

European Neighbourhood & Partnership Instrument

Cross-Border Cooperation

Strategy Paper 2007-2013
Indicative Programme 2007-2010

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Summary

This document provides the strategic framework for EC support for cross-border cooperation on the external borders of the European Union, under the European Neighbourhood and Partnership Instrument, for the period 2007-13, together with the Indicative Programme for this cooperation for the period 2007-10.

Cross-border cooperation on the external borders of the EU is a key priority both in the European Neighbourhood Policy and in the EU's Strategic Partnership with Russia. The adoption of the European Neighbourhood and Partnership Instrument (ENPI) has considerably enhanced the scope for cross-border cooperation, both qualitatively and quantitatively. Building on previous experience under the Tacis and Meda programmes, proposals for strengthening cross-border cooperation (CBC) were first set out in a number of Commission Communications in 2003 and 2004, included in the Commission's proposal for the ENPI in September 2004, and incorporated in the ENPI as adopted by Council and Parliament.

Under the new approach foreseen in the ENPI, support for CBC on the EU's external border will draw on funds from both the external and internal headings of the EC budget, for the pursuit of CBC activities serving both sides of the EU's external border. A number of important innovations are expressed in the ENPI Regulation itself – for example the manner in which internal and external funding is combined within the ENPI, and the provision for decentralised programming and implementation by local partners themselves. More detailed implementation provisions for these CBC programmes are set out in Implementing Rules adopted by the Commission.

In this context, the present strategy paper sets out the EU's general policy and objectives for these CBC activities, examines the relevant policy agendas of the partner countries and the economic and social situation of the border regions, and gives an overview of past cooperation in this field (Chapters 1 to 4). The response strategy (Chapter 5) sets out the core issues to be addressed (including the four key objectives of promoting economic and social development in the border areas, working together to address common challenges, ensuring efficient and secure borders, and promoting local, "people-to-people" cooperation), and places CBC in the context of other relevant cooperation programmes and policies.

The Indicative Programme (Chapter 6) defines the individual CBC programmes which will be financed by the EC (including their geographic eligibility), and illustrates the specific objectives which may be addressed by programme partners within the four key objectives mentioned above, together with the expected results, indicators and possible risks. Finally, the indicative financial allocations for each of the CBC programmes are established for the period 2007-10 (together with an illustration of the allocations for the remainder of the programming period, 2010-13). The total EC funding provided for in this Indicative Programme, for the period 2007-10, amounts to €83.28 million.

1. EU policy & objectives

Cross-border cooperation is an integral component of the EU's European Neighbourhood Policy (covering the countries of Eastern Europe, the Southern Caucasus, and the Southern Mediterranean), and of the EU-Russia Strategic Partnership. It likewise figures in associated policies such as the Euro-Mediterranean Partnership (Barcelona Process), and the Northern Dimension.

1.1 General policy and objectives

The relevant **legal frameworks** for EU relations with these countries are set out in the Partnership and Cooperation Agreements with the countries of Eastern Europe, the Southern Caucasus and Russia, and in the Association Agreements with the countries of the Southern Mediterranean¹.

The **European Neighbourhood Policy (ENP)**² builds on these legal frameworks, with a view to strengthening our relations with the countries of Eastern Europe, the Southern Caucasus and the Southern Mediterranean, through enhanced bilateral relationships, offering assistance with reforms that will stimulate economic and social development as well as additional incentives such as a stake in the EU's internal market – in return for partners' reform commitments as regards democratization and rule of law, market-oriented economic reforms, foreign policy cooperation and cooperation on issues such as tackling organized crime.

Individual ENP Action Plans, agreed with each partner country, set out a detailed and jointly-agreed reform agenda to be followed in implementing the ENP.³ These tailor-made partnerships for reform identify reform priorities across a broad range of issues. How far and how fast each partner progresses in its relationship with the EU depends on its capacity and political will to implement the agreed priorities.

For the countries of the Southern Mediterranean, ENP is also complemented by the comprehensive framework for regional dialogue and cooperation set out in 1995 with the establishment of the **Barcelona Process**, and confirmed most recently in the Barcelona Summit of November 2005, and the Five-Year Work Programme adopted on that occasion⁴.

In the case of Russia, the **EU-Russia Strategic Partnership**, with its four Common Spaces and associated Road-maps⁵ give a further political dimension to our relations

¹ In this region, the EU currently has Partnership and Cooperation Agreements (PCAs) in force with Armenia, Azerbaijan, Georgia, Moldova, Russia, and the Ukraine (a PCA has been signed but not yet ratified with Belarus), and Association Agreements (AAs) with Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Authority and Tunisia (an AA has been agreed but not yet signed with Syria).

² "European Neighbourhood Policy Strategy Paper", COM(2004) 373 final, 12 May 2004.

³ ENP Action Plans have already been adopted with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine. Action Plans with Armenia, Azerbaijan, Egypt, Georgia and Lebanon are currently (May 2006) under preparation.

⁴ Barcelona Declaration, November 1995, and Barcelona Summit, November 2005.

⁵ The EU & Russia agreed at the St Petersburg Summit, May 2003, to establish four Common Spaces (common economic space; common space of freedom, security & justice; space of co-operation in the field of external security, & a space of research & education, including cultural aspects).

with that country, with a local expression of this partnership (notably in the Baltic) set out in the **Northern Dimension Policy**⁶.

The specific policy objectives which the Union and the Community pursues in relation to each of these countries are set out in detail in the relevant country and regional cooperation strategy papers, and will not be repeated here.

1.2 Cross-border cooperation policy and objectives

Within the general policy context set out above, cross-border cooperation (CBC) has an essential role to play, distinct from other forms of cooperation by virtue of operating for the benefit of both sides of the EU's external border, and drawing on funding from both external and internal headings of the EU budget. Drawing on earlier CBC experience under Tacis, Meda, Phare and Interreg, a new policy and implementation framework for CBC on the external borders of the Union was foreshadowed in a specific Communication on CBC in July 2003,⁷ prior to the full elaboration of the ENP, and was elaborated further in a specific section of the ENP Strategy Paper of May 2004.⁸

Building on these proposals and on the relevant Council Conclusions on ENP, specific provisions for CBC have been incorporated in the new European Neighbourhood and Partnership Instrument (ENPI),⁹ and it is foreseen that these provisions shall be further detailed in the Implementing Rules currently developed by the Commission services¹⁰.

The core policy objectives of CBC on the external borders of the Union have already been established in the key policy documents mentioned above. In particular, the core objectives of this cross-border cooperation are to support sustainable development along both sides of the EU's external borders, to help decrease differences in living standards across these borders, and to address the challenges and opportunities following on EU enlargement or otherwise arising from the proximity between regions across our land and sea borders.

In particular, CBC is intended to help :

- promote economic and social development in regions on both sides of common borders;
- address common challenges, in fields such as environment, public health and the prevention of and fight against organised crime;

⁶ The Northern Dimension in the external and cross-border policies of the European Union was first established by the Luxembourg European Council in December 1997, and has developed subsequently as an important component of the EU's relations with Russia (and particularly North-west Russia) in the Baltic Sea region and Arctic Sea region. Following agreement at a Northern Dimension Ministerial Meeting in Brussels in November 2005, an enhanced policy framework for Northern Dimension cooperation is currently being developed.

⁷ "Paving the way for a New Neighbourhood Instrument" (COM(2003) 393 final, 1 July 2003).

⁸ "European Neighbourhood Policy, Strategy Paper", COM(2004) 373 final, 12 May 2004.

⁹ *Regulation (EC) 1638/2006 of the European Parliament and the of the Council of 24 October 2006, Laying down general provisions establishing a European Neighbourhood and Partnership Instrument*

¹⁰ To provide for CBC opportunities between Member States and the Pre-Accession countries, a similar provision is foreseen under the IPA regulation

- ensure efficient and secure borders;
- promote local cross-border “people-to-people” actions.

Within these overall programme priorities, detailed programming will be the task of the programme partners themselves, at the local, regional and national level. These partners will be responsible for preparing and presenting to the Commission for approval a “joint programme” including a specific set of priorities and measures, taking all four of the above themes into consideration, but reflecting the specific circumstances and requirements of their particular area.

Proper coherence and complementarity between the ENPI CBC programmes and the national ENP Action Plans (the Road Maps in the case of Russia) are to be ensured through the programming process.

2. Partner countries’ policy agendas

The overall reform and development policy agendas of the individual partner countries are analysed in the relevant chapters of the individual country and regional strategy papers, and need not be repeated here. The present paper therefore focuses on those specific aspects of partner-country policy relevant to CBC.

Individual partner countries have responded differently to the challenges and opportunities relevant to cross-border co-operation. For countries where CBC has already been actively pursued for some time, an increased involvement and support from the national level have been evident in recent years, notably along the EU’s Eastern borders. For example, the long experience of CBC between Russia and Finland has served as a model for the development of CBC operations elsewhere. Specific legislation relating to CBC is currently being prepared in Russia, and the newly-established (2004) Ministry of Regional Development in Russia is taking a particular interest in this topic. In Ukraine, legislation on transfrontier co-operation was proposed in 2004, defining the principles, the organisation and the financial support provided for co-operation with the “neighbouring” countries.

In the Mediterranean region, with maritime rather than land borders with the EU, CBC has been much less developed, though a substantial attention has been paid to different aspects of sub-national cooperation within the Barcelona Process and with the support of the MEDA programme.

Within the EU, individual Member States of course have a long experience of CBC under the Interreg programme, aimed at supporting economic development and cohesion across their (EU-internal) borders. This experience was also taken into account in the development of Interreg-Phare CBC, covering the borders of the then EU-15 with the accession countries who subsequently joined the EU in 2004.

One policy element of critical importance for the successful implementation of CBC programmes is the institutional capacity of local and regional authorities in the EU’s partner countries to take part in this type of cooperation. In this context, questions of local government reform are of particular importance, and are often part of national reform agendas as reflected in the ENP Action Plans.

To take a few examples, regional and local authorities in *Ukraine* and *Moldova* have relatively limited power, and executive and administrative structures are characterised by a high level of centralisation at all levels. The Action Plans agreed with both these countries however make specific reference to CBC and to local and regional co-operation. In the Mediterranean, *Israel* already has a local government structure with a decentralised representation of local interests, while *Morocco* has begun to decentralise its government system with a strengthening of local government in 1992 and given further impetus to this policy with legislation in 1997 and a new communal charter in 2001. In *Jordan*, the decentralisation of local affairs is a constitutional principle but the government continues to be involved in the nomination of mayors and municipal councils; it is planned to delegate powers to the municipal administrations through increased autonomy in financial affairs and planning for socio-economic development programmes.

The important role of regional and local authorities was also underlined by the cities and regions of the Mediterranean region, who, on the occasion of the Barcelona Summit, signed a declaration confirming their role in the development of the Mediterranean region, their potential contribution to regional policy, and the importance of cooperation to improve democratisation and good governance, involvement of the citizens and improved transparency and dialogue.¹¹

In the case of Russia, the Road Map for the EU-Russia Common Economic Space refers to the deepening and diversification of interregional co-operation, through involvement of local and regional key actors as well as civil society in further deepened cooperation; while the importance of cross-border co-operation in the area of security is also addressed in the Common Space for Freedom, Security and Justice. The involvement of local and regional authorities in cross-border co-operation is also given prominence in the context of the Northern Dimension.

3. Economic and social analysis of border areas

A detailed analysis of the overall political, economic, social and environmental situation in each partner country is given in the relevant country and regional strategy papers, and the present paper therefore focuses on specific elements relevant to CBC.

3.1 Basic parameters of the border areas

By its nature, CBC is intended to benefit those regions which directly share a land or maritime border with the EU, and their counterparts on the EU side of the border. In line with Interreg practice, the regions eligible to participate in the programmes will be those departments or provinces directly sharing the border on both sides, defined at NUTS II/III¹² level on the EU side, and on the external side, in the absence of such a

¹¹ Declaration of the regions and cities of the Euro-Mediterranean Partenariat, Barcelona, November 2005.

¹² The Nomenclature of Territorial Units for Statistics (NUTS) is a common regional classification used in the European Union for statistical purposes. According to this system regions are classified in decreasing orders of magnitude from NUTS I to NUTS V. The size of units classified at the same level varies according to the Member States. However NUTS III regions are broadly equivalent to a French “département” (or a British county) while NUTS II regions are broadly equivalent to French

classification, in terms of the territorial units most closely corresponding to this definition. In special, duly justified cases, a NUTS II/III or equivalent region adjoining to a border region may also be included in the eligible programme area.

In terms of **population**, the regions which may benefit from CBC have a total population, on both sides of the EU borders, of some 257.5 million – of which 45% live in the Northern and Eastern border regions, and 55% in the Southern border regions – and 49% in the EU border regions, and 51% in the border regions of the partner countries.

Table 1: Population in border regions (millions, 2003-04)¹³

	EU Regions*	Partner Regions	Total
Northern & Eastern borders	47.5	67.3	114.8
Southern borders	78.3	64.3	142.7
Total EU Borders	125.9	131.6	257.5

* including the acceding countries Bulgaria and Romania

Generally, the border areas are characterised by very sparsely populated regions in the North, a much higher population density along the Central European borders, and in the South around the sea basins a concentration of population in the coastal regions. A more detailed breakdown of population by country and programme area is given in Annex 3.

In terms of **income**, there are very large differences in income levels on the two sides of the EU's external borders, both in the North and East and in the South.

Table 2: Income levels in border regions (regional GDP per capita, in Euro, 2002)¹⁴

Land and short sea-crossings programmes¹⁵

North		East		South	
EU regions	Partner regions	EU regions	Partner regions	EU regions	Partner regions
23,180	2,448	3,391	1,249	14,107	1,325

Sea Basin programmes

Baltic Sea		Black Sea		Mediterranean	
EU regions	Partner regions	EU regions	Partner regions	EU regions	Partner regions
20,169	1,994	2,172	833	19,343	3,882

“regions” (or Italian or Spanish “regions”). The NUTS classification is governed by Regulation (EC) No 1059/2003.

¹³ The Source for Member States', candidate and acceding countries' populations is Eurostat. For the partner countries, the sources are national statistical agencies.

¹⁴ Source: Member States- Eurostat, partner countries -World Bank and national statistical agencies.

¹⁵ The borders are here divided into North covering borders with Finland and the Baltic States, East covering borders of Poland, Slovakia, Hungary, Romania and South covering the short sea crossings in the Mediterranean.

Both in the North (and Baltic) and on the Southern short-sea borders (Spain/Morocco, Italy/Tunisia), incomes in partner-country regions are only some 10% of those in the bordering EU regions. In the Mediterranean more generally, the differential is slightly less (partner-country regional incomes 20% of EU counterparts), while the gap is narrowest on the Eastern European borders and across the Black Sea (partner incomes 40% of EU counterparts). A more detailed presentation of income differentials by border is given in Annex 4.

Another essential characteristic to take into account in the context of CBC is the deep-seated and long-standing **historical and cultural links** which have been established over the centuries across what are today the external borders of the European Union. The border regions in these areas often have a long common history, as is the case with Slovakia, Hungary, Romania, Ukraine. A key objective of the EU in general and of the ENP is to enhance the EU's relations with its neighbours on the basis of shared values and provide opportunities to share the benefits of the EU enlargement, while help avoid any sense of exclusion which might have arisen from the latter. CBC is certainly an important means of addressing this, helping enhance economic and social links over borders as they now exist, by supporting co-operation and economic integration between regions.

Such links are no less important, however, and no less long-standing, across the EU's maritime borders. Whether in the Baltic or Black Seas, or in the Mediterranean, economic and cultural links across these sea-basins have been one of the most fundamental characteristics of economic and social development in these regions for thousands of years. Here also CBC has an important role to play, building on the long-standing shared heritage of contact and cooperation across these sea-basins.

3.2 *Economic and social characteristics of the border areas*

The EU's Eastern borders run between eight Member States and five neighbouring countries, stretching some 5,000 km from the Barents Sea in the North to the Black Sea in the South. This border covers regions with very different geographic, economic and social characteristics and with a very significant income differential, which may indeed widen further with the increased economic growth expected in the new Member States following enlargement. Finland and Russia are a case in point as the income differential on that border is among the largest in the world – second only to that between Singapore and Indonesia. But at the same time, the border regions in the partner countries in most cases have incomes higher than the national average of their countries.

Looking briefly at individual borders, **Finland and Russia** share the longest individual border, stretching over 1,300 km, and covering mainly rural, sparsely populated regions - particularly in the Arctic, though this region also has substantial natural resources. The St. Petersburg region, with incomes well exceeding the Russian national average, is an exception to this. The borders between **the Baltic States and Russia** have changed significantly in the last decade, with a certain decline in the border regions reflecting the downgrading or disruption of previous transport links. The region of Pskov, for example, faces serious economic difficulties. Kaliningrad, on the other hand, has now become a Russian exclave, entirely surrounded by Poland and Lithuania, and stands out as a special case with a relatively well-developed transport

infrastructure, including an ice-free port, but also with major social challenges to be addressed.

Latvia, Lithuania and Poland share a border with **Belarus**, where the lack of any democratic reform, and a highly centralized economic system, have had a deep impact on the border regions. Nevertheless, economic growth in Belarus has been relatively strong in recent years, driven mainly by the close trade relationship with Russia. Belarus also has an important role as a transport gateway for the EU with Russia.

The **Baltic Sea** basin has a long tradition of cooperation, with active regional cooperation bodies (notably the Council of Baltic Sea States, CBSS), and a substantial experience of sea-basin / cross-border cooperation at the level of regional and local authorities. Economic and social issues, environmental challenges, and questions such as maritime safety have traditionally been important here.

The **Ukrainian** regions bordering the EU are of strategic importance as gateways for transport and energy. Western Ukraine remains largely agricultural, compared to the central and eastern regions of the country. Lviv stands out as the most prosperous region, while Transcarpathia is characterised by significant out-migration, with an ageing population and a very high unemployment rate. **Moldova**, as the poorest country in Europe, has strong cultural links with Romania, but the ongoing problems with the breakaway Transnistrian region continues to hamper development.

The **Black Sea** basin faces considerable economic, social and ecological challenges. Frozen conflicts in the Southern Caucasus and wider regional security concerns continue to impede the social and economic development of these transition economies. Nevertheless, the Black Sea region, and its links with the Caspian, plays a key role in the energy sector.

The **Mediterranean** sea-basin is characterized by striking economic and social contrasts between its Southern and Northern shores, as per capita income levels in the South are still well below those in EU Member States. Overall economic indicators in our partner countries have been improving, but the need for structural reform remains acute, with population growth outpacing job creation. Governance issues, including the reform of public administration, stand out as major obstacles to achieving growth. Short-sea borders (Spain/Morocco, Italy/Tunisia) offer particular opportunities and challenges, while issues such as migration (both legal and illegal) or environmental challenges are important across the whole sea-basin. More generally, the scope for a decentralised form of cooperation across the Mediterranean basin has already been amply confirmed by partners' interest in enhancing cooperation at the level of regional and local authorities.

3.3 Specific challenges in border areas

Notwithstanding the substantial differences which characterise the different regions on the EU's Eastern and Southern borders, a number of common challenges can be identified. Issues such as regional development, the environment, public health and organised crime are of particular importance in a transboundary context, as is the question of ensuring efficient and secure borders. People-to-people cooperation, likewise, is of essential importance for all the border regions.

An integrated and harmonious regional development across the EU border is particularly important in a situation characterised by different rates of economic development, high income disparities and different demographic dynamics. Joint development strategies may help in addressing these disparities and assist in dealing with their most visible effects, such as the increase in legal and illegal, temporary and permanent migration flows, as well as with organised crime..

Environmental issues are particularly important in the context of shared sea basins like the Baltic Sea, the Black Sea and the Mediterranean. Water pollution, whether from industrial or urban discharges, is a critical problem, exacerbated by risks of marine pollution and, in the Mediterranean, by a growing water-shortage. Ensuring sustainable management of fisheries resources is another considerable challenge in the sea basins. . While many of these issues can only be effectively addressed at a national or indeed multilateral level, there is still an important role which local actors can play in this respect, and thus contribute i.e. to achieving the goals of the Euro-Mediterranean Partnership's Horizon 2020 initiative. Environmental issues are no less important on land-borders, though here they are often of a more localised character, particularly in relation to transboundary waters (rivers and lakes).

Public health issues also take on a particular importance in a cross-border context, for example in relation to the communicable diseases (e.g. tuberculosis, HIV-Aids), or possible epidemic or pandemic disease. Consumer protection, food safety and the enforcement of quality assurance and surveillance systems are likewise relevant in a cross-border context. Many of these issues are being addressed in our bilateral cooperation with partner countries, but CBC at the regional and local level still has an important complementary role to play.

The fight against **organised crime** is a key cross-border challenge. The EU supports bilateral, regional cross-border and international cooperation with third countries in improving the prevention and fight against organised crime, corruption and terrorism. Specific emphasis should be on combating all sorts of organised crime, including illicit trafficking of human beings ,smuggling of firearms and stolen vehicles or other contraband. A close cooperation at the local and regional level between law-enforcement bodies on both sides of the EU's external borders will be a valuable complement to cooperation at the national level.

Effective **border management** requires that the EU's external borders are both efficient (facilitating bona fide cross-border movement of persons and legitimate trade and transit) and secure (preventing illegal border-crossing, illegitimate trade and transit). In many respects, this requires close cooperation at the national level, but CBC also has an important role to play, for example in upgrading border-crossing infrastructure, in enhancing cooperation between border authorities at the local level or in improving governance on maritime-related matters via a more coordinated approach to the management of the sea basins.

Another challenge, and opportunity, shared across all the EU's external borders is that of promoting **people-to-people cooperation**, enhancing contact between civil-society groups on both sides of the border. This is clearly of great importance on Europe's Eastern borders, where traditional economic, social and cultural links give a strong basis for building (or rebuilding) strong civil-society links, and where educational,

social and cultural cooperation can play an essential role in breaking down barriers and promoting democratic reform. This form of cooperation is no less important in the Mediterranean, however, where civil society has a particular role to play in addressing the wider issues which have affected the dialogue between the Western and the Arab world. And civil society has common concerns across the Mediterranean, such as migration and the social, cultural and economic links created by large immigrant communities with the countries of origin.

3.4 *Border cooperation fora*

CBC, and the challenges and opportunities which it seeks to address, are of course by no means new, even if they may have been thrown into higher relief by the recent enlargement of the Union, and by the ongoing development of the ENP and of the Strategic Partnership with Russia. A number of fora have been developed over the years to address these issues, ranging from inter-governmental border cooperation committees, through regional and sub-regional cooperation bodies, to associations of border regions.

On land-borders, questions of border demarcation or border management have often given rise to the establishment of ad-hoc or permanent inter-governmental border cooperation committees – for example, Finland and Russia, or Poland and the Ukraine, have regular meetings in such a format. In addition, existing CBC programmes, and their associated management committees, have built up a valuable experience of the practicalities of CBC.

More broadly, inter-governmental regional cooperation bodies such as the Council of Baltic Sea States (CBSS), the Barents Euro-Arctic Council (BEAC) or the Black Sea Economic Cooperation (BSEC), while focusing largely on national-level cooperation, nevertheless provide an important nucleus for encouraging cross-border cooperation at the level of regional or local authorities. BEAC, for example, with its Regional Council, has since its beginning given a particular importance to cooperation between local authorities. And CBSS, among its wide range of activities, has also developed a number of working-groups and activities such as the Baltic Sea Task Force on Organised Crime, a regional law enforcement cooperation forum in the Baltic Sea Region, and a best-practice example of regional co-operation between EU MS and third countries. .

In the context of the Barcelona process, a number of networks have been created with similar aims, bringing together representatives of towns and cities, of the academic and business community, and of civil society more generally. The importance of this form of cooperation was confirmed by the declaration signed at the Barcelona Summit in November 2005 underlining the importance of local and regional authorities in contributing to the development of the Mediterranean region.

Within the EU, border regions have, for many years, come together in the Assembly of European Border Regions (AEBR) to discuss issues of common concern and represent the interests of these regions to the European institutions. In a recent initiative a number of border regions and their associations, established the Network of European Eastern Border Regions (NEEBOR) to speak for the interests of regions

on both sides of the EU's Eastern border, from Finland in the North to Greece in the South.

Eurocities, a longstanding representative body of Europe's cities, has also devoted an increasing attention to CBC in recent years, with working groups addressing cross-border or trans-border issues both to the South and to the East.

The Euroregion concept, developed by the Council of Europe since the 1950s, has long provided useful fora for addressing cross-border cooperation and planning issues within the EU, and during the 1990s this concept has been expanded to involve also the neighbours in the Eastern border regions. New Euroregions are being developed constantly, for example with a Black Sea Euroregion, created in 2006. In most cases, the work of these Euroregions is focused on improving the living conditions in the border areas concerned, promoting cross-border contacts and regional and local cooperation in such fields as economic development, education and training, and tourism.

4. Overview of past & ongoing cooperation

4.1 Neighbourhood Programmes and their predecessors

The European Regional Development Fund (ERDF) has funded Cross Border Cooperation in EU border regions (including those at the external borders) since 1991 under the Interreg Community initiative. In the period 2000-2006 total funding under the Interreg for the external EU borders amounted to some €230m per year. These funds were destined to finance Member States beneficiaries.

Participation of Russia and Eastern European countries in cross-border cooperation has been funded under the Tacis programme since 1996. In the period from **1996 to 2003**, total funding for CBC under Tacis amounted to €257m, or some €32m per year, on average. Priorities included the development of border infrastructure, support for local and regional cooperation through a specialised small project facility (Tacis SPF), and support for environmental projects, for economic cooperation and for private sector development.

Between **2004 and 2006** a new approach was followed, with the introduction of the Neighbourhood Programmes¹⁶ foreshadowed in the Commission's 2003 Communication. In the East, a total of €75m was provided under Tacis over this 3-year period (in addition to some €54m programmed for border-crossing infrastructure – see below). In the South, a dedicated Neighbourhood Programme was introduced under MEDA, with €9.4m over this period. These funds complemented almost €500 m from Interreg (€296m for Eastern programmes and €300m for Mediterranean programmes), and €50m from Phare, allocated to the same border areas. The Neighbourhood Programmes were an important initial step towards the fully integrated CBC approach foreseen under ENPI. They also enabled Southern Mediterranean partner countries to participate for the first time in the existing bilateral

¹⁶ An overview of past and present CBC commitments to the Neighbourhood Programmes is attached (Annex 5)

and multilateral Interreg programmes for which they had been eligible since the late 1990s.

4.2 *Other aspects of cross-border cooperation*

Improving the physical infrastructure of border crossings between neighbouring countries and the EU has been a priority under Tacis CBC programmes since 1996. A number of priority border crossings have been constructed or renovated, with significant work being carried out on the Finnish-Russian border (Tacis funding amounting to some €25m), and on the borders with Moldova (more than €3m) and with Ukraine (more than €14m). Tacis funding has also been used to support border-demarcation, notably in the Baltic States. Support for border-crossing infrastructure has been complemented with technical assistance and training to strengthen border management. Tacis support has also been provided for the enhancement of communications infrastructure, including for example in the field of fibre-optic networks.

In the different geographical context of the Mediterranean, relevant physical infrastructure investments have mainly been directed to ports and airports, in particular through EIB lending.

4.3 *Other support to local and regional cooperation, and broader regional cooperation*

The Tacis City Twinning Programme and the later Institution-Building Partnership Programme (IBPP) have financed partnerships between local/regional authorities and civil society organisations in the countries of the former Soviet Union and in the EU. This has particularly included work in the field of administration, governance and the environment.

The Tempus programme finances partnerships between higher education institutions. The programme promotes a bottom-up approach through people-to-people contacts in the education sector, in Eastern Europe and the Mediterranean region. One of the objectives of the programme is to foster links between universities and civil society.

In the Mediterranean, a number of regional programmes established in the framework of the Barcelona process have supported partnerships and networks bringing together regional and local authorities, academia and civil society groups on both sides of the Mediterranean. Two examples of particular relevance to the objectives of CBC include the MED'ACT and Med-PACT programmes, establishing decentralised cooperation among regional and local authorities in fields such as the environment, urban planning, and cultural cooperation. A recent conference in the context of the Barcelona process brought together some sixty regional and local authorities from both shores of the Mediterranean, stressing the key role of local government in promoting good governance and democracy.

4.4 *Other Donors*

A number of Member States have provided support for CBC activities, including Denmark, Finland, Germany and Sweden in the Baltic, and the UK (notably in

Ukraine). Key priorities have included support for cooperation and capacity-building among regional and local authorities.

The Council of Europe also has a long tradition of support to CBC, in particular through providing a possible legal framework for CBC actions (developed with the agreement of all its members), as well as supporting local and regional networks and Euroregions.

4.5 *Lessons Learnt*

A number of **recent evaluations** have touched on aspects of CBC:

- a review of the Tacis CBC Programme was carried out by the Court of Auditors in 2000¹⁷. Their report called in particular for improved co-ordination mechanisms between different funding sources under cross-border co-operation, increased overall financing (matched on both sides of the border), a higher proportion of small scale co-operation, improved involvement of local and regional authorities in cooperation, priority for actions which contribute to the increase of living standard in the border areas, improved support to capacity-building among local and regional authorities;
- a mid-term evaluation of the MEDA II programme, concluded in 2005,¹⁸ gave an overall satisfactory evaluation of the MEDA programme, but suggested a number of ways by which the relevance of MEDA interventions could be enhanced. Relevant recommendations included enhanced ownership by partner countries in the programming process of MEDA and the future ENPI, and increased attention to small-scale projects with civil society, in order to address the political and human partnership goals of the Barcelona process. The report also recommended to address the issue of management-intensity under this type of cooperation by outsourcing the most resource-intensive aspects of management.
- a recent Commission evaluation of the Tacis programme¹⁹, completed in January 2006, concluded that future cooperation needed to increase its relevance, especially in the context of the ENP, and recommended inter alia a focus on partnership building. In relation to CBC in particular, the report concluded that the design and management of cross-border co-operation should be improved, in particular “by ensuring better complementarity and integration between the EC funded programmes on each side of the border”;

The conclusions of the Court of Audit report were already fully taken into account in developing the new approach to CBC foreshadowed in the Commission’s 2003 Communication, and the relevant conclusions of the recent MEDA and Tacis evaluations have likewise been taken into account in the present programming exercise. In particular, the CBC programmes will be implemented in close coordination with programmes funded from other segments of the ENPI, in order to derive maximum synergy and avoid any duplication.

¹⁷ OJ C329, 23 November 2001

¹⁸ *Mid term Evaluation of the MEDA II Programme*, July 2005, European Commission/ EuropeAid.

¹⁹ *Evaluation of Council Regulation 99/200 (Tacis) and Its Implementation*, January 2006, European Commission/Evaluation Unit/ EuropeAid, DG for Development and External Relations DG.

A number of **other lessons** drawn from the experience of CBC cooperation in recent years have also been taken into account in the development of the new ENPI Regulation and in the present programming exercise. In particular:

- *time required to fully establish effective CBC programmes*: CBC programmes on the EU's Eastern external borders were introduced more than a decade ago. The experience gained from this co-operation, financed from Tacis, Phare and Interreg, has led to the two-phase approach foreshadowed in the Commission's 2003 Communication.²⁰ The first phase Neighbourhood Programmes in the East (2004-06) have already given programme partners a good experience of working together in this context. In the Mediterranean, where CBC has been introduced more recently and partner countries are only now beginning to participate in Interreg activities through the first Neighbourhood Programmes, the limited experiences achieved to date also provide a useful platform for the future;
- *importance of local ownership, while assuring national-level support*: local and regional authorities in the border regions have been shown to be enthusiastic in working together in addressing common opportunities and challenges. A bottom-up approach, with full local ownership, is essential, as seen under especially the Interreg programmes. Projects tend to be relatively small, and thus administratively costly, but can have a very high impact. Nevertheless, smooth cooperation at the regional and local level also requires political and administrative support at the national level, and the lack of such support has on occasions been an obstacle. While major efforts have been put into addressing these issues, this will certainly require close attention in the ongoing implementation of this programme;
- *importance of the shared experience of programme partners in working together, and of relevant capacity-building*: under previous CBC programmes, the combination of different sources of funding (Tacis, MEDA, Phare, Interreg), with different procedures, has in itself been an obstacle to effective CBC. In addition, the local programme partners need to become accustomed to working together in identifying and addressing jointly-agreed priorities, and this has also been hindered by the separate funding-sources with which they have been working. The new possibilities offered by ENPI will change this situation dramatically, but the local partners will also need time to become fully familiar with this new way of working. Support for training and capacity-building will thus be of particular importance in ensuring that the full potential of CBC can be achieved.

5. Response Strategy

5.1 Basic parameters

More than for other aspects of cooperation activities under the ENPI, the key parameters of the CBC programme are already set out in some detail in the ENPI

²⁰ The two-phase approach set out in the Commission's 2003 Communication on CBC involved a first phase (2004-06) in which project prioritisation, selection and evaluation would be done jointly by partners on both sides of the border, while contracting and payments remained separate between Tacis and Interreg. The second phase, made possible by the new ENPI regulation, brings together these two sources of funding for the benefit of a fully-integrated and jointly-managed CBC programme.

Regulation and in the Implementing Rules (*this latter still under preparation*). Further practical guidance regarding programme implementation is set out in the Programming Guidelines established by the Commission (*also under preparation*).

In summary, key elements relevant to CBC set out in the ENPI Regulation, include:

- the principle that CBC programmes shall be to the common benefit of local and regional partners on both sides of the border;
- the combination of EC funding from both Heading 1B (Interreg) and Heading 4 (ENPI) in one single instrument and one single programming process;
- the responsibility of programme partners for detailed programming (within the overall priorities set out in this strategy paper) and for implementation, through joint operational programmes, developed in a bottom-up approach by the programme partners for endorsement by the Commission;
- the principle of shared management by a commonly agreed Managing Authority
- the rules whereby geographical eligibility for activities under the programmes are defined (including for the involvement both of participating and of adjoining areas);
- special provisions for exceptional cases arising if a programme partners are unable to establish an agreed joint programme.

In this context, the purpose of the present strategy paper and indicative programme is in particular to specify in more detail than is possible in the Regulation the core policy objectives which should be taken into account in the programming work of the local partners (and to indicate the relevant expected outputs, indicators and risks), to determine the geographic structure of the individual ENPI CBC Programmes, and to set out the financial allocations to be made to each Programme.

5.2 Core issues to be addressed

In order to fully address the potential for regional development under the ENPI-CBC programmes, the priorities of the individual programmes should be set out taking into consideration a sustainable development approach, with a coherent and integrated coverage of relevant regional development issues. In the Commission's 2003 Communication on CBC²¹, four core objectives were identified for this instrument. These four objectives respond to the challenges identified for external border regions, and remain entirely valid as a basis for the detailed programming to be carried out by local and regional programme partners.

In this context, the four core objectives of ENPI-CBC are as follows:

- Promoting economic and social development in regions on both sides of common borders.

Integrated and sustainable regional development in the border regions is essential in helping to promote prosperity, stability and security on the EU's external borders – the key objective of the ENP, and an important element also in the EU's Strategic Partnership with Russia. The ENPI-CBC programmes aim at helping public and private actors to address the opportunities and challenges offered by

²¹ "Paving the way for a New Neighbourhood Instrument" (COM(2003) 393 final, 1 July 2003).

proximity with the EU. The promotion of economic and social development is a key objective deserving special attention in the ENPI CBC programmes. Within this general objective, local actors may choose to focus on specific objectives in such fields as local trade and investment opportunities, joint-venture promotion, regional and local development planning, tourism development, local infrastructure investments, cooperation in the field of energy, transport and communications, the development of economic sectors linked to the sea, urban management, administrative reform and capacity-building, or other areas relevant to the economic and social development of the border regions.

- Working together to address common challenges, in fields such as the environment, public health and the prevention of and the fight against organised crime.

Local authorities on the EU's Eastern borders will face a particular challenge in addressing the environmental degradation caused by economic restructuring and the historical neglect of environmental issues. "Hot spots" requiring priority attention can be tackled at the local and regional level where communities can plan jointly and use resources efficiently to mitigate cross-border pollution. Such cooperation will also facilitate strategic planning in a border context to prevent future pollution and the management of natural resources, in particular fisheries resources, in a sustainable way. Water is a case in point where cross-border cooperation will facilitate the shared development and protection of water resources. A broader environmental cooperation will be particularly important in the sea-basin programmes in the Baltic and Black Seas and in the Mediterranean.

Public health issues in a cross-border context call for close institutional cooperation, capacity-building and training, whether in relation to specific public-health threats (including for example tuberculosis, HIV-Aids, and recent epidemic / pandemic threats), or more generally in relation to public health surveillance and monitoring, and public awareness and education campaigns.

While the fight against and prevention of organised crime may in the first instance require cooperation among national authorities, there is also a considerable scope for enhancing the practical cooperation among the regional and local branches of the agencies concerned.

- Ensuring efficient and secure borders

The EU's external borders still face challenges with respect to the quality of basic border infrastructures and procedures relating to their operational management. Border crossings need to facilitate the movement of goods and people to contribute to wider economic and social objectives beyond the adjacent border regions. At the same time, they need to provide security and be effective with respect to illegal migration and organised crime. Appropriate procedures and equipment are required to help ensure that public health concerns linked to trade in agricultural goods can be reconciled with the need to facilitate trade. Physical infrastructure projects supporting CBC will need to be complemented by technical assistance and other programmes for the transfer of technical know how in order to make border management more effective.

- Promoting local cross border “people-to-people” actions

In addition to initiatives carried forward at the national and regional level, the ENPI-CBC programmes provide the opportunity to strengthen people-to-people and civil society contacts at the local level, in a context of full local ownership. Actions in the social, educational, cultural and media fields, as well as enhanced cross-border contacts between civil society groups and NGOs, can also contribute to promoting local governance and democracy, and to enhancing mutual understanding. This is relevant both on the Eastern borders, where national frontiers in some cases separate communities with longstanding historical contacts, and in the Mediterranean context, where CBC activities in these fields can complement existing activities and fora established under the Barcelona process through a bottom-up approach. As experience has shown in other cross-border contexts in Europe, higher education institutions can play an important role in promoting people-to-people contacts.

5.3 Definition of programmes

Two main categories of programmes will be established under ENPI-CBC: programmes covering a common land border or short sea crossing, and programmes covering a sea basin. The programmes are principally defined based on the eligibility as defined in the ENPI regulation,²² while taking account also of the need to maintain continuity from previous programming periods, to facilitate programme management.

5.3.1 Programmes established on a common land border or sea crossing

In accordance with the ENPI regulation Art 8, regions along shared land borders, or on sea crossings of significant importance (separated by no more than 150 km), may be involved in programmes involving two or more countries sharing a common border. While a number of these programmes will cover only two countries, others will involve several countries with a view to establishing programmes covering a coherent geographic area, facilitating efficient management and responding to requests from the partners. All programmes over a land border or a sea crossing of significant importance will necessarily have a strong local focus, with a local partnership involving the key actors from the local and regional level, including civil society, from both sides of the border. The local partners will be the key actors in the programme, and will be jointly responsible for establishing the priorities of the programme.

Regions eligible to participate in the programmes will be those regions directly sharing the border on both sides; on the EU side this level is NUTS III, while on the external side, in the absence of these denominations the territorial unit best corresponding will be eligible. In special cases, duly justified, a NUTS III or equivalent region adjacent to a border region can also be included.

Among the land border programmes, most programmes are a continuation of previous co-operation under the 2004-06 Neighbourhood Programmes. In the case of the

²² Regulation (EC) 1638/2006 of the European Parliament and the of the Council of 24 October 2006, Laying down general provisions establishing a European Neighbourhood and Partnership Instrument

programmes involving Slovakia, Hungary, Romania, Ukraine and Moldova programme coverage has been adjusted in order to improve co-operation, facilitate administration and create programmes with a more coherent geographic character.

The sea-crossing programmes cover the continuation of the existing Spain/Morocco: North programme, while new programmes covering Spain and Morocco (CBC Atlantic Programme) and Italy/Tunisia will be created to reflect the eligibility as defined in the ENPI regulation.

On this basis, a total of twelve land-border or sea-crossing programmes are defined in the Indicative Programme (with detailed geographic eligibility in Annex) – nine land-border programmes in the East, and three sea-crossing programmes in the South.

5.3.2 *Sea-Basin programmes*

As specified in the ENPI Regulation, regions along one of the three shared sea basins on the EU's external borders (Baltic Sea, Black Sea and the Mediterranean) will have the opportunity to be involved in a sea basin CBC programme. The programmes have been defined considering the effects of having one programme per sea-basin to help create a critical mass and a clear policy focus of each joint operational programme.

In distinction from the land-border / sea-crossing programmes, territorial eligibility for the sea-basin programmes will be based on the NUTS II level (regions, rather than departments), or on comparable regional and sub-national equivalents outside the EU, where the NUTS classification is not applicable. It is possible to include adjoining regions when this is duly justified in the context of ENP policy considerations and supported by the programme partners themselves.

Under these sea-basin programmes, it will be possible to support activities involving a single partner on either side (EU-internal and –external) of the sea-basins, as well as activities involving more than one partner on either side of the sea-basin. The partners implementing projects under the Sea Basin programmes will primarily represent the regional and sub-national administrative levels, as well as civil society organisations based within the eligible programme area.

The detailed geographic eligibility of these three sea-basin programmes is defined in the Indicative Programme and described in Annex 1..

5.4 *Other parameters*

A number of other important practical parameters not set out in the ENPI Regulation or the present strategy paper and indicative programme are set out in the Implementing Rules and Programming Guidelines (*currently under preparation*). This will for example include issues relevant to the organisation of programme implementation, the establishment and operation of the Joint Managing Authorities called for in the ENPI Regulation, procedures for programme preparation, implementation and monitoring, the type and scale of eligible actions to be financed under the programmes, the definition of eligible project proponents, and other practical details

5.5 Coherence and complementarity with other cooperation programmes

By virtue of their local character, involving actors in geographical areas in the border regions, the ENPI-CBC programmes will be complementary to the activities carried forward under the respective national, regional and interregional cooperation programmes financed under ENPI. Coherence between CBC and these other programmes, and coherence with the underlying policy objectives of the ENP (or the EU-Russia Strategic Partnership) will be assured both in the process of adoption of the individual programmes, and in the ongoing monitoring. The individual programmes shall be developed by the local partners taking into consideration the need for coherence and complementarity with the ENP or other national level priorities.

Certain of the other instruments or Thematic Programmes introduced for the period 2007-13 may also address issues of a complementary character to those touched on in the ENPI-CBC programmes (for example in areas related to civil society, the environment, migration, or human rights). Here also coherence should be assured in the process of adoption and implementation of the CBC programmes, and in the selection of measures to be financed under thematic programmes, in the same way as for national and regional programmes.

Cross-border cooperation within the EU will continue in the framework of the Cohesion Policy, under the Territorial cooperation objective of the Structural Funds.²³ Where relevant, (e.g. in the Baltic Sea and the Mediterranean), complementarity between such programmes and the ENPI-CBC programmes will be ensured by close co-ordination or integration of the programmes, as in the case of the Baltic Sea.

5.6 Related policy areas

The ENPI-CBC programmes will in many cases operate in fields for which a range of broader EC and EU policies are particularly relevant, and where the programming and implementation of these CBC programmes will need to be carried forward in full awareness of the implications of these policies at the local and border level. This will certainly require a specific coordination and monitoring effort in the ongoing preparation and implementation of ENPI-CBC activities. Such areas include for example:

- trade policy issues, including also the regulation for local border trade along the EU's external border;
- the Schengen acquis, including the Schengen facility which provides support in the new member states for border investments;
 - policies in relation to migration, visa issues, illegal migration and the fight against organised crime;
 - operational cooperation coordinated by FRONTEX and Europol
- environment policy and maritime policy including the external dimensions of fisheries policy;

²³ Council regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional development Fund, the European Social Fund and the Cohesion Fund.

- development policy, which is of direct relevance for the middle- and low-income countries taking part in ENPI-CBC
- research policy in creating synergies between research efforts at both sides of the border to stimulate regional development – common use of infrastructure; exchange of scientists, paying specific attention to energy research for long-term security of energy supply

5.7 Consultation with stakeholders

In the development of the ENPI-CBC strategy, and related core documents, the key stakeholders of the programmes have been consulted through a series of key events and seminars, as well as through bilateral contacts.

In particular, and in order to gather the key stakeholders both within the EU and from the partner countries, several preparatory workshops were organised, in Brussels and in the Member States, in 2005 and 2006. These included meetings in Brussels June 2005, in Helsinki February 2006, in Rome March 2006, and again in Brussels in April 2006. With individual partner countries (as well as with Member States) a direct and on-going consultation process has taken place in preparing the present strategy paper.

In addition, a substantial dialogue with both Member States and the European Parliament has of course taken place in the process of adopting the ENPI Regulation, which includes a considerable amount of substantive detail on the CBC aspects of ENPI. Related discussions on funding aspects and allocation mechanisms also took place in the process of adoption of the Structural Funds regulation.

6. Indicative Programme 2007-10

6.1 General

The present Indicative Programme builds on the key elements established in the basic reference documents, including the ENPI Regulation itself, and the associated Implementing Rules (*this latter still under preparation*), as well as the strategic policy indications set out in the Strategy Paper above.

The purpose of this Indicative Programme is therefore:

- to establish the geographic definition of the ENPI-CBC programmes themselves, including the eligible and adjoining regions;
- to establish the indicative financial allocations for each of the programmes for the period 2007-2010, provide an indication of the broader financial perspectives through to 2013, and describe the review mechanisms which will be applied during the course of programme implementation;
- to indicate the objectives, expected results and indicators which should be taken into account in the detailed programming exercise to be carried out by local the programme partners;
- to identify possible risks which may have to be taken into account in the preparation, implementation and monitoring of the CBC programmes;
- to set out the main features of the detailed programming process.

6.2 ENPI- CBC Programmes

The geographic coverage of the programmes to be established under ENPI-CBC, whether as land-border and sea-crossing programmes or as sea-basin programmes, is defined here in reflection of the basic criteria established in the ENPI Regulation, and taking account of relevant lessons from past experience, notably with the Neighbourhood Programmes operating in the period 2004-2006. As mentioned in the Response Strategy, certain adjustments have been made for a few of the current programmes, which otherwise have been carried forward without change.

For the period 2007-10, a total of nine land-border and three sea-crossings programmes will be financed, as well as three sea-basin programmes. These fifteen programmes are listed in the table below.

Table 3: List of ENPI-CBC Programmes 2007-2013.

Land border programmes	Sea crossings programmes
Kolarctic programme - Finland /Russia	Spain/Morocco
Karelia programme – Finland/Russia	CBC Atlantic Programme
SE Finland/Russia	Italy/Tunisia
Estonia/Latvia/Russia	
Latvia/Lithuania/Belarus	
Lithuania/ Poland /Russia	Sea Basin programmes
Poland/Belarus/Ukraine	Baltic Sea Region
Hungary/Slovakia/Romania/Ukraine	Black Sea
Romania/Moldova/Ukraine	Mediterranean

Compared to the current Neighbourhood Programmes (2004-06) three of the nine land-border programmes will be combined into two: the current programmes Hungary / Slovakia / Ukraine, Romania / Ukraine, and Romania / Moldova programmes will be re-grouped into a Hungary / Slovakia / Romania / Ukraine programme and a Romania / Ukraine / Moldova programme. For the sea-crossing programmes, the current Spain / Morocco programme will continue, while two new programmes will be created to cover cooperation between Spain and Morocco (CBC Atlantic Programme) and Italy/Tunisia.

For the **land-border and sea-crossings programmes**, geographic eligibility for participation in the programmes is (as foreseen in the ENPI Regulation) based on the involvement of NUTS III regions, where such denomination is available, otherwise on equivalent structures on the local/regional level. Adjoining regions have been included in the programme area, following consultation with the programme partners and on the basis of the provisions of the ENPI regulation. The extent to which adjoining regions can participate in each programme and receive financing from the programme budget will be defined in the joint programmes. The detailed eligibility definition of each programme is set out in Annex 2 to this document.

For the **sea-basin programmes**, geographic eligibility for participation in the programmes is (as foreseen in the ENPI Regulation) based on the involvement of NUTS II regions, where such denomination is available, otherwise on equivalent structures on regional/sub-national level. Programme partners may propose, when submitting the joint operational programme, to allow beneficiaries located in adjoining regions, to participate in co-operation, by including these adjoining areas in the programme. This participation should normally be limited to a maximum of 20% of the programme budget, which should be agreed among all the programme partners and with the Commission. The detailed eligibility definition of each programme is set out in Annex 2 to this document.

In the case of the ***Baltic Sea Region*** programme, because of its specific geography covering eight Member States, Norway and only two external partner countries, an integrated programme bringing together the ENPI sea-basin approach and the ERDF Baltic Sea transnational programme will be established. This integrated programme will accommodate the needs under ENPI CBC to include smaller scale co-operation in balanced partnerships, involvement of civil society and a broad regional development approach including specific thematic needs. ENPI funding will be devoted to financing the Russian and Belarusian participation in the programme.

In the ***Black Sea and Mediterranean*** Sea Basin programmes Turkey has the possibility to take part, drawing upon its funds from the Instrument for PreAccession.

The geographic definition of programmes may be adjusted over time, reflecting performance and experiences made during the establishment and implementation of the programmes. Any such change will be subject to an amendment of the Indicative Programme, to be adopted by the Commission after having obtained the opinion of the management committee.

6.3 Objectives

The ENPI-CBC programmes will take as their starting point the four key objectives described in the response strategy (Chapter 5.2 above), namely:

- promoting economic and social development in regions on both sides of common borders;
- working together to address common challenges, in fields such as the environment, public health and the prevention of and the fight against organised crime;
- ensuring efficient and secure borders;
- promoting local cross border “people-to-people” actions.

Building on these four key objectives, it will be the task of the local programme partners, working together across the borders, to analyse the needs in the programme area, to identify the specific priorities and objectives which are most relevant to their own local circumstances, and to propose these for Commission agreement in the context of the adoption of the individual ENPI-CBC Programmes. Such choices will of course reflect the different circumstances and needs in terms of cooperation and investments of each individual programme, as well as the different contexts of cooperation in the land-border and sea-crossing programmes and in the sea-basin programmes.

In this context, it is not possible to give any definitive or exhaustive listing of possible specific priorities and objectives which may be addressed by any or all of the programmes. The following list provides examples for illustrative purposes only.

Land-border and sea-crossing programmes

Promoting sustainable **economic and social development** in the border areas; actions here could include efforts to:

- identify and prepare joint development or planning concepts across the borders;
- support local and regional development undertaken jointly between partners across the border;
- promote cross-border trade, investment, research and tourism;
- improve investment climate and economic infrastructure, through preparatory and feasibility studies and where appropriate through small-scale infrastructure projects;
- initiate co-operation in transport, energy and communications through common development plans and where appropriate through small-scale infrastructure projects;
- promote business development and business institutions' co-operation (e.g. Chambers of Commerce), SME- and trade development;
- improve cross-border labour market and related employment measures;
- create administrative capacity building or support administrative reform;
- improve information exchange on education and training systems, and qualifications, to work towards increased comparability of qualifications and mutual recognition

Working together to address **common challenges**, in fields such as environment, public health and the prevention and fight against organised crime; actions here could include efforts in the field of:

- environmental protection, trans-border environmental pollution and risks, including joint planning and monitoring activities as well as possible small-scale infrastructure projects where appropriate;
- setting up emergency preparedness and response measures;
- improving the management of natural resources, including fisheries resources, waste management, and the protection of natural heritage;
- health and social development, including measures to promote co-operation in the monitoring and treatment of communicable diseases, the promotion of public health, and other forms of co-operation between health services and professionals;
- increased co-operation in the fight against organised crime, control of illegal immigration and trafficking in human beings.
- improved accessibility and connection of border areas

Ensuring **efficient and secure borders**; actions here could include:

- the improvement of border management operations and procedures, with a view to facilitating legitimate trade, transit and bona fide cross-border movements of persons, and to increasing transparency and efficiency in trade and border passage, including through the alleviation of administrative and institutional obstacles to the free flow of goods and persons;

- the alignment of procedures and planning of operations at border and customs points in relation to smuggling, trafficking, organised crime, illegal immigration ;
- assuring efficient and secure veterinary and phytosanitary controls;
- improving infrastructure and equipment at border posts as necessary.

Promoting local, **“people-to-people”** type actions; activities here could include support for enhanced cooperation among local and regional authorities, NGOs and other civil society groups, universities and schools, chambers of commerce, with a view to strengthening cooperation in such fields as:

- local administration and governance;
- civil society and governance;
- education and youth;
- cultural heritage;- media

Sea-Basin programmes

The sea-basin programmes could in principle support most of the objectives described above for the land-border and sea-crossing programmes. Given however the different geographic character of these sea-basin programmes, and their multi-country aspects, there is clearly a range of activities specific to sea-basin interests which should be taken into account. In addition therefore to the type of CBC objectives foreseen for the land-border and sea-crossing programmes, the following may also be of specific interest for the sea-basin programmes:

- development or enhancement of sea-basin wide co-operation platforms and thematic networks to serve as instruments for the exchange and implementation of appropriate solutions to common challenges in the economic, social, environmental, educational, cultural and governance fields;
- support for sea-basin wide planning, where appropriate, in such areas as transport, energy, communications, environment, maritime safety, risk prevention, fight against illegal migration - including relevant pilot projects and support activities where appropriate;
- support of processes and creation of multilateral contacts between NGOs and civil society groups in the EU and in partner countries in areas such as governance, human rights, democratisation, media and equal opportunities.

6.4 *Expected results*

Generally, the ENPI-CBC programmes introduce a new approach with integrated funding, programming and management, which is intended to bring substantial improvements to the management of the programmes and increased efficiency in the implementation of CBC along the EU’s external borders. It is expected that fully joint and integrated projects, are implemented between actors from the regions of partner countries and member states, with both having an equal role in the decision-making process and in the preparation, implementation and monitoring of activities.

Key expected results from the programme as a whole will therefore include:

- the efficient and timely implementation of joint CBC programmes as described here;

- addressing effectively the general objectives set out here, meeting the specific priorities of local partners in each border region and allowing for increased ownership by the local stakeholders;
- providing means for improved co-ordination between local, regional and national level development plans - providing for the implementation of relevant and effective CBC projects of benefit to both sides of the EU's external borders;
- contributing in the medium and long-term to enhanced prosperity, stability and security along the external borders of the Union through strengthened co-operation and contacts across borders.

In relation to the four key objectives, as an illustration, it is expected that the programmes, in the border areas, could provide for:

- strengthened sustainable economic and social development
- increased focus on the importance of administrative practices and good governance
- identification of and sustainable remedy to environmental challenges
- joint measures in the areas of emergency prevention and fight against organised crime as well as social and health issues
- improved border passage and border operability
- enhanced involvement of civil society and NGOs in regional development and general governance aspects
- increased cross-border people-to-people contacts

Given the decentralised nature of the programming and implementation process for ENPI-CBC, it will however be the responsibility of the programme partners to specify in more detail the expected results of the specific programme which they will propose. The following examples are therefore intended to be illustrative only.

For the land-border and sea-crossing programmes, it is expected that the programmes will inter alia create:

- long-term co-operation ties between the partners through joint addressing of issues relating to the four key objectives;
- effective and balanced joint project actions on both sides of the borders;
- improved potential to address local priority issues;
- increased ownership and commitment among partners from both sides of the borders in the implementation of cross-border activities;
- reduced isolation of border regions with improved socio-economic development of the border area.

For the sea-basin programmes, it is expected that the programmes will inter alia create

- improved contacts between the regional and subnational partners in the programme area;
- increased regional involvement and ownership in the addressing of regional and sub-national priorities of common concern;
- establishment or strengthening of sustainable networks and co-operation platforms, capable of providing a real contribution to the issues they address

Indicators

Since specific indicators will be dependent on the detailed programming and definition of programme priorities they can not easily be established at the level of

this indicative programme, the Programme partners will be required to set out in each programme the precise indicators relating to:

- a) the impact of the individual programme and its global objectives;
- b) the results from the selected priorities and their specific objectives;
- c) the outputs from the types of projects to be supported under the operational objectives.

It is however possible to give a general indication of the expected impact of the programmes overall. Following on the introduction of the new CBC approach, the individual programmes are expected to be implemented with more timeliness, sustainability and transparency, and to contribute in the medium and long-term to an increase in prosperity, stability and security in the border regions.

As a consequence of the multiannual programming horizon of seven years, general indicators should take a long term approach to the impact of the programmes including for example a long-term focus on changes of structures, improved development, environmental standards and the like.

On a general level, programmes can measure their impact by a number of non-sector indicators, relating to the overall efficiency of the programme, and its potential to reach the target audience and develop successful cooperation, such as:

- number of established partnerships (statistics of the individual programme);
- number of successfully implemented CBC projects (referring to quality indicators such as timeliness, CBC impact and partner involvement).

For illustration purposes, indicators at a programme level relevant to each of the four key objectives are listed below.

Economic and social development:

- regional economic development indicators (GDP per capita, earnings, number of established enterprises/economic initiatives)
- regional trade indicators (exchange of goods, documentation of cross-border labour market)
- social development indicators (employment , health indicators)

Working together to address common challenges:

- readiness among local partners to co-operate across the borders (survey indicators);
- environmental indicators (pollution, water quality);
- health indicators (spreading of targeted diseases, statistical changes in specific health hazards in the targeted area);
- changes in occurrence of cross-border crime (frequency of trafficking and smuggling levels, statistics from border control operations).

Efficient and secure borders:

- statistics for border operations concerning the transit of goods and people (waiting time, average time for customs procedures, statistics for phytosanitary procedures in relation to time, infringements);
- level of integration in border management (level of development of joint procedures, statistics for common operations).

People-to-people co-operation:

- co-operation opportunities created (statistics on number of persons involved, and projects implemented);
- involvement of civil society and NGOs in co-operation (statistics on the numbers/frequency of involvement).

In all cases it will be important that the programme partners define already in the analysis and priority setting the specific objectives, the expected outputs and the indicators to measure this.

6.6 Risks

Building on past experience with CBC activities, one can identify four main types of risk associated with the implementation of the ENPI-CBC concept:

- the partners' capacity and preparedness to enter into a programme partnership (political commitment)
- the partners' willingness and capacity to manage the programme, and notably to establish a system of joint management responsibility;
- the partners' knowledge and capacity to develop and implement project proposals;
- the national level's support to the establishment and management of the programme by local partners.

The risk level is highly specific to each of the individual CBC programmes –the history and experience of CBC activities in that region, and the level of ownership, political commitment and national-level support varies hugely between the programmes. In a bottom-up process like this, there is always a risk that the overall programme parameters do not ideally fit the local requirements, or that the partners may find it difficult to fully engage in this process, due to lack of commitment or experience.

It is also in order to minimise the above risks that in July 2003 the Commission launched a two-phase approach leading to the introduction of the new cross border instrument. The ENPI-CBC programmes build closely on the structure and the tradition of co-operation established under first the Neighbourhood Programmes in the period 2004-06.

Obviously these risks may be greater in the case of the new programmes now being established, for example in the Mediterranean and the Black Sea, which do not yet have the track record in CBC already established on the EU's Northern and Eastern borders. These programmes might therefore need extended support during the programming and initial implementation stage. The current Regional Capacity

Building facility²⁴ under Tacis, foreseen to cover the start up phase of the programmes with programme development support and at a later stage capacity building support to programme partners, should serve as a model for comparable work for all geographical areas of the ENPI-CBC programmes.

6.7 Key actors and programme development

As described in the ENPI Regulation and in the Implementing Rules the individual programmes are developed by programme partners from the eligible areas, through a bottom-up process. The programme partners define the precise beneficiaries of the actions under the programme, within the definition of eligible local and regional key actors, and in order to guarantee as broad participation as needed in the programme. The eligibility is based on the ENPI regulation, but priority should be given to local and regional authorities, civil society and NGO's, chambers of commerce, and the academic and educational community; as well as other eligible actors based within the geographical eligibility of the programme and important for the realisation of the objectives of the individual programme. A proper involvement of national authorities will be necessary in all programme development stages and, when this is necessary, in project implementation.

Based on a needs analysis of the programme area, taking its point of departure in the four key priorities of the ENPI-CBC, the partners will define the objectives, priorities and actions to be addressed in each programme.

The programme partners prepare an agreed joint operational programme and submit this proposal to the Commission. After assessing its consistency with the Regulation and Implementing Rules the Commission adopts the individual joint operational programme and provides copies to the Member States and European Parliament.

The programme partners through the Joint Managing Authority, are responsible for the implementation of the joint operational programme, and the establishment of control, audit and monitoring systems, as described in the Implementing Rules.

6.8 Indicative financial allocations

The funding for the ENPI-CBC programmes comes from two sources: from the financial allocations for the ENPI itself, to an extent determined in Article 29 of the ENPI regulation, and from the European Regional Development Fund, to an extent determined in Article 18 of the Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Funds (Structural Funds regulation). These two distinct sources of funding are nevertheless presented together under one budget-line in Heading 4 of the EC annual budgets (with two sub-lines corresponding to the ENPI and ERDF contributions). Both sources of funding will contribute to each of the CBC programmes described here²⁵, and both sources of funding may be used on either side of the EU external border, for actions of common benefit.

²⁴ RCBI presently exists along the Eastern borders, supporting project development and partner's capacity development in relation to programme administration.

²⁵ The Baltic Sea Region programme is an exception due to its geographic structure and the existence of a future Baltic Sea ERDF transnational programme.

The financial allocations which are made here to the individual CBC programmes have been determined taking into account the criteria set out in Article 7 of the ENPI regulation and respecting the provisions included in Article 18 of the Structural Funds regulation. In particular, this allocation of funds to the individual cross-border cooperation programmes is required to take into account “objective criteria, such as the population of the eligible areas and other factors affecting the intensity of co-operation, including the specific characteristics of the border areas and the capacity for managing and absorbing assistance”.

Extensive discussions on how these criteria should be applied in practice have taken place in preparing for the approval of the two regulations, and the allocations proposed in this strategy paper closely reflect those discussions.

On this basis, the total funding available for ENPI-CBC programmes for the period 2007-10 amounts to **€583.28 million**, of which €274.92 million from ENPI, and €308.36 million from ERDF. For the period 2011-13, it is foreseen that a further €535.15 million (€252.23 million from ENPI and €282.93 million from ERDF) will be made available, subject to the mid-term review of this strategy and the adoption of the Indicative Programme for the period 2011-13.

Within this amount, the indicative allocations proposed for individual programmes for the period 2007-2010 (together with illustrative allocations for the period 2011-13) are shown in the following table.

These allocations are global, including the funding coming from both Heading 1b of the financial perspective (European Regional Development Fund) and Heading 4 (ENPI). The breakdown of the ERDF contributions per Member State and per programme is provided in Annex 3. Any change in the programme budget will not involve reallocation of the ERDF contribution between Member States.

The yearly profile of programme allocations will be determined in the financial table attached to each joint programme. The total amounts shall remain indicatively fixed.

In addition to the funding for the programmes a small facility will be created to finance actions aimed at facilitating the exchange of experience and best practices among the programme partners, with a view to helping enhance the preparation, implementation and management of current and future CBC programmes. An indicative amount of €4.9 million (€2.6 million for the period 2007-10 and €2.3 million for the period 2011-13) is allocated from the ENPI budget to finance this facility.

The programmes will be subject to a mid-term review, normally in 2009. The results of such review may lead to adjustments in the 2011-2013 ENPI-CBC Indicative Programme. The mid-term review will take into account any changes in the co-operation priorities, socio-economic developments, the results observed from implementation of the measures concerned and from the monitoring and evaluation process, and any need to adjust the amounts of financing available and thus reallocate the available resources across the different programmes. A review can take place at an

earlier stage, if this is necessary to address specific issues affecting the implementation of a programme.

ENPI Cross-Border Cooperation
Indicative allocations per programme, 2007-10, in million Euro

	2007-10	2010-13	Total 2007-13
<i>Land-Border Programmes</i>			
Kolarctic/Russia	14.728	13.513	28.241
Karelia/Russia	12.101	11.102	23.203
SE Finland/Russia	18.871	17.314	36.185
Estonia/Latvia/Russia	24.915	22.859	47.775
Latvia/Lithuania/Belarus	21.766	19.970	41.737
Lithuania/ Poland /Russia	68.908	63.222	132.130
Poland/Belarus/Ukraine	97.107	89.094	186.201
Hungary/Slovakia/Ukraine/Romania	35.796	32.842	68.638
Romania/Moldova/Ukraine	66.086	60.632	126.718
<i>Sea-Crossing Programmes</i>			
Spain/Morocco	81.738	74.993	156.732
CBC Atlantic Programme	16.773	15.389	32.162
Italy/Tunisia	13.138	12.054	25.191
<i>Sea-Basin Programmes</i>			
Black Sea	9.025	8.281	17.306
Mediterranean	90.539	83.068	173.607
Baltic Sea Region (ENPI contribution to the integrated Baltic Sea programme)	11.791	10.818	22.608
Total	583.283	535.152	1.118.434