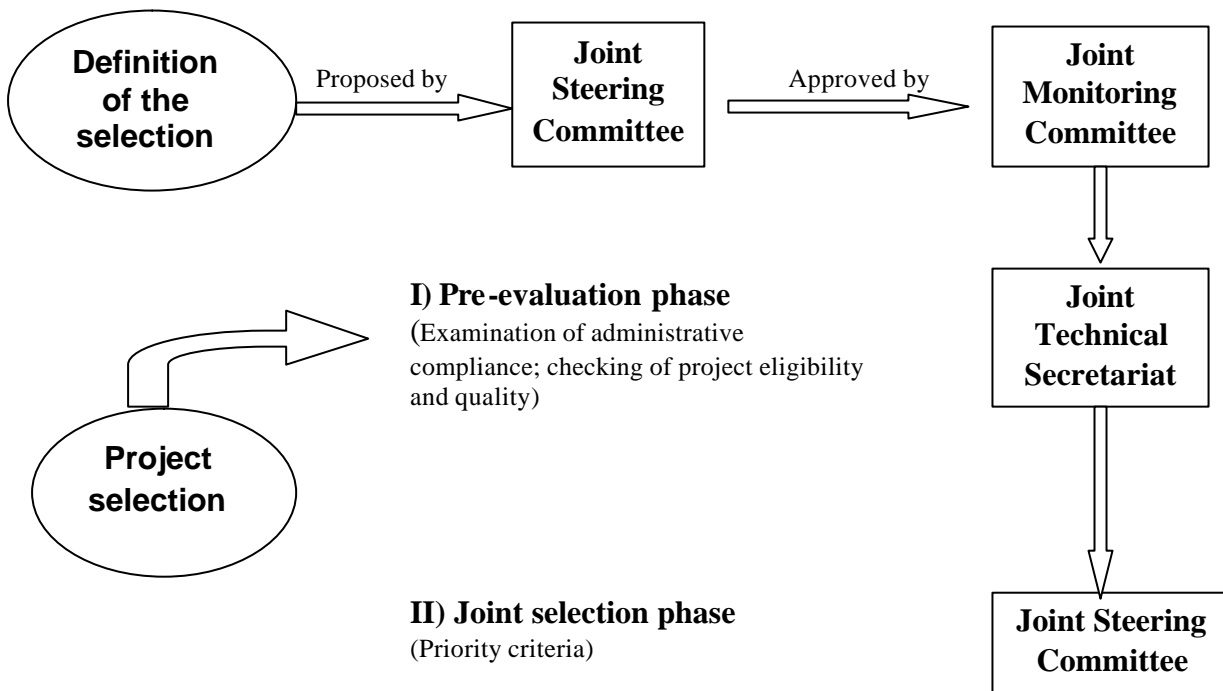
⁶⁶ Projects are assessed against the eligibility, selection and evaluation criteria established by each Neighbourhood programme.

CHART ON NEIGHBOURHOOD PROGRAMME IMPLEMENTATION AT PROJECT LEVEL

JOINT SELECTION



Single selection process



IMPLEMENTATION

Internal funding



It will issue a grant letter to the Internal lead partner awarding the project ERDF funding according to Structural Funds rules

External funding



It will issue a contract to the external lead partner

GLOSSARY

Action Plans

Action Plans are the key operational instruments to translate the European Neighbourhood Policy objectives into reality. The Action Plans are political documents agreed between the EU and the respective partner country. Although based on common principles, each Action Plan should take into account the specificities of each neighbour (differentiation principle), its national reform processes and its relations with the EU. Furthermore, a regular reviewing process will monitor implementation and provide guidance for future adaptation of the Action Plans as the reform processes advance.

CARDS programme

Since 2000, CARDS is the European assistance programme toward Albania, Bosnia and Herzegovina, Croatia, Serbia, Montenegro and the former Yugoslav Republic of Macedonia. CARDS wider objective is to support the participation of Western Balkans in the Stabilisation and Association Process – which seeks to promote stability within the region whilst also facilitating closer association with the EU.

Cross-border cooperation (INTERREG)

Cooperation between all the eligible areas along the internal and external land borders of the Community and certain maritime border areas of NUTS-III level “intended to develop cross-border economic and social centres through joint strategy for sustainable development” (art.9, Interreg Guidelines).

Cross-border cooperation programmes (ENPI)

It covers “cooperation between one or more Member States and one or more partner countries, taking place in regions adjacent to their shared part of the external border of the European Community”

Cross-border regions (ENPI)

All NUTS –III level regions along land borders and sea crossing of significant importance and all NUTS-II maritime regions facing a common sea basin.

Decentralised cooperation

A large variety of interpretations of decentralised cooperation coexist even inside the European Commission:

Interpretation given by DG DEV: “A new way of viewing cooperation and constitutes an innovation which puts stakeholders [local authorities; local associations and groups; entities serving the community, development promotion entities, federative entities and networks, private operators with a particular emphasis on SME and the informal sector] at the centre of the development process [...] and involve them throughout the activity cycle, setting out each party’s role and responsibility in accordance with the principle of subsidiarity. [...] The range of stakeholders is deliberately wide, as an expression of the commitment to being receptive to initiatives coming from different sections of a pluralist civil society. The European Commission does not therefore regard decentralised cooperation as being confined to cooperation between local authorities, unlike several Member States”.

EuropeAid has shown a different approach towards decentralised cooperation. Instead of putting together a wild range of stakeholders, each category of stakeholder is involved separately in programmes and projects. For example:

- *Asia-URBS*: is a decentralised (city-to-city) cooperation programme whose direct beneficiaries are local governments (state, regional or provincial government; municipalities, municipal corporations, town councils, communes, public sector agencies, etc).
- *URB-AL*: is a decentralised cooperation programme, which “is intended to local communities of the EU and Latin America as well as others involved in the urban sector”.

EFRD (European Fund for Regional Development)

This is a structural fund, whose aim is to promote economic and social cohesion by correcting the main regional imbalances and participating in the development and conversion of regions, while ensuring synergy with assistance from the other Structural Funds.

External Territorial cooperation

Before 2004, external territorial cooperation referred to cooperation between regional and local authorities from EU Member States and neighbouring third countries - within the Interreg programmes established at the external borders of the EU. In the period 2004-2006, the latter programmes have been transformed in Neighbourhood programmes; whereas from 2007 on, external territorial cooperation will take place under the new cross-border component of ENPI and IPA.

European Neighbourhood policy (ENP)

The European Neighbourhood Policy is a new policy that invites our neighbours to the East and to the South to share in the peace, stability and prosperity that we enjoy in the European Union and which aims to create a ring of friends around the borders of the new enlarged EU.

European Neighbourhood and Partnership Instrument (ENPI)

The ENPI will be specifically designed to support the neighbourhood policy. All partners in the ENP, as well as Russia, will be eligible for support under this instrument will replace current assistance programmes such as MEDA and TACIS in these countries. The ENPI is a policy-driven instrument that will operate in the framework of the existing bilateral agreements between the Community and the neighbouring countries. It will focus in particular on supporting the implementation of the European Neighbourhood Policy Action Plans. Moreover, it will have a specific and innovative component catering for the specific needs of cross-border cooperation at the EU's external borders.

Financial perspective

It is a multi annual spending plan that translates into financial terms the Union's policy priorities. It groups EU activities into broad categories of expenditure, called “heading”. It sets the budgetary ceilings for each heading, in order to keep expenditure within the limits of the own resources available (“budgetary discipline”).

Instrument for Pre- Accession Assistance (IPA)

It will constitute a unified instrument for pre-accession assistance, in the framework of which beneficiary countries will be divided into two categories, depending on their status as either candidate countries or potential candidate countries.

INTERREG

It is a Community Initiative concerning trans-European cooperation whose aim is that “national borders should not be a barrier to the balanced development and integration of the European territory”. Interreg is composed by three strands of cooperation: cross-border cooperation (strand A); trans-national cooperation (strand B); interregional cooperation (strand C).

MEDA programme

The MEDA programme is the principal financial instrument of the European Union for the implementation of the Euro-Mediterranean Partnership.

Neighbourhood programmes (2004-2006)

Neighbourhood programmes are built on the previous Interreg programmes (both cross-border and trans-national) establish at the external border of the EU with third neighbouring countries. They aim to familiarise beneficiary countries with the cross-border components to be implemented under IPA and ENPI.

NUTS (Common classification of territorial units for statistical purposes)

Due to the high diversity of territorial organisation of European Member States - and then to the difficulties to find a common definition of regions - the EU has introduced NUTS classification in order to facilitate the collection, compiling and dissemination of comparable regional statistics.

The NUTS classification is hierarchical in that it subdivides each Member State into three levels: *NUTS levels I, II and III*. The second and third levels are subdivisions of the first and second levels respectively. Member States may decide to go further still in terms of hierarchical levels by subdividing NUTS level 3.

The NUTS level to which an administrative unit (geographical area for which an administrative authority has power to take administrative or policy decisions) belongs is determined on the basis of population thresholds: NUTS I (min 3 millions, max 7 millions); NUTS II (min 3 millions – max 800 000); NUTS III (min 150 000, max 800 000).

Partnership principle – (European Economic and social cohesion policy)

“Community actions [...] shall be drawn up in close consultation, hereinafter referred to as the partnership', between the Commission and the Member State, together with the authorities and bodies designated by the Member State within the framework of its national rules and current practices, namely: the regional and local authorities and other competent public authorities, the economic and social partners, any other relevant competent bodies within this framework. [...] Partnership shall cover the preparation, financing, monitoring and evaluation of assistance. Member States shall ensure the association of the relevant partners at the different stages of programming, taking account of the time limit for each stage.

In application of the principle of subsidiarity, the implementation of assistance shall be the responsibility of the Member States, at the appropriate territorial level according to the arrangements specific to each Member State, and without prejudice to the powers vested in the Commission, notably for implementing the general budget of the European Communities”.

Partnership principle (ENPI)

“Community assistance under this Regulation shall normally be established in partnership between the Commission and the beneficiaries. The partnership shall involve, as appropriate, national, regional and local authorities, economic and social partners, civil society and other relevant bodies. The beneficiaries countries shall associate the relevant partners as appropriate, in particular at regional and local level, in the preparation, implementation and monitoring of programmes and projects”.

PHARE Cross-border Cooperation (CBC)

Phare CBC was introduced in 1994 to assist border regions in the applicant countries overcome their specific development problems and integrate more closely with the European Union, with other countries of Central and Eastern Europe, and within their own national economies.

PHARE programme

The Phare programme is one of the three pre-accession instruments financed by the European Union to assist the applicant countries of Central and Eastern Europe in their preparations for joining the European Union.

Structural funds

They are the financial instruments of the European economic and social cohesion policy. Four types of Structural Fund have been introduced over the years, as the process of building Europe has progressed:

- The European Regional Development Fund (ERDF) contributes mainly to assisting the regions whose development is lagging behind and those undergoing economic conversion or experiencing structural difficulties;
- The European Social Fund (ESF) mainly provides assistance under the European employment strategy;
- The European Agricultural Guidance and Guarantee Fund (EAGGF) Guidance Section helps in both the development and the structural adjustment of rural areas whose development is lagging behind by improving the efficiency of their structures for producing, processing and marketing agricultural and forest products;
- The Financial Instrument for Fisheries Guidance (FIFG) supports restructuring in the fisheries sector.

TACIS programme

Launched by the EC in 1991, the Tacis Programme provides grant-financed technical assistance to 13 countries of Eastern Europe and Central Asia (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan), and mainly aims at enhancing the transition process in these countries.

TACIS Cross-border Cooperation (CBC)

From 1996 to 2004, Tacis assistance comprised cross-border multi-country programmes, which covered four countries: Russia, Ukraine, Belarus, and Moldova. Tacis CBC aimed at assisting border regions in overcoming their specific developmental problems; encouraging the linking of networks on both sides of the border, e.g. border-crossing facilities; accelerating the transformation process in the partner states through their co-operation with border regions in the European Union or Central and Eastern Europe; reducing trans-boundary environmental risks and pollution.

Territorial cooperation

It is the cooperation between regional and local authorities (at cross-border; trans-national and interregional level) from different European Member States and (where eligible) from third neighbouring countries (see also external territorial cooperation). Territorial cooperation has mainly taken place within the Interreg Initiative.

Trans-national cooperation (INTERREG)

“Cooperation between national, regional and local authorities [aiming] to promote a higher degree of territorial integration across large groupings of European regions [NUTS-II Level], with a view to achieving sustainable, harmonious and balanced development in the Community and better territorial integration with candidate and other neighbouring countries” (art.12 Interreg Guidelines).