

# **Local and Regional Dimensions of the European Neighbourhood Policy**

## **An Overview of the Role of the Committee of the Regions**

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# Executive Summary

- European Neighbourhood Policy (ENP) remains highly differentiated and operates differently according to the needs of the bilateral relationship.
- The recent creation of two key policy initiatives under the ENP framework, the Union for the Mediterranean and the Eastern Partnership initiatives, exemplify the need for differentiation in the EU's relations with its Southern and its Eastern neighbours. This differentiation looks set to intensify further, not least in view of the political turmoil that has affected the leadership of a large number of the EU's Southern Mediterranean neighbours since the start of 2011.
- At present, the local and regional dimension of the ENP is only weakly defined and whilst a number of EU funding programmes address the specific needs of local and regional actors in the ENP countries, there is limited evidence of broader strategic thinking on the sub-state dimension of the policy area as a whole.
- The CoR's moves to establish ARLEM in the South and CORLEAP in the East are key markers of a developing institutional framework for the coordination of local and regional stakeholders in this policy field. The CoR's efforts in this area and its output need to be mainstreamed.
- Within the Eastern Partnership, it is largely the relationship that is established with Ukraine that will determine the success or failure of the initiative. Ukraine is by far the largest country in the region, with a large population size, economic potential and strategic significance. As such, the CoR should prioritise its relations with Ukraine as it engages with the Eastern partnership group of countries, whilst paying attention to democratic developments in that country.
- EU financial instruments which support regional and subregional cooperation as well as crossborder cooperation within the neighbourhood countries are small in monetary value and as a percentage of overall EU assistance flows into these countries. Nonetheless, their outputs are valuable and help to foster partnerships across borders for the collective resolution of shared problems.
- The key funding stream which underpins the EU's financial commitment to the global aims of the ENP is the **European Neighbourhood Policy Instrument (ENPI)**. Whilst this lacks any specific territorial approach as

such, local and regional actors have benefitted in particular from one of its specific funding components, that of “crossborder actions”. These are modelled on the crossborder and transnational actions familiar from the EU’s regional policy.

- The ENPI CBC programmes themselves cover two specific geographical connections:
  - 1) programmes covering a common land border or short sea crossing, and
  - 2) programmes covering a sea basin.
- Whilst CBC actions remain a small element of ENPI funding, there is a strong normative view that this aspect of the ENP should be enhanced.
- One of the largest programmes financed under the ENPI to engage with local and regional actors is the “Cooperation in Urban Development and Dialogue (CIUDAD)” interregional programme (IRP). Launched in 2009, this new programme builds largely on successful predecessor programmes in the ENP areas, namely MED-PACT, a partnership programme between local authorities in the Mediterranean<sup>1</sup> and the Tacis Cities Award Scheme (TCAS). CIUDAD promotes cooperation between local and regional governments in capacity building for improved governance in sustainable urban development and planning, thereby meeting a core overarching objective of the neighbourhood policy.
- CIUDAD is one of the first EU programmes that has encouraged partnerships to implement projects in the two ENPI regions, and five of the 21 successful projects are meeting this challenge.
- The EU’s neighbourhood policy can best demonstrate its effectiveness by showing how it is both practical and focused. CIUDAD projects are one very obvious way to achieve this. The CoR should act as a repository of examples of good practice and could work to further disseminate project ideas/good practice case studies of work undertaken by LRAs.
- ENP funding is essentially managed by the Commission in partnership with the recipient countries. In practice, however, due to low levels of administrative capacity it can be hard for recipients of development assistance to determine what their needs actually are. **The CoR and its members should aim to provide the necessary technical support to**

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<sup>1</sup> Further analysis and evaluation on MED-PACT is included below.

**local and regional authorities in the ENP countries to identify what their reform priorities are and how best these can be met using assistance from the ENPI.** These assessments should be based on thorough research.

- There is obviously scope for cooperation between the **European Neighbourhood Policy Instrument (ENPI)** programme and regional initiatives such as the Black Sea Synergy, the Danube Strategy or the Baltic Sea Strategy. However these strategies generally have no or relatively small funding and it often proves difficult to arrange joint funding because of differing financial regulations. The bureaucratic obstacles to combining different sources of funding should not be underestimated and include the harmonisation of programming cycles, budgetary planning arrangements, reporting requirements, project evaluation and, of course, the objectives and aims of the varying programmes for development assistance. **The CoR should raise this point with the Commission and press for the simplification of the regulations governing such initiatives.** Parallel funding is possible but its scope is limited both by the small funding opportunities in these regional initiatives and by the complexity of the bureaucracy involved.
- It is felt by many that the EU insufficiently differentiates between the countries in allocating ENPI assistance. Many demand that those countries which do carry out reforms leading to higher standards of democratic behaviour, the rule of law and the protection of human and minority rights, as well as promoting economic reforms should receive greater support than countries which appear to be uninterested in these values. **The CoR should call for greater differentiation in assistance from the EU to the ENP states, based upon their respect for the Union's core democratic values.**
- **The bottom line on extra funding for the ENP in the next MAFF is that given the economic and financial crisis and the lasting reduction in GNI across the EU combined with the lack of enthusiasm on the part of many Member States for a larger EU budget, any extra money for the ENP will have to be wrung from savings in other areas of the budget. Proposed savings on regional policy may not be in the political and economic interests of a great many CoR members.**
- The **European Grouping of Territorial Cooperation (EGTC)** model of crossborder cooperation does offer some scope for partnership with local and regional authorities from the neighbourhood countries, where those countries are prepared to provide an appropriate legislative framework for

this to happen. For instance, the Ung-Tisza-Tur-Sajo(UTTS) project brings together local and regional authorities from three new EU member states (Hungary, Slovakia and Romania) along with authorities from a third country in the EU neighbourhood, Ukraine.

- Whilst territorial cooperation with local and regional authorities in the European neighbourhood countries is at present limited, and there are few reliable indicators to suggest where obstacles to good cooperation have been identified, the INTERACT programme has been established to allow for the transfer of knowledge and expertise on good governance of European Territorial Cooperation programmes. This programme has documented extensively a number of key challenges hampering effective development of partnerships with local and regional actors in ENP countries under its INTERACT ENPI scheme.
- Twinning and TAIEX are two instruments that have been widely deployed by the EU to bring third countries closer to the EU's way of doing business. Both initiatives were phased in under the Tacis programmes and have been a major source of technical expertise within the ENPI. However, the programmes need to be rolled out further to the local and regional governmental level in the relevant countries.
- Successful twinning and TAIEX projects require an effective package of: marketing, preparation, programming, design, implementation, and ex-post evaluation. The CoR could act as a facilitator of such programmes, advising LRAs in the EaP states on how best to proceed.
- **With regard to the regionalisation of the EU's external relations in the ENP, challenge for the Committee of the Regions in this field is to push for, and achieve, tangible results that citizens can see. Locally elected politicians are clearly better-placed to do this than anyone else.**
- The practice of local and regional government is going to be an absolute bedrock of democratic transition in North Africa. It is one of the key building blocks of Ashton's "deep democracy." Here is an enormous and real opportunity for the CoR. It needs to show speed, flexibility, boldness and imagination.
- The CoR should be able to offer a range of training programmes for newly elected councillors; advice on systems of local government and tax-raising powers; schools on election procedures and processes; information on tax collection and sound administration. There are both

local authorities and established university departments which can play a role here. New twinning agreements can also be established.

- The CoR should undertake a rigorous, evidence-based needs assessment of what North Africa's fledgling democracies need from the European Union in practical terms at the local and regional level. The CoR lacks funds to act as a donor in its own right, but it can provide a roadmap for other donors on where they should target their own assistance. This will also provide a chance for the CoR to demonstrate that it can move fast and make a real difference.



# Introduction

The report analyses the local and regional elements of the European Neighbourhood Policy (ENP) and their future prospects for development. In doing so, it assesses the strengths and weaknesses of the ENP from the local, regional and CoR perspectives and makes recommendations on how the CoR can contribute to an improvement in the policy's efficacy as the principal instrument of EU external governance. The central aim is to identify key areas for the development of the regional dimension of the ENP, to enumerate examples of successful local, regional and CoR cooperation in this area and subsequently to identify partners and appropriate policy instruments for CoR in this area of EU external policy.

The report has three principal objectives, as follows. First, to analyse the successes and weaknesses of the ENP, especially from the local and regional perspective, and to make proposals for improvement. Second, to provide background information for the development of the CoR strategy for cooperation with ENP countries at the local and regional level. Third, to propose from an external perspective the means by which the CoR can bolster both its role in ENP and its political messages, and to suggest actions which the CoR can undertake in order to support and further the role of local and regional authorities in this policy area.



# 1. State of Play

## 1.1 Current shape of the neighbourhood policy and its prospects

### The European Neighbourhood Policy: An introduction

#### Origins

Relations between the European Union and its neighbours developed in a relatively uncoordinated manner over the past 20 years. The differing needs of bilateral relations with all neighbouring countries have naturally led to a variety of different arrangements. External relations in the neighbourhood area developed initially at the level of national governments. However, over recent years, as a more overarching policy approach to the management of EU relations with the partners of the neighbourhood area emerged and specific collaborative projects have been implemented, a new recognition of the added value of a multilevel governance approach to engagement with neighbourhood actors has begun to form<sup>2</sup>.

The origins of the ENP itself as a multilateral system of engagement date back to 2002, when the UK in particular pushed for a substantive “wider Europe” initiative to be aimed at the Eastern European state of Belarus, Moldova, Russia and Ukraine, but specifically *not* the south-east European countries, already themselves involved in the stabilisation and association process, or the more distant western former Soviet republics of Armenia, Azerbaijan and Georgia. The European Council, meeting in Copenhagen in December 2002, approved the idea but included the Mediterranean countries in the initiative, largely at the insistence of the southern member states. In 2004, the Council also decided to extend the initiative to the Caucasian republics at this point as well, as the region had gained political significance following the peaceful “rose revolution” in Georgia. Russia then declined participation, preferring to develop cooperation with the EU on a bilateral basis<sup>3</sup>.

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2 See for instance European Commission (2006) “European Neighbourhood & Partnership Instrument. Cross-Border Cooperation. Strategy Paper 2007-2013”, available at

[http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/enpi-cross-border/documents/summary\\_of\\_strategy\\_paper\\_en.pdf](http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/enpi-cross-border/documents/summary_of_strategy_paper_en.pdf). 4 See also COR Opinion on Multilevel Governance

(2009), available at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2009:211:0001:0027:EN:PDF>.

3 Karen Smith (2005) ‘The Outsiders: the European Neighbourhood Policy’, *International Affairs* Vol. 81, No. 4, pp. 757-773

**Table 1: ENP Partner Countries**

<b>Algeria</b>	<b>Lebanon</b>
<b>Armenia</b>	<b>Libya</b>
<b>Azerbaijan</b>	<b>Moldova</b>
<b>Belarus</b>	<b>Morocco</b>
<b>Egypt</b>	<b>Occupied Palestinian Territory</b>
<b>Georgia</b>	<b>Syria</b>
<b>Israel</b>	<b>Tunisia</b>
<b>Jordan</b>	<b>Ukraine</b>

Moving beyond the original bilateral pattern of interaction with partners in the European Neighbourhood, after 2008 the EU developed a multilateral framework for engagement. To contextualise, since the 1990s the EU developed relations separately with four regions in its direct neighbourhood, as follows.

### **Region 1 – The countries of Central Europe**

For the first region, the countries of Central Europe, the negotiation of ‘Europe Agreements’ in the early 1990s and the decisions taken at the Copenhagen European Council in 1993 put these priority neighbours on the road to full membership of the Union which was achieved in 2004 and 2007.

### **Region 2 – The Western Balkans**

Since the turn of the century, the countries of the second region, the Western Balkans, have been more or less assimilated into the central European group. They have been promised full membership of the Union once they have met the basic conditions for accession. Stabilisation and Association Agreements (SAA), very similar to the Europe Agreements but with additional conditionality, have been offered and are in force already with Albania, Macedonia and Croatia. These countries have applied for full membership of the Union and Croatia is well on the road to accession.

### **Region 3 – The Southern Neighbours**

Partly as a response to the political emphasis placed on relations with the new democracies of central Europe in the early 1990s, the Union decided to revamp its relations with a third region, the southern neighbours. As a result, the Barcelona Process (Euro-Mediterranean Partnership) was created in 1995, tying in 10 Mediterranean countries (excluding Malta and Cyprus) more closely to the Union. One of these countries, Turkey, has enjoyed a very special relationship with the Union and has begun negotiations for accession to the Union. The

others have all signed new Euro-Mediterranean Association Agreements with the Union, which promise, amongst other things, the creation of free trade after a transition period and closer political relations. However in contrast to the western Balkan countries, it has been made clear that these Association Agreements do not lead to any perspective of accession to the Union.

## **Region 4 – Eastern Europe**

The countries of Eastern Europe – Russia, Belarus, Ukraine and Moldova – were all offered Partnership and Cooperation Agreements (PCAs) after the break-up of the Soviet Union. These agreements are far less binding than the Europe Agreements with the countries of central Europe and certainly did not open any prospect of accession to the Union.<sup>4</sup> Relations with these countries proved particularly difficult and were relatively neglected as the Union concentrated on the accession negotiations with the central European countries. Matters were further complicated in this region since Russia could not be treated on an equal footing with the other countries of the post-Soviet space. The Russian government was also wooed by certain leaders in individual Member States, which hoped to benefit from a ‘special relationship’ with Russia. Belarus and Moldova posed particularly acute political problems, while Ukraine did not always present itself as the most reliable partner.

## **The emergence of a strategic “Neighbourhood Policy” for the EU**

The origins of the European Neighbourhood Policy are contained in this rather chaotic pattern of relations with the Union’s neighbours but also, and above all, in the fundamental changes which enlargement to the countries of central Europe caused in European political and economic relations. It is interesting that the Commission barely touched on the relationship between enlargement and neighbouring third countries in its 1997 *Agenda 2000* documentation. Two paragraphs suggest that this question would need looking at, and even the problem of Kaliningrad was mentioned, but this is all the attention that was given to Eastern Europe and the Mediterranean. There was also a proposal for a ‘European Conference’ which, once a year, would bring together all European countries to debate crucial issues. The Conference was, however, quietly forgotten, after a row about the participation of Turkey.

It was not really until the accession negotiations with the central Europeans were almost completed in 2002 that serious discussion in the Council about the

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<sup>4</sup> Christophe Hillion, *Institutional Aspects of the Partnership Between the European Union and the Newly Independent States of the Former Soviet Union: Case Studies of Russia and Ukraine* (2000) *Common Market Law Review* p. 1211.

impact of enlargement on neighbouring countries began.<sup>5</sup> The Commission began to worry about future relations with the east and south from around 2000 and the issue is mentioned in the Regular Reports appearing annually for each of the accession countries and in the Strategy Papers which accompanied them. Council attention was also generated partly by the claims of Russia for compensation for the economic losses to be incurred through the accession of some of its major trading partners and partly through the difficult negotiations about Kaliningrad.

While this lack of attention to an obvious impact of enlargement might be criticised, it should also be remembered that the Union was reluctant to allow Russia to have a serious influence on the enlargement process. Early and serious discussion with Russia on enlargement would have obviously opened up the possibility that Russia would intervene decisively in the internal affairs of the Union. With enlargement essentially completed in December 2002, the Commission produced its first communication on 'Wider Europe' in March 2003.<sup>6</sup>

## **The characteristics of European Neighbourhood Policy**

While the March 2003 Communication from the Commission outlined that Institution's first thoughts, it is the May 2004 Strategy Paper which laid the basis for the new policy.<sup>7</sup> The area of ENP was extended in this paper to include the southern Caucasus, Armenia, Azerbaijan and Georgia. The main elements of the Commission's paper were confirmed by the Council in June 2004.

The ENP was an attempt to create a framework within which all relations with the Union's neighbours, with the exception of Russia and Turkey, could be developed.<sup>8</sup> ENP is supposed to be a differentiated multilateral instrument; multilateral in that similar overarching principles will apply to all associated countries; bilateral in that the specificities of individual countries will be respected. It builds on existing instruments rather than replacing them. It used the existing institutional arrangements of PCAs and Euro-Mediterranean Agreements. A new generation of Association Agreements which will pave the way for the creation of deep and comprehensive free trade between the European Union and its neighbours will replace the Partnership and Cooperation Agreements over the next few years.

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5 The European Commission produced its first communication on the impact of enlargement on Kaliningrad in January 2001: The EU and Kaliningrad, Brussels, 17.1.2001, COM(2001) 26 final.

6 European Commission, Wider Europe – Neighbourhood: a new framework for relations with our eastern and southern neighbours, March 2003, COM(2003) 104.

7 European Commission, European Neighbourhood Policy: Strategy Paper, COM(2004) 373, May 2004.

8 See Marise Cremona and Christophe Hillion 'L'Union Fait La Force: the Potential and Limitations of the ENP'. EUI Working Paper 2006.

Crucially ENP, while not excluding accession to the Union in certain circumstances, clearly states that it is totally separate from the question of membership of the Union. The very tough statements in the early years of this century from some Commissioners excluding accession for these countries underlined that accession would not be a realistic option for the time being.

## **Geographical limits of ENP**

The geographical limits of ENP were determined by the decision to include the southern Caucasus and to start negotiations for full membership with Turkey. Russia made it clear from the beginning that it was not interested in being part of the EU's 'neighbourhood' but that it regarded the EU as a 'strategic partner'. In the light of this 'special relationship' the Cooperation Council in the PCA was upgraded to a Permanent Partnership Council, while work has been concentrated on four 'common spaces': economic, justice and home affairs, research and development, and security. However, it is clear that Russia will exert a considerable influence on the development of ENP.

That differentiation must be a significant part of ENP is clear. There is little that Algeria and Ukraine have in common, except perhaps a desire to improve relations and cooperation with the Union. Given the vastly different economic problems of each, it is obvious that their priorities in cooperation with the Union will be very different. Some (arguably all) Eastern European countries also have the right to apply for membership of the Union under article 49 of the Maastricht Treaty on European Union – in spite of the views of some Member States. The Southern Neighbours do not as the 1987 ruling on Morocco made clear.

However for the Union some criteria governing the degree of integration to be offered are common to all. This applies, for instance, to certain fundamental values such as democracy, human rights and the rule of law, which must be shared by countries wishing to integrate more deeply with the Union.<sup>9</sup> **These are core democratic issues that local and regional authorities play a vital role in protecting<sup>10</sup>. Recent events in Tunisia and across the Arab world only serve to underline this point.** It also applies to the approximation of laws necessary for these countries to 'have a share in the internal market of the Union'. A willingness to cooperate across the breadth of the Union's justice and home affairs acquis is also a requirement. LRAs also have a key role to play in implementing the detail of European integration. Therefore for the Union there

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<sup>9</sup> See Marise Cremona and Christophe Hillion, *op cit*.

<sup>10</sup> Reference JB and CR paper on fundamental rights ##COR##

is certain logic in having a horizontal ENP applying to all these diverse countries.

The Union's objective in promoting ENP is summarised in the Commission's papers, which talk about the creation of a 'ring of friends' around the Union's borders. Close relations with the Union's neighbours, based on the fundamental values of the Union, promises a more friendly security environment, better possibilities of controlling migration, increasing cooperation in fighting international crime and terrorism. The Union envisages the promotion of regional cooperation between itself and regional groupings of neighbours as a further guarantee of stability. The advantage to the neighbours lies in the creation of a deep and comprehensive free trade area, which is achieved gradually and in an asymmetric manner, as the possibility of deeper integration in the EU's internal market as the internal market acquis is applied and in the simplification of visa and other controls on the movement of persons. Integration into other sectors, such people-to-people contacts, culture, education, security, conflict prevention, energy, transport, environment, research and innovation as well as increased financial assistance are further potential benefits. Increasingly, these aspects have come to inform the practical component of the ENP, and have drawn local and regional actors in the neighbourhood countries into dialogue with EU partners in the drafting and rolling out of projects to facilitate these aims (see section 3 of this report).

## **The main political instruments of ENP**

The main instrument of ENP will be the Association Agreements, which specify how much political and economic integration the Union is seeking to achieve. Association Agreements have already been signed with many countries in the southern neighbourhood and are currently (January 2011) being negotiated with the neighbourhood states. For the moment, the instruments currently being used for relations with the eastern neighbours are the Euro-Mediterranean Agreements and Partnership and Cooperation Agreements, supplemented by Action Plans.<sup>11</sup> The Action Plans are jointly agreed programmes of reform, similar to the 'Accession Partnerships' which form part of the strong conditionality associated with accession to the Union. While the Accession Partnerships were unilaterally decided programmes of reform imposed as conditions on the would-be Member States, the Action Plans were approved by both sides in the appropriate institutions of the bilateral agreements in force (PCA or Euro-Mediterranean Agreements). In fact the Action Plans represent the detailed requirements of the Union side for deeper integration with its

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<sup>11</sup> European Commission, Commission proposals for Action Plans under the ENP, COM(2005) 795, December 2004.

partners. They have been drawn up in the Commission and are clearly based on a decade of experience of preparing third countries for accession. While it is true that both sides needed to mark their agreement, it is perfectly clear that the dominant partner is the Union. It is hard to see how this could be otherwise.

Another element of monitoring, which resembles the preparation for accession, is that the Commission presents annual reports on progress in reform for each of the ENP neighbouring states. The first reports were produced in May 2004.

### **A more flexible ENP framework since 2008**

Whilst the ENP was always intended as a tool with which to develop strong bilateral relations between the EU and individual countries and as a means by which to influence their internal and external policies<sup>12</sup>, the most recent developments in the political management of the ENP framework have seen it shift towards a regional approach, which develops patterns of interactions multilaterally with groups of countries in different geographical areas.

The differing objectives of the Mediterranean countries on the one hand and some of the eastern European countries on the other make it difficult to consider ENP as a consistent sustainable policy across both regions. What holds it all together is the unique set of values which the Union requires and EU development assistance which provides a certain level of finance across all participating countries. The EU has sought to address this dilemma since 2008 through the creation of two separate regional dimensions.

### **Eastern and Southern Dimensions of the Neighbourhood Policy: the Union for the Mediterranean (UfM) and the Eastern Partnership (EaP)**

In 2007, the French President proposed the establishment of a ‘Mediterranean Union’, which would cement the relationship between the EU’s southern Member States and the neighbours to the south. Faced with considerable opposition from within the Union, the President changed the nature of his proposal in 2008. Finally the ‘Union for the Mediterranean’ (UfM), with a membership of all EU Member States and most of the southern neighbouring states was launched during the French Presidency of the Union in July 2008. Presently, the membership of the UfM extends to 43 countries – 16 Southern

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<sup>12</sup> Karen E. Smith (2005) op cit.

Mediterranean, African and Middle Eastern countries alongside the 27 EU Member States<sup>13</sup>.

The Sarkozy move towards the south allowed and encouraged other Member States to think of creating a similar policy with Eastern Europe (see following section). The paper prepared by the Polish and Swedish Governments for the European Council in June 2008 suggested the creation of an 'Eastern Partnership', which would aim to deepen integration between the Union and the six countries of Eastern Europe. The proposal received the backing of the European Council, which invited the Commission to come forward with proposals at its Spring 2009 meeting.

There is a strong argument which suggests that the creation of the Eastern Partnership, following that of the Union for the Mediterranean, essentially eliminates the need for the ENP. While there is no doubt that ENP will survive, it is highly probable that in practice it will be an umbrella over these two separate domains – or at worst an empty shell.

While the offer of deepening relations may remain common for the whole ENP area, it is likely that this offer will be further differentiated between the two areas. The majority of countries in the Mediterranean neighbourhood already have Association Agreements, and while the latter already envisage the establishment of an FTA, there is little sign that these countries will make rapid strides towards *deep* free trade integration, involving far-reaching and expensive alignment with EU norms. In Eastern Europe on the other hand, the Association Agreements which are on offer will all include such deep free trade agreements, which under ideal conditions could lead to full integration into the internal market of the Union.

The toolbox for integration will also begin to vary between the two regions. This will reflect the different objectives of their constituent countries. It is likely that regulatory approximation will be more enthusiastically undertaken by countries in Eastern Europe than by those in the Mediterranean. This is partly a result of the need of the East European countries to complete their transition from a centrally planned economy to a market economy, but it also stems from their integration objective. An indicator of this differentiation can be seen in the Commission's Eastern Partnership proposal to initiate a 'structured approximation process' supported by a 'comprehensive institution-building programme'. Finally the multilateral measures to be adopted, and especially the proposed projects discussed below, will be *region specific* rather than covering the whole of the ENP.

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13 These countries are as follows: Albania, Algeria, Bosnia and Herzegovina, Croatia, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey.

Given this divergence, it is important to consider the two multilateral regional initiatives in turn. Before doing so, however, it is interesting to note that despite the initial flurry of enthusiasm around the Union for the Mediterranean, the new institutions it created such as the dual Presidency or the much-vaunted permanent secretariat that it established in Barcelona, at the time of writing the EU appears to be enjoying more success in the East than the South. This is likely to be due to the fact that the prime reason for the lack of progress in the south is the ongoing Arab–Israeli conflict, which is an area where the EU has very little influence. Recent events in Tunisia and Egypt may change this situation radically, however. Nonetheless, there are many other challenges that are worthy of mention.

### **Specific challenges in the South**

Although there are a number of shared priorities for bilateral and multilateral engagement that the Union faces in relations with its neighbours in both the east and south –such as migration pressure, environmental protection or democratisation – given the enormous geographical, historical, cultural and economical differences between these two regions there are of course a number of specific questions that the EU has to address in its relations with the southern Mediterranean.

First amongst these is the growing potency of political Islam on both shores of the Mediterranean, but particularly in the south. Islamist parties have been excluded from power by the governing political elites of some southern states, such as Egypt. In other countries, such as Jordan or Morocco, they take part in decision-making and political life. This in turn contributed to a stagnation, both political and economic, in most of the Southern ENP states until the dramatic events of early 2011. The structure of the Barcelona process was such that it was widely perceived as supporting the status quo; a more coherent means of engaging with Islamist politics will need to be devised, all the more so given the demands raised by recent events.

Second, far fewer southern Mediterranean countries (with the exception of Israel) could be described as Liberal democracies (and both the treatment of the Arab minority and the unresolved question of Palestine detract from the quality of Israel's democratic record). It is less certain that the countries of the south wish to emulate and then join the Union's political, social and economic community as the Greeks, Spanish and Portuguese did from the 1980s and the central Europeans did after 1989. A key example of differences between the northern and southern shores is in security sector reform. Since the promulgation of the war on terror in 2001, many southern countries have used the international environment as an excuse to repress Islamist parties and political opponents,

which further increases pre-existing tensions and brings them even further away from the EU's political culture. Another key area of difference is in attitudes towards the role of religion in society and the division between the secular and the spiritual imposes a considerable cultural barrier to mutual understanding.

Third, there are many millions of first, second and third generation migrants from southern Mediterranean countries living in the EU itself. This poses challenges for the EU side primarily, since the political, social and economic conditions of many migrant communities from this region even 40 or 50 years after settling in EU countries can be well below average. Discrimination against those with Arabic names is widespread in some Member States and this further helps to create the impression of anti-Arab or anti-Muslim prejudice in the Union.

Fourth, and most importantly, the bitter conflicts in the region, particularly the Arab–Israeli conflict, and the illwill this produces makes bringing all the parties from the region together around the same table exceptionally difficult. The ongoing conflict between Algeria and Morocco over Western Sahara also makes full engagement between these two states highly fraught. The impact of the Arab–Israeli conflict cannot be underestimated – even though the Union has consistently sought to focus exclusively on what are believed to be issues far removed from the Peace Process, the violence and hatred that the conflict engenders means that the issue is present as an elephant in the room, repeatedly blocking multilateral initiatives fostered by the EU.

## **The Union for the Mediterranean – in detail**

The origins of the Union for the Mediterranean lie in the proposal for a new international organisation, styled the Mediterranean Union, to be modelled on the European Union with common institutions and a shared legal system. Crucially, however, the Mediterranean Union would not include all the EU's Member States, but only those located on the Mediterranean coastline (thus excluding, for example, Belgium, the United Kingdom, Poland, Germany, Finland and so on). Although the proposal was greeted enthusiastically in some quarters, notably on the part of Egypt and Israel in the south, it was emphatically rejected by Turkey, which (understandably) viewed the proposal as a deliberate attempt to torpedo its EU membership perspective. In the end, the Mediterranean Union was effectively vetoed by the German government, which objected strongly to the use of EU financial resources to fund a project in which not all EU Member States were to be involved.

During the French EU Presidency of 2008, a greatly scaled back Union for the Mediterranean was launched as a new phase in the Euro-Mediterranean

Partnership, fully under the auspices of the EU-27. The novelty of the UfM lies chiefly in its upgraded institutional architecture, which encompasses the following:

- Biennial summits of heads of state and government at which a joint work programme would be approved;
- An annual conference of foreign ministers;
- A Co-Presidency for the UfM held by one northern and one southern country (from 2008–10, this role was performed by France and Egypt, with the new Co-Presidents to be decided at the – postponed – 2010 summit. Logically, in future it would be more appropriate for the Co-President on the EU side to be the High Representative for Foreign Affairs);
- A Permanent Secretariat in Barcelona (another crucial difference vis-à-vis the Eastern Partnership);
- A Euro-Mediterranean Assembly (EMPA), since March 2010 renamed as a “Parliamentary Assembly of the Union for the Mediterranean”. This forum, which had actually existed since 2003, was based on four parliamentary committees, on Political Affairs, Security and Human Rights; Economic, Financial and Social Affairs and Education; Promotion of the Quality of Life, Human Exchanges and Culture; and, Women’s Rights in the Euro-Mediterranean Countries.
- A Euro-Mediterranean Local and Regional Assembly (known as ARLEM, to use the French acronym) combining the Committee of the Regions with representatives from local and regional governments in the South;
- The Anna Lindh Foundation for Dialogue between Cultures, with its headquarters in Alexandria;

The UfM received €72 million for projects in 2009–10 from the European Commission, together with funding from the European Investment Bank, the Infra-Med Investment Fund (funded jointly by northern and southern members) and the World Bank.

The UfM’s work has been much troubled by conflict across the region, particularly the Arab–Israeli conflict in the Middle East, but also the tension between Algeria and Morocco over Western Sahara, and between Turkey and Cyprus. It has also been criticised for its unwieldy size given that it consists of

all 27 EU Member States plus all the countries of the south as well as third countries, such as Albania. Despite the desire to focus on non-security related themes, such as environmental pollution or solar energy, the UfM has been consistently blown off course by the ups and downs of the Middle East peace process, most notably at the beginning of 2009 in the conflict between Hamas and Israel, but also in June 2010 when the annual summit was postponed after a failure to agree on whether it was appropriate for Israel's foreign minister to take part or not.

Such disruptions and delays to the UfM's activities mean that few concrete decisions have been taken jointly by the countries of the UfM. The requirement for consensus and unanimity between the member countries is a major source of frustration. For example, a meeting of the Ministerial Water conference in Barcelona on 13–14 April 2010<sup>14</sup> drew to a close without reaching any real result due to the opposition of the Israeli negotiators to the use of the term 'occupied territories' to describe parts of the Palestinian lands currently under Israeli administration. Unanimity is hard to achieve with 40 countries seated around the negotiating table, it also tends to make the EU's proposals for action rather timid. The Mediterranean Water Strategy shies away from key questions like introducing region-wide water tariffs or incentives to persuade farmers to move to less water intensive crops because it knows that it will be hard to find consensus on these issues. On specific policy issues such as this, great added value is derived from the fact that local and regional authorities can contribute to wider understandings and the sharing of good practice across the region.

Such teething problems were further compounded by the fact that it took two years from launch of the initiative to establish a secretariat for the UfM, in late 2010. At the time of writing, the UfM is again without a Secretary-General, following the abrupt resignation in January 2011 of Dr Ahmad Masa'deh, a Jordanian diplomat, after only a year in office. Italy's Lino Cardarelli, the Senior Deputy Secretary in charge of project financing and SMEs is currently acting as the interim Secretary-General of the UfM until a new appointment is made.

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14 See euractive 23 April 2010, available at: <http://www.euractiv.com/en/print/east-mediterranean/union-mediterranean-has-get-serious-analysis-473553>.

## **The Eastern Partnership**

The original Polish–Swedish proposal received the backing of the European Council, which invited the Commission to come forward with proposals at its Spring 2009 meeting. The conflict in Georgia in August 2008 pushed the Union into asking the Commission to report much earlier. This led to the presentation of the Commission's proposals for the Eastern Partnership at the beginning of December 2008.

The Commission proposals, which echoed those made by the Swedes and the Poles, were submitted to the European Council in December 2008. The Conclusions note that:

the Eastern Partnership will bring about a significant strengthening of EU policy with regard to the Eastern partners of the European Neighbourhood Policy in a bilateral and multilateral framework, to complement the other forms of cooperation already existing in the Union's neighbourhood, such as the Black Sea Synergy, which will have to be taken into account. The Eastern Partnership should help the partner countries to make progress in their reform processes, thereby contributing to their stability and helping to bring them closer to the EU. The European Council welcomes the proposals put forward by the Commission in its communication of 3 December 2008 and instructs the Council to study them and to report back with a view to this ambitious initiative being approved at its meeting in March 2009 and the Eastern Partnership being launched at a summit meeting with the partner countries organised by the incoming Czech Presidency.<sup>15</sup>

For the Commission, there is no doubt that the Eastern Partnership represents 'a specific eastern dimension within the European Neighbourhood Policy'. The European Council in June 2008 asked the Commission for a proposal which respects 'the character of the ENP as a single and coherent policy framework'. The December European Council conclusions cited above emphasise that the 'Eastern Partnership will bring about a significant strengthening of EU policy with regard to the Eastern partners of the European Neighbourhood Policy'.

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15 Presidency Conclusions, European Council Conclusions, 11-12 December 2008; pt. 29.

## The structure of the Eastern Partnership

Both the second Polish-Swedish paper and the proposal from the Commission in early December can be considered to have four related parts:

- bilateral relations
- multilateral relations
- governance structures
- financial assistance

*Bilateral relations:* the core of bilateral relations will be the negotiation and implementation of Association Agreements with the countries of Eastern Europe. These agreements will include enhanced political dialogue, deep free trade including market economy regulation in areas such as competition policy, state aids, intellectual property protection, public procurement, enhanced cooperation in wide areas of policy, and articles on the institutions to be created by the agreement.

*Multilateral relations:* it is far easier of course to design multilateral policy and programmes for the countries of Eastern Europe than it was for all of the neighbours included in ENP. The implementation of multilateral policy will however not be straightforward, given the major political economic and social differences between the constituent countries. The most obvious multilateral actions lie in the common projects in areas such as energy policy or infrastructure, but these will require considerable financing from the Union, as discussed further below. The aim of the Commission is clearly also to increase the level of regional policy cooperation and to encourage multilateral dialogue on crucial areas, including preparation for integration into the internal market of the Union.

*Governance structures:* governance in the area of bilateral relations will normally be exercised by the Association Councils and Committees, together with working groups emanating from the Association Agreements, including monitoring committees. At the multilateral level new governance structures will be required. However in contrast to the governance structures of the Union for the Mediterranean, none of the Eastern Partnership proposals so far suggest the creation of joint institutions.

*Financial assistance:* the Eastern Partnership proposal clearly requires financing from the European Union, if its ambitious goals are to be met. Here it is likely that there will be considerable discussion in the Council about the required levels of finance.

## **Bilateral relations in the Eastern Partnership**

Bilateral relations with the EU will remain the key interest of the East European states, because it is through bilateral relations that these countries will gain the most in political and economic terms. Although they have geography, previous inclusion in the Soviet Union, and, for certain of them, cultural elements and religious affinity in common, they are all very different. Indeed, the Commission Communication acknowledges this disparity and emphasises that bilateral agreements will be differentiated according to the partners' objectives and capacity. This means that the multilateral dimension represents a less obvious advantage than concrete bilateral concessions.

A concrete example of a bilateral draft Association Agreement (here with Ukraine) is the best means of illustrating the key elements:

- political dialogue (association)
- deep and comprehensive free trade leading eventually to a degree of integration into the European internal market similar to that of the European Economic Area
- personal mobility
- cooperation in many political (including Common Foreign and Security Policy and Defence Policy), social and economic areas (particularly energy)
- institutions

*Political dialogue:* political dialogue is important to third countries, because it gives them privileged access to leaders from the Member States and the European institutions. This not only allows governments in associated countries to gain information about future developments in EU policies, but also to attempt to influence EU governments' thinking on issues which affect the third countries.

*Deep free trade:* all agree that traditional trade agreements, based on mutual reductions in tariff levels, are of limited importance today in a world of low tariffs, hence the interest in negotiating 'deep and comprehensive free trade area' agreements. Such agreements aim to eliminate the majority of non-tariff barriers to trade by persuading third parties to adopt and implement EU regulation necessary for the creation and management of the Union's internal market. As this regulation is progressively adopted and implemented, the EU can take steps to facilitate access by third-party enterprises to the internal market of the Union.

There are a very large number of practical problems in this approach, although the proposal itself is a very positive sign to the East European economies. These problems concern in general:

- the ability of these governments to adopt and implement the *acquis* (viz. administrative and judicial capacities);
- questions concerning the mechanism and method for assessing implementation of the *acquis*, and for relating it and access to the internal market;
- the capacity of their economies to undertake the necessary structural reforms involved in adopting EU regulation;
- the financial cost of implementing EU integration, especially in the light of the current financial crisis and real economy problems;
- the political and social acceptability of these changes;
- the practical and political feasibility of creating a neighbourhood economic community as proposed by the Commission.

*Personal mobility*: the freedom for citizens of these countries to travel easily to the Member States of the European Union is one of the key and highly symbolic concessions which the EU can make. Mobility is a strongly-held desire on the part of the population. The Commission proposes in its Eastern Partnership paper to offer its partners 'mobility and security pacts'. These would essentially be agreements where the European Union improves access to its territory in return for the East European countries improving the security of their frontiers and the capacity of their police forces and law courts to deal with corruption and organised crime.

Visa policy is at the centre of increasing personal mobility. At the core of visa policy are the Visa Facilitation Agreements, which have been negotiated with several third countries, including Ukraine, in Eastern Europe. These agreements facilitate access to visas for certain groups in society which need to travel. They are accompanied by readmission agreements, which oblige the third countries to accept returned illegal immigrants to the Union who entered via these countries. Readmission agreements are potentially extremely difficult for the third countries and can involve considerable expense.

Such agreements would be negotiated with those countries included in the Eastern Partnership, which do not yet have them. The Commission then suggests

that visa facilitation could be extended to wider groups in society and the visa fee could be waived. The ultimate aim of visa free travel would be discussed in specific visa dialogues which would be created with all the countries of Eastern Europe.

While free movement is one of the tests which the citizens of Eastern Europe will use to judge the value and importance of integration with the European Union, enthusiasm for rapid progress towards free movement is not evident in most EU Member States.

The Commission's Eastern Partnership paper also mentions the possibility for the EU to pursue 'a targeted opening of the EU labour market'. While this would also be appreciated in the Eastern European states, the current situation in European Union labour markets suggests that little progress will be made before the current economic downturn is overcome.

*Sectoral cooperation:* the Association Agreements will include a series of chapters on 'cooperation', covering the whole range of EU policies, including trade, foreign, security and defence policy, as well as energy security.

Cooperation articles are always present in these Agreements, but what is special this time is that some of these articles will now contain lists of EU acquis, which the partner country is expected to implement. The exact wording of these articles is not yet fixed, but even if the articles are phrased in a non binding way, politically they will be used as a test of a country's willingness to integrate with the European Union.

Questions can be raised about the feasibility of the implementation of some parts of the acquis in Eastern Europe. Feasibility refers to, amongst other things, financing, economic costs and benefits of adoption and implementation of EU acquis, and administrative and judicial capacity. The negotiation of these cooperation articles therefore needs to be taken extremely seriously by both sides. Undue pressure from the EU may force countries in the Eastern Partnership to agree to adopt measures which they cannot realistically implement.

*Institutions:* the extremely important articles on the institutions to be created by the Association Agreements appear likely now to follow the example of other such agreements: Association Council, Association Committee, joint Parliamentary Committee, and the possibility of setting up working groups. The decisions of the Association Council will be binding upon both parties. At the same time, the key importance of implementation monitoring will require innovative institutional arrangements, possibly along the lines of the EEA.

The Association Agreements are vital instruments for future integration with the European Union. They are however bilateral instruments, which in the case of Ukraine were agreed before the Eastern Partnership was proposed. The merit of the proposals to create an Eastern Partnership is that they promise the six countries that, when they are ready, they can all negotiate Association Agreements with the Union. It therefore creates a sort of roadmap for these countries to integrate progressively with the Union over the coming decades.

## **The multilateral dimension of the Eastern Partnership**

The multinational dimension of the proposals for the Eastern Partnership reflects the established European Union concern to promote regional cooperation in its neighbourhood, following the relatively successful examples of CEFTA, the Western Balkans and the highly successful model of the EU itself. The creation of multilateral fora incorporating the EU and the six East European states is expected to encourage the sharing of experience of transition and reform and to stimulate mutual solidarity.

There are four main elements to the EaP proposal:

- the establishment of common positions in various policy fields between the countries of Eastern Europe and the EU;
- the creation of a 'structured approximation process' to foster the adoption and implementation of EU regulation in Eastern Europe;
- the establishment of four thematic platforms:
  - democracy, and good governance and stability
  - economic integration and convergence with EU policies
  - energy security
  - contacts between people
- and the implementation of 'flagship initiatives'. The flagship initiatives are designed to provide a certain dynamism and increased visibility to the Eastern Partnership. They are also intended to bring together donor organisations, private sector investment and support from IFIs such as the World Bank or EBRD. Existent flagship initiatives include the following programmes:
  - the Integrated Border Management Programme;
  - the SME Flagship Initiative (FI);
  - the Southern Energy corridor;
  - the Rapid Response to Natural and Man-Made Disasters FI;

- the Environmental Good Governance Flagship Initiative.

The flagship initiatives have been up and running for too short a period of time for a meaningful assessment of their value to be undertaken.<sup>16</sup>

The Commission also proposes to support economic and social development, essentially through the transfer of EU knowhow in regional policy through the implementation of concrete projects. It is in key areas such as these that greatest involvement of local and regional authorities is expected and where the Committee of the Regions could play a significant role.

Finally, the proposal plans for the involvement the Committee of the Regions and the European Economic and Social Committee in the work of the Eastern Partnership, notably in the areas of democracy, good governance, stability and contacts between people. It also proposes that a civil society forum should be established to promote contacts between NGOs.

Consultation in establishing *common positions* is easier to manage when a formal multilateral relationship exists between the countries. Such common positions between partners may be arrived at in formal meetings or in an ad hoc manner once a close relationship exists.

The creation of a *structured approximation process* supported by a new facility called a 'comprehensive institution-building [CIB] programme' is a welcome sign that the Commission would like to accelerate and to improve the quality of Eastern Europe's transposition and implementation of the *acquis communautaire*. This light 'screening' of the *acquis* is reminiscent of the first stages of the accession process for some other countries in Central and Eastern Europe. The problem with the proposal will be of course that with accession not formally on offer, the incentive for the East European countries to closely follow the indications coming from this multilateral screening is reduced.

In the area of *democracy and good governance and stability*, regional cooperation in the area of security and the resolution of complex conflict situations is obviously an area where discussion on cooperation between the participating countries could bring valuable results, although on this particular subject the absence of Russia which is involved in most of the 'frozen conflicts' will be a problem.

In the area of *economic integration and convergence with EU policies*, the key proposal from the Commission is the creation of a 'Neighbourhood Economic Community'. This idea could only be realised in the very long term but its

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<sup>16</sup> More information on the FIs can be found on the EEAS website at: <http://eeas.europa.eu/eastern/initiatives/>.

importance is to be seen perhaps in the way in which it is related in the Commission's proposal to the European Economic Area; that is to say the Commission is looking forward in the longer term to the very deep integration of these states' economies with that of the Union.

Creating a simple regional free trade area would itself be very complicated and would not bring the serious economic stimulus which these countries require. The aim would be therefore to create regional free trade through the network of free trade agreements between the Union and individual states in the region. The first requirement would be the negotiation of deep and comprehensive free trade agreements between the six countries and the EU. The detail of these agreements would have to be very similar to avoid trade distortions. Common rules of origin would need to be agreed in order to allow the cumulation of origin which would be of particular importance to the small economies in the region. These negotiations would be extremely complex and long.

However the distance between the completion of a network of free trade agreements including the European Union and the establishment of a neighbourhood economic community similar to the EEA would still be long because it requires the harmonisation of legislation essential to the functioning of the internal market, including in areas such as competition policy and state aid.

The thorough implementation of all these agreements which would be required before reaching EEA status would be an enormous challenge, which however could be achieved over the long term. Interestingly the Commission in its paper uses the wording of one of the Copenhagen conditions for accession to the Union in the context of this integration process. It writes 'it would require the partners to develop the capacity of their economies to be able to fully withstand the competitive pressures of the single market'.

The creation of a neighbourhood economic community can therefore only be a long-term aim. However establishing the objective of creating an EEA-similar trade arrangement will allow the development of longer-term strategic plans of integration, with clearly defined steps.

Other areas of economic cooperation will frequently be linked to major projects in areas such as transport infrastructure, regional communications or environmental quality.

The thematic platform on *energy security* obviously has high political relevance at a time when the European Union and the countries of Eastern Europe are all concerned about whether energy supply countries are reliably able to meet their contractual obligations free of political influence. The EU will be interested in

the harmonisation of energy-related legislation throughout the region, possibly through the neighbours' accession to the Energy Community Treaty, and in the contribution which Eastern Europe can make to the diversification of energy supplies. The countries of Eastern Europe will be interested in promoting regional energy security systems and improving energy infrastructure. Here there is clearly likely to be overlap with many other public and private fora on energy security.

The fourth platform on *contacts between people* deals with a subject which is of fundamental importance to the relationship between the EU and Eastern Europe. It will be dealt with in the bilateral agreements with these countries but there will certainly be region-wide topics of importance to develop.

The *flagship initiatives*, the final multilateral element proposed by the Commission, will aim both to improve infrastructure and other elements contributing to integration with the Union and to demonstrate to citizens in the region the practical value of that integration.

The Commission suggested that initiatives could be taken in integrated border management, improved facilities for SMEs, the interconnection of regional electricity markets, the development of a southern energy corridor and cooperation in natural disaster management. The crucial element here however is likely to be the availability of finance.

## **Financing the Eastern Partnership<sup>17</sup>**

The Commission made practical proposals, which were hotly contested, as follows:

The Commission proposes raising the current level of ENPI support for Eastern Europe from €450 million per year to reach €600 million in 2013.<sup>18</sup> This represents €350 million of additional funds for the period 2010 to 2013. An additional €250 million will be made available to the Eastern Partnership through reprogramming within the ENPI envelope; this means an additional €600 million available for the policy over the period 2010 to 2013, of which around 60% is new money.

The Commission proposed that the new funds should be used to finance the multilateral elements of the Eastern Partnership. The largest part of the money

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17 See Alan Mayhew and Christophe Hillion, 'The Eastern Partnership: Something New or Window Dressing', SEI Working Paper No. 109, available at: [http://www.sussex.ac.uk/sei/documents/wp\\_109.pdf](http://www.sussex.ac.uk/sei/documents/wp_109.pdf).

18 See 'Vademecum on Financing in the Frame of the Eastern Partnership' (2010), available at: [http://eeas.europa.eu/eastern/docs/eap\\_vademecum\\_en.pdf](http://eeas.europa.eu/eastern/docs/eap_vademecum_en.pdf).

would be spent on the comprehensive institution-building programme, which will of course also benefit purely bilateral elements of the policy. It was proposed that additional finance should be made available starting in 2010, rising to over €60 million in both 2012 and 2013. The remaining funds of around €150 million should be divided roughly equally between the economic and social development objective and the multilateral dimension, the latter presumably covering work within the thematic platforms and certain of the flagship projects.

Available funding was reduced to this level during negotiations within the Commission itself. It is extremely likely that in the Council the proposed level of finance will be reduced further, given the difficult situation in national government accounts and the worsening real economy. However the Commission proposal has the advantage of not requiring major inter-institutional renegotiation of the EU budget, as it can be financed from the margin of heading 4 of the current financial framework.<sup>19</sup>

It may well be considered by some Member States that the additional funds should be redistributed towards multilateral projects rather than the institution-building programme. Institution-building has to be a priority in the whole region, where many of the problems are created by the inadequacy or nonexistence of key institutions, including the judiciary. However institution-building is being funded under the national programmes for each of the six East European states and it may well be thought that bilateral assistance in this field is likely to be more efficient than funding at the multilateral level. The countries themselves might also prefer to see the available finance going into projects rather than into technical assistance provided by EU consultants.

Apart from such reallocation of funds, it will be essential for the realisation of the multilateral dimension of the Eastern Partnership to involve the main international financial institutions, the World Bank, the EIB, the EBRD and indeed private capital. The grant finance from ENPI can frequently be used as a way of attracting these major lenders to support the flagship projects.

However the implementation of all the elements of the Eastern Partnership, bilateral and multilateral, will require external funding of a quite different magnitude. At the bilateral level, the implementation of deep free trade Association Agreements will require major financing even if the implementation

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<sup>19</sup> An argument here however might be that there will be a need for higher funding for assistance to Palestine after current hostilities cease, leading to a requirement for greater flexibility than is normally allowed for by the inter-institutional agreement.

is spread over one or two decades.<sup>20</sup> External funding, loans, grants and equity participations, running to several billion euro annually will be necessary to complement domestic budgetary resources, which themselves will have to be reoriented towards the aim of reaching European Union standards and achieving European integration.

The investment and maintenance cost of meeting the EU's environmental acquis alone for a country such as Ukraine will probably run to €-€ billion annually for two decades. If the ultimate aim is really the full integration of Eastern Europe into the internal market of the European Union, then this level of finance will be required, even with long transition periods for the most expensive directives to be implemented. EU producers will probably insist that competitors in Eastern Europe should have to meet similar environmental standards as those that they have to meet within the Union, arguing that much reduced standards over a long period in Eastern Europe will not be acceptable to Union producers. Apart from the environmental field, there will be major expenditure in many other areas from border security, standardisation, health and safety at work through to major infrastructure improvements.

In terms of the European budget, it is necessary to look towards the financial perspective 2014-2020, something which is not touched upon by the Commission paper on the Eastern Partnership. It is unrealistic to expect the overall financial allocation in the next financial perspective to be higher than that of the current financial period which ends in 2013. Given the difficult financial situation of most of the Member States which will certainly last until the first draft of the next financial perspective, one should not expect agreement on a level of expenditure above 1% of GNI.

Realistically there is also an absorption limit on the funding which can usefully be offered for the integration of the East European countries into the Union. Slow absorption has been typical even of the new Member States in Central and Eastern Europe. The reasons have usually been institutional in nature. In the receiving countries there are frequently institutional and human capital problems involved in the spending of foreign assistance, while at the EU level, administrative and bureaucratic hurdles are frequently put in the way of the officials in charge of dispensing the assistance.

Both the supply and demand constraints suggest that the level of financing which might be achievable for the next financial perspective could be between 1% and 2% of the annual EU budget i.e. between €1.5 and €3 billion in 2013 prices. This compares to roughly €1.5 billion allotted to both IPA (the Pre-

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20 Alan Mayhew, 'Ukraine and the European Union: financing accelerating integration', UKIE Warsaw, December 2008.

Accession Fund) and ENPI in 2008. However, it is almost certain that such a level will be opposed by several Member States. The Mediterranean Member States are most unlikely to agree to a significant increase in financing for Eastern Europe, without a similar increase in support for the Mediterranean region. Member States which are less keen on the integration of further European countries with the Union will also probably resist an increase in funding. Indeed, some of the new Member States might be reluctant to increase EU financial commitment to the East, if it is perceived to mean less financial support for them. Finally of course those Member States which would oppose any significant increase in the EU budget will also be extremely prudent.

However if the EU wants to make the Eastern Partnership a reality both at the bilateral and multilateral levels, and to achieve a transformation of the relationship with these countries, a considerable increase in funding will be required.

## **Institutionalising the Eastern Partnership**

The Commission set out the institutional configuration for the EaP are as follows:<sup>21</sup>

- a meeting of heads of state and government from the EU and the six countries every two years
- an annual meeting of Ministers of Foreign Affairs on the sidelines of the General Affairs and External Relations Council
- regular meetings organised by the Commission for the four thematic platforms
- panels to support the work of these four platforms

Human resources will be required to make the institutional elements of the Eastern Partnership a success. Although no one wants to create a grand new bureaucracy for this policy, some institutionalisation will be required. In this area there were slight differences between the Polish-Swedish proposal and that which the European Commission has made.

The Commission proposes to create a small team within the Commission headquarters staff and to add contract staff to the delegations located in the region. Apart from the title, there is little difference in terms of the additional resources required.

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21 See Communication from the Commission to the Council and Parliament Eastern Partnership (2008), Brussels, 3.12.2008 COM(2008) 823 final, available at: [http://eeas.europa.eu/eastern/docs/com08\\_823\\_en.pdf](http://eeas.europa.eu/eastern/docs/com08_823_en.pdf).

The bilateral elements of the Eastern Partnership will presumably be managed through the Association Agreement or PCA mechanisms and therefore will remain within the Country Desks concerned in the Commission. Additional staff outside the country desks will be required to manage the institutions and projects at the multilateral level. Of course additional resources will also be required in the administrations of the six Eastern Partnership countries.

## **Towards the institutionalisation of the local and regional dimension of the Eastern Partnership?**

Just as the UfM model contains a local and regional platform for dialogue and discussion in the form of the ARLEM initiative, so too plans are advancing towards a sharper local and regional element of the Eastern Partnership. The suggestion has been advanced that a “Standing Conference of Regional and Local Authorities for the Eastern Partnership” (CORLEAP) could be established as a means of institutionalising and giving a visible face to the representation of local and regional authorities within the Eastern Partnership, as well as supporting the efforts undertaken by the Commission and other participating stakeholders in the goals of the Eastern Partnership.

The CORLEAP model has been put forward by the CoR in response to the European Commission’s invitation in 2008<sup>22</sup> that it work to establish some form of local and regional assembly for Eastern Europe and the South Caucasus as an institutional platform for regular dialogue and cooperation between local and regional authorities from the EU and its partner countries in the Eastern neighbourhood.

The latest proposals from the CoR CIVEX team (8.2.11) propose a model which embraces a yearly gathering of 36 regional and local representatives, 18 from the EU and 18 from neighbourhood partners in the region, and has proposed a launch date of 27 April 2011.<sup>23</sup>

## **The added value of the Eastern Partnership**

In recent years, the European Union has introduced a large number of policies, programmes, roadmaps and other foreign policy instruments which deal with the relationship with Eastern Europe. Given this plethora of policy elements, it is important to ask what the added value of yet another policy, in this case the Eastern Partnership, really is.

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22 Communication from the Commission on the Eastern Partnership {SEC(2008) 2974} COM(2008) 823 final.

23 CoR CIVEX Secretariat 8.2.2011. CoR Bureau memo of 4 March 2011 (for information).

Prima facie, the development of an ‘Eastern Partnership’ in many ways sends positive signals, notably to the EU’s East European neighbours that are part of the ENP. However signals are insufficient; the practical significance of this new initiative will be judged on its ability to address various criticisms that were notably formulated in relation to the ENP, and generally to bring added value to an already well-furnished policy towards East European countries.

## **ENP and the Eastern Partnership**

ENP’s principal offer to the neighbours is that they will have a share in the internal market of the Union as they progressively adopt EU regulation. This reflects the fact, as mentioned above, that traditional trade concessions no longer have the same impact when tariffs have reached the extremely low level prevailing today. Far more important is a reduction in the level of non-tariff barriers. A share in the internal market of the European Union effectively means a reduction in NTBs. For the European Union, spreading its regulation throughout its neighbourhood brings obvious advantages both in economic terms but also from the point of view of anchoring democracy, the market economy and stability in the region.

ENP also offers closer cooperation in many policy areas, improved political dialogue, and a limited rise in financial assistance from the Union. It also contains the promise of an upgraded bilateral relationship if conditions are met, without however specifying what sort of bilateral agreements with the ENP countries, let alone making any mention of their future membership in the Union.

Despite its regional objectives, ENP was in fact not designed to eliminate bilateral relations between individual states in the neighbourhood and the Union. Instead, it appeared to strengthen the bilateral dimension of the EU's relations with its neighbours, at the expense of existing regional structures, particularly for the south. It became clear to all that the development of bilateral relations would be far more important to individual neighbouring states than the apparent multilateral offer of ENP. Indeed, while at the operational level ENP introduced action plans for all cooperating countries, as reform programmes based on the adoption of EU regulation and EU basic values, the AP were nevertheless negotiated bilaterally and thus tailored to each country. Although they set out basic outlines for the system of reporting on reform progress in all the neighbouring states, this was an inadequate source of pressure to ensure progress with reform. Thus, while the action plans did bring some progress they should rather be seen as elements of bilateral relationships with the individual countries than of the multilateral essence of ENP.

A further complication within ENP was that the contractual basis between the Union and the ENP states varied considerably. Whereas many of the Southern states have Association Agreements, the countries of Eastern Europe generally operate with Partnership and Cooperation Agreements. The quality of these agreements varies considerably both in their content and in their institutional arrangements. As a further complication the PCA with Belarus is in abeyance as a result of the regime's unwillingness to adopt fundamental EU values, and there is still no contractual basis for relations with Libya, although negotiations have recently started.

ENP may well have somewhat confused the bilateral relationship between the EU and individual countries in the neighbourhood. In the case of a country like Ukraine for instance, which has the longer-term aim of full accession to the European Union, the impact of ENP was quite frustrating, because it mixed up countries to which Article 49 of the Treaty applies and others to which it does not apply, and it seemed to eliminate any discussion on eventual accession. ENP was therefore regarded as an unhelpful innovation. Indeed, without the prospect of accession and with only rather vague promises about future integration, there was little that the Union could do in the case of non-implementation of commitments made notably on the basis of the ENP Action Plans. As a result, the latter suffered from the absence of leverage that the EU has on the ENP states to undertake the reforms which they have signed up to.<sup>24</sup>

The development of ENP has continuously faced problems caused by disagreements between EU Member States. The Southern Member States were suspicious that its aim was to transfer attention and finance from the South to the East; the Member States which are opposed to any discussion relating to further enlargement continually analysed statements on ENP to make sure that it was not opening any doors to future enlargement; and the net contributors to the budget were suspicious that this was another potential financial burden on the EU budget. Neither claim was particularly well founded. In the first place a two-for-one budget settlement makes clear that for every euro spent in the east, two must be spent in the south. In any case the overall Union budget for assistance to both regions is very modest.

Generally, the EaP initiative sends positive signals:

First, the establishment of what may be looked at as a new conceptual framework specifically designed for Eastern Europe demonstrates that the EU's relationship with the countries concerned remains high on the EU's external

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<sup>24</sup> See Hillion, "‘Thou shalt love thy neighbour’: the draft European Neighbourhood Policy Action Plan between the EU and Ukraine", JMWEN Paper (2005/1)

relations agenda, and that the fine-tuning of these relations is important for the Union, if not a priority.

Second, the new initiative as well as the offer it contains suggests that the EU has, to some extent, been receptive to messages from the East European states concerned, particularly the suggestion that they should not be approached the same way as Southern Mediterranean states. It also translates that the EU institutions have been receptive to the constructive criticism of ENP formulated notably in academic circles.<sup>25</sup>

Third, the establishment of the Eastern Partnership, which is said to be based on the ENP, epitomises the adaptability and the dynamism of the ENP in general, and of the EU approach to Eastern Europe in particular. It also illustrates the flexibility of the ENP, in the sense of its capacity to host, through deliberate ambiguity, very different Member State interests and evolving positions regarding the relationship to different ENP partners.

Fourth, the Eastern Partnership demonstrates that enlargement of the Union has triggered new ideas, and a deepening of existing policies. Indeed, it is not by chance that the new policy has notably been promoted by a new Member State, Poland.

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<sup>25</sup> See, e.g. Judith Kelley (2006) 'New Wine in Old Wineskins: Promoting Political Reforms through the New ENP'. *JCMS*, Vol. 44, No. 1.

## **1.2 Funding the ENP: the ENPI and its compatibility with other existing regional policies**

The European Neighbourhood Policy is financed by the European Neighbourhood Policy Instrument or ENPI, the function of which is governed by Regulation (EC) No 1638/2006. This sub-section is structured as follows. First, it outlines how the ENPI regulation works, looking at:

- the scope of funding and what purposes the ENPI can be used for;
- the role of budget support;
- the programming cycle;
- and the governance of ENPI.

Second, it considers the distribution of funds between neighbouring countries and between Eastern Europe and the southern Mediterranean. Third, it considers combining ENPI funds with other sources of funding to finance crossborder activities between EU Member States and neighbourhood countries. Fourth, it tackles the question of cooperation between ENPI funding and funding from other sources. Fifth, it examines conditionality and the evaluation of the ENPI. Lastly, it considers the question of the future of the ENPI's funding mechanism in the next multiannual financial framework (MAFF) after 2013.

### **The ENPI Regulation and how it works**

The European Neighbourhood Policy Instrument was created by the fusion of the Tempus Programme for assistance to Eastern Europe and Meda which previously provided financial transfers in the context of the Barcelona Process for the southern Mediterranean countries. The European Union agreed to a relatively small increase in the total funds available to ENPI in relation to the cumulated funds of Tempus and Meda.

The ENPI programme operates within the framework provided by the ENPI Regulation, agreed in October 2006. Article 2 of the regulation defines the scope of the instrument and is drawn so widely that almost any social or economic cooperation programme can be supported. Local and regional policy aims are included in this article. ENPI support can be used amongst other things at the local and regional level for:

- Pursuing regional and local development efforts, in both rural and urban areas, in order to reduce imbalances;
- Improving regional and local development capacity;

- Supporting crossborder cooperation through joint local initiatives to promote sustainable economic, social and environmental development in border regions and integrated territorial development across the Community's external border;
- Promoting regional and sub-regional cooperation and integration, including, where appropriate, with countries not eligible for EU assistance under this Regulation.

In contrast to the TEMPUS programme, the measures which can be undertaken using the ENPI are defined very widely and not confined to technical assistance. ENPI funds can be used for investment, interest-rate subsidies and even in exceptional cases for debt relief.

ENPI funds can be provided as budget support directly to the budget of the neighbourhood country. Budget support has been extremely widely used as it is seen as a very effective way of providing direct funding for key reform issues in the policy of the benefiting states. Budget support is popular largely because it provides an easy way of disbursing the EU's allocation for development assistance without the need to run programmes directly. It also satisfies demands that recipients of development assistance be given a share in deciding how the money is spent. Nonetheless, budget support has been widely criticised when used in countries with high levels of corruption and poor government administrative capacity, which of course is the case for a great many of the ENP countries.

ENPI funding is essentially managed by the Commission in partnership with the recipient countries. In practice, however, due to low levels of administrative capacity it can be hard for recipients of development assistance to determine what their needs actually are. **The CoR and its members should aim to provide the necessary technical support to local and regional authorities in the ENP countries to identify what their reform priorities are and how best these can be met using assistance from the ENPI.** These assessments should be based on empirical research.

The ENPI Committee, presided over by the Commission, advises the Commission on the overall management of the programme.

## **Distribution of funds between ENP countries**

The Commission undertakes the distribution of funds between the different neighbouring countries:

In establishing country or multi-country programmes, the Commission shall determine the allocations for each programme, using transparent and objective criteria and taking into account the specific characteristics and needs of the country or the region concerned, the level of ambition of the European Union's partnership with a given country, progress towards implementing agreed objectives, including on governance and on reform, and the capacity of managing and absorbing Community assistance.

The ENPI regulation suggests that the Commission should distribute funds according to objective criteria, including relative need, but also in terms of a series of conditions including quality of governance and absorption capacity. However, conditionality based on the values of the Union expressed in the Lisbon Treaty is mentioned only as a type of 'best endeavours' clause:

The European Union is founded on the values of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law and seeks to promote commitment to these values in partner countries through dialogue and cooperation.

In practice ENPI funds have been distributed with a ratio of 2 to 1 in favour of the southern Mediterranean countries. This has only been justified by a demographic key (the population of the Southern ENP countries is much greater than that of the eastern ENP countries) and is certainly not suggested in the ENPI regulation. Those Member States supporting a firm distribution key between the South and East ignore the conditions set for the distribution of funds in the regulation.

## **Combining ENPI funds with other sources of assistance and cooperation between ENPI funding and other regional initiatives**

The ENPI regulation makes it clear that ENPI funds can be combined with other funds, including EU structural and cohesion funds and national bilateral funds to support crossborder programmes. However ENPI funds can also support programmes involving a neighbourhood country and another third country. Between 2007 and 2013, over €500 million from ENPI was allocated to crossborder programmes with EU Member States. These funds were combined with around €600 million of ERDF funding.

There is obviously scope for cooperation between the ENPI programme and regional initiatives such as the Black Sea Synergy, the Danube Strategy or the Baltic Sea Strategy. However these strategies generally have no or relatively little funding and it often proves difficult to arrange joint funding because of differing financial regulations. The bureaucratic obstacles to combining different sources of funding should not be underestimated and include the harmonisation of programming cycles, budgetary planning arrangements, reporting requirements, project evaluation and, of course, the objectives and aims of the varying programmes for development assistance. **The CoR should raise this point with the Commission and press for the simplification of the regulations governing such initiatives.** Parallel funding is possible but its scope is limited both by the limited funding opportunities in these regional initiatives and by the complexity of the bureaucracy involved.

## **Conditionality and the evaluation of the ENPI**

As mentioned above, ENPI funding is subject to a series of conditions, notably that the ENP countries respect the EU's values of democracy, human rights and the rule of law. The lack of applied conditionality has been a continual subject of criticism and was a source of complaint from some EU Member States, particularly with regard to the southern ENP states prior to the dramatic changes in political regimes at the beginning of 2011.

A major source of criticism between 2006 and 2011 was that ENPI funds were made available to neighbourhood countries which did not respect or even aim to achieve in the future the fundamental values of the European Union expressed in Article 2 of the Treaty on European Union. As shown above, the ENPI regulation is fairly relaxed about this form of conditionality. However, some members of the European Parliament and many of the Member States consider this situation unacceptable and it is likely that this will play a role in deciding on the funding for ENPI after 2013. Having said that, many of the concerns about respect for the EU's values in the ENP states will have been assuaged by the dramatic political transformations in the southern ENP countries since the beginning of 2011.

A further criticism has also been made of the lack of importance given in practice to the conditions of good governance and absorption capacity in the regulation. In some neighbourhood countries it has proved very difficult to disburse the funds where the quality of the administration is extremely poor. In certain countries ENPI funds have simply been seen as a subsidy to any chosen policy which the government wishes to promote, even if this is not in the interests of the European Union. This is particularly problematic when the EU gives assistance in the form of budget support.

Linked to the debate about conditionality, is that about differentiation. It is felt by many that the EU insufficiently differentiates between the countries in allocating ENPI assistance. Many demand that those countries which do carry out reforms leading to higher standards of democratic behaviour, the rule of law and the protection of human and minority rights, as well as promoting economic reforms should receive greater support than countries which appear to be uninterested in these values. **The CoR should call for greater differentiation in assistance from the EU to the ENP states, based upon their respect for the Union's core democratic values.**

The future funding of ENPI is guaranteed until 2013, however, funding beyond that will depend on the adoption of the next multiannual financial framework which is discussed in greater depth and detail below.

One question which arises is whether ENP should be abolished because it has already been divided into two regional programmes, the Eastern Partnership and the Union for the Mediterranean, and therefore remains something of an empty shell. But to some extent independent of this decision, many have proposed the division of ENPI into two, with one programme for the South and one for the East. A division of ENPI into two would get away to some extent from the absurd and arbitrary 2:1 allocation in favour of the South. Of course, a more differentiated approach might lead to an even greater proportion of the total ENPI funds being allocated to the South, given the very serious problems which are liable to arise from the present political and social unrest in North African countries after the recent changes in regime.

Beyond this there is the question of whether there is any justification for an increase in total ENPI funding from 2014. There is a justification in relation to those countries negotiating association agreements with deep and comprehensive free trade agreements. These countries are being asked to harmonise their legislation to that of the EU in many areas of the economy. Yet many of these countries will certainly find it impossible to raise the necessary investment finance to implement EU regulations. This argument will be used to increase funding to those countries, subject to enhanced conditionality. In the South there are demands for increased funding to finance modernisation in those countries and to stem the flow of migration across the Mediterranean Sea.

## **The future of the ENPI in the next MAFF**

Making predictions about the future of funding for the ENPI in the next MAFF is speculative since discussions on the next financial framework had only just got going at the time of writing in February 2011. Nonetheless, the timetable for negotiations on the next MAFF has been set for a long time and the Commission is due to produce a proposal in the first half of 2011 for consideration by all stakeholders. According to a draft document produced by the Commission, a number of changes may be proposed<sup>26</sup> in comparison to the 2007–13 MAFF, which could be summarised as follows:

- The period envisaged for the new MAFF could be five or even ten years rather than the current seven-year time span which has been the practice since the late 1980s;
- Spending priorities could be refocused around the following main elements:
  - Growth and jobs;
  - Climate and energy security;
  - Global Europe (external governance, including the ENP)
  - Prosperity and solidarity;
  - Spending on agriculture and regional policy would diminish sharply.
- The own resources system could be reformed and simplified greatly, with the financial corrections (such as the UK budget rebate) phased out and a new, genuine own resource to be provided for the EU;
- The MAFF should also become more flexible in its nature, with the option to move money around from one budget heading to another, allowing the Union to respond more effectively to new requirements and challenges unforeseen when the budget was originally laid out;
- Budgetary discipline should be respected.

The reforms that the Commission suggests are rational in that it makes sense for the Community budget to be modernised in its scope and made more flexible. Despite this, it will not be easy for the Commission to persuade the Member States or the Parliament to go along with the proposed changes, which seem to

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26A draft Commission proposal may be found at:  
<http://www.euractiv.com/pdf/Draft%20document%20reforming%20the%20budget%20oct%202009.pdf>.

be remarkably ambitious. It is not clear that the Member States will agree with the Commission's argument that a budgetary arrangement that currently favours them (for example, in agricultural subsidies, regional development aid or a simple rebate of a share of the national contribution made) should be abandoned in exchange for another. It is hard to see that powerful Member States will give up their allocation from the CAP (France) or the rebate (UK), so the obstacles to reform are formidable indeed. It is also particularly hard to see how the EU budget could be increased given the present strain on national budgets since the financial and economic crisis of 2008–10, which has left many Member States with a much higher level of public debt and/or significant budget deficits that need to be brought back within the limits set by the Maastricht Treaty. Nonetheless, there is clearly room for negotiation and the Commission will probably achieve some of its aims.

A key part of the Commission proposal is that rather more money should be spent on the ENP, as the draft reform agenda makes clear:

The situation in the neighbouring regions determines the European Union's own economic, energy and security outlook, and no other country or group of countries has both the means and comparable interest to promote stability and prosperity in this part of the globe. Providing credible reform and cooperation incentives, not necessarily linked to a perspective of ultimate accession, clearly calls for an improved financial offer to these countries.<sup>27</sup>

On the face of it, this is again a positive step but it is hard to see where this money will come from unless the whole budget can be reformed in the ambitious manner proposed by the Commission. The document goes on to suggest that ENP funding be concentrated on five key areas:

- Transport;
- Energy;
- Environment;
- Migration;
- Border controls.

It is further argued that the EU budget contribution made to assist ENP countries in these areas should be designed in such a way that funding can be leveraged through the private and banking sectors, through both the European Investment Bank (EIB) and the European Bank for Reconstruction and Development

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<sup>27</sup> See p. 20 of a draft Commission proposal which may be found at:  
<http://www.euractiv.com/pdf/Draft%20document%20reforming%20the%20budget%20oct%202009.pdf>

(EBRD). The Commission and EIB have begun work on designing mechanisms to facilitate this but co-financing remains very complex and cumbersome. Herein lies the difficulty in combining different sources of funding for ENP-related projects: the opportunity to do so certainly exists but EU rules and reporting requirements, together with those of the international financial institutions make co-funding exceptionally difficult. **The Commission should strive to simplify these rules in future and the CoR should maintain pressure on the Commission to do so.**

Political developments in the ENP countries, particularly the southern neighbours, during the period of negotiations on the new MAFF provide an additional justification for increased funding for ENPI. The dramatic political upheavals that took place across the Arab world in the beginning of 2011 prompted calls for an economic response on the part of the EU. Franco Frattini, the Italian foreign minister and former European Commissioner, argued that the Union should launch something akin to a Marshal Plan for the southern neighbours to support their political and economic transformation. This is a good idea, although it is very hard to see where funding on a massive scale could come from. One proposal put forward was the establishment of a Euro-Mediterranean Development Bank to boost investment in small and medium sized enterprises across both shores of the Mediterranean Sea. The idea will be put to the Euro-Mediterranean Parliamentary Council in March 2011. Little detail is as yet available on this project proposal; however, one question that could be asked is what the comparative advantage of the new institution would be *vis-à-vis* existing IFIs such as the World Bank. Given the timing of the announcement, it is conceivable that support for Tunisia's idea of a Euro-Mediterranean Bank is a political gesture of goodwill. Of course this is to be welcomed, but it is worth bearing in mind that many such proposals tend to tail off a few months or years after their announcement. It might be more sensible to concentrate on setting up new programmes or initiatives to be managed by existing lenders or donors with a strong track record and a reputation for efficiency.

## **Conclusions on ENP funding in the next MAFF**

Political pressure for increased EU spending on development assistance in the ENP countries is clearly rising sharply and it is very likely that the Member States will want to meet these demands in some way. However, the **bottom line on extra funding for the ENP in the next MAFF is that** given the economic and financial crisis and the lasting reduction in GNI across the EU and the lack of enthusiasm on the part of many Member States for a larger EU budget, **any extra money for the ENP will have to be wrung from savings in other areas of the budget.** Where exactly these savings will be made is very hard to predict,

but it would not be sensible to count on, for example, being able to persuade the UK government to give up its rebate. The **proposed savings on regional policy may not be in the political and economic interests of a great many CoR members**. Despite the desire of CoR members to support the aspirations of ENP countries in the east and south, it may therefore not be politically sensible to call for an increase in ENP development assistance if it is to be made at the expense of local and regional spending. As recommended above, it may be more prudent for the CoR to focus on calling for simplification of funding regulations in the ENPI to allow for the combination of funding from different sources.



## 2. Developing the ENP's regional dimension

### 2.1 Existing forms of regional and sub-regional cooperation within ENP

#### Eastern Partnership

In terms of the physical size of the country, the number of people, its raw materials and economic potential, Ukraine represents the most significant country emerging from the former Soviet Union aside from Russia itself. For the EU and its Eastern neighbourhood policy, Ukraine is of real strategic significance. **For the Committee of the Regions, Ukraine should be the focal point of its work within the Eastern Partnership group of countries.**

Both its recent and more distant history exerts a significant influence on the present state of the country. Whether under Tsarist, Communist or indeed post-Communist rule, there is a strong tradition of hierarchical, authoritarian government with rule from a strong centre. It is clear that the legacy of authoritarian and centralised rule weighs heavily on the country's present phase of development. The centralised system both sustains a 'blame culture' in the cities and regions, where any shortcomings can be blamed on the capital and also promotes an ongoing culture of passivity, where regional and local actors do not take responsibility. These features were clearly evident in a recent report undertaken on behalf of DG Regional Policy, 'Evaluation of the position of Chernovtsy and Odessa regions of Ukraine with respect to economic performance and competitiveness and institutional capacity.'<sup>28</sup> This report highlights the crucial advantage of a regional development function. Giving responsibility to the cities and regions and encouraging officials, third-sector organisations and other agencies to take initiatives against a programme set and agreed by each region would be a significant benefit to the overall economic development of the country as a whole. This is a topic on which the CoR has recognised expertise and deep practical experience within its ranks. That strongly suggests that it should be a priority for its work within the Eastern Partnership.

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28 Service Contract No 2009CE160AT121 Evaluation of the position of Chernovtsy and Odessa regions of Ukraine with respect to economic performance and competitiveness and institutional capacity. Final Report, May 2010. See especially final recommendations pp.29-31.

## **Instruments for crossborder cooperation**

Collaborative projects between local and regional actors in the EU Member States and the states of the European Neighbourhood fall under a number of different funding streams.

### **European Neighbourhood Policy Instrument (ENPI)**

This funding stream is the key means of EU financial commitment to the global aims of the European Neighbourhood Policy, and applies to a wide range of actors, including local and regional authorities. However, this opportunity stream is an indirect one, as the ENPI framework lacks any specific territorial approach. Actors engaged with EU-financed projects under the ENPI have come at these in an ad hoc fashion rather than having been targeted directly.

The legal framework for collaborative actions under ENPI is defined in the previously mentioned bilateral Partnership and Cooperation Agreements for Eastern Europe, the South Caucasus, Russia, and Association Agreements for the countries of the Southern Mediterranean.

Each partner country in the neighbourhood area agrees an individual action plan with the EU, which consists of detailed political and economic reform measures to be undertaken. In addition, there are a number of specific areas of action:

- 1) Bilateral actions: these account for the lion's share of EU funding assistance under the provisions of the ENPI;
- 2) Multilateral intergovernmental actions of a geographical (Baltic, Caucasus, Mediterranean) or sectoral nature;
- 3) Crossborder actions: modelled on the crossborder and transnational actions that fall under Objective 3 of the EU's regional policy.

Actions which involve local and regional authorities have to date fallen primarily under this third strand of ENPI funding: crossborder actions.

There are four principal ENP CBC programme priorities:

- **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 in the EU's Strategic Partnership with Russia. The ENPI-CBC programmes aim to help public and private actors to address the opportunities and challenges offered by proximity with the

EU. The promotion of economic and social development is a key objective deserving special attention in the ENPI-CBC programmes.

- **Working together to address common challenges, in fields such as the environment, public health and the prevention of and fight against organised crime.** Local authorities on the EU's Eastern borders face a particular challenge in addressing the environmental degradation caused by economic restructuring and the historical neglect of environmental issues.
- **Ensuring efficient and secure borders.** The EU's external borders still face challenges with respect to the quality of basic border infrastructure 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.
- **Promoting local crossborder “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 crossborder contacts between civil society groups and NGOs, can also contribute to promoting local governance and democracy, and to enhancing mutual understanding.

The ENPI-CBC programmes themselves cover two specific geographical connections:

- 3) programmes covering a common land border or short sea crossing, and
- 4) programmes covering a sea basin.

In addition to specific ENPI funding, the RCBI (Regional Capacity Building Initiative) project, funded by the EU, supports partner country participation in ENPI-CBC programmes for the 2007-2013 period through technical assistance. Whilst CBC actions remain a small element of ENPI funding, there is a strong normative view that this aspect of the ENP should be enhanced, documented in recent surveys and studies. A 2006 EuropAid strategy paper on the ENPI highlighted reviews of previous CBC actions under the Tacis programme, and lessons to be learned from this experience. EuropAid emphasised calls from the Court of Auditors to improve coordination mechanisms between different funding sources under crossborder cooperation, the involvement of local and regional authorities in cooperation and support for capacity-building among

local and regional authorities<sup>29</sup>. Similarly, evaluations of other CBC projects in the ENP area, particularly those ongoing in the timeframe immediately before the launch of the ENPI, had all come to emphasise the added value of LRA input, and stressed the need for CBC mechanisms to draw in local and regional authorities much more fully:

- A mid-term evaluation of the MEDA II programme had concluded in 2005 that there needed to be increased attention paid to small-scale projects within civil society, in order to address the political and human partnership goals of the Barcelona process<sup>30</sup>
- A Commission evaluation of the Tacis programme has recommended a focus on partnership building. This report had concluded, further, that the design and management of crossborder cooperation should be improved, in particular, by “ensuring better complementarity and integration between the EC funded programmes on each side of the border”<sup>31</sup>.

With these evaluations in mind, the CBC element of the ENPI instrument focused on three priority aims<sup>32</sup>:

- 1) Some time is required to fully establish effective CBC programmes
- 2) Local ownership needs to complement national support: local and regional authorities in the border regions have proved themselves to be enthusiastic actors in working together to address common opportunities and challenges. 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
- 3) Effective CBC builds on the experience of project partners working together: under previous CBC programmes, the combination of different sources of funding with different procedures has in itself been an obstacle to effective CBC. ENPI moves beyond this situation though the emphasis

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29 Europaid (2006) “European Neighbourhood & Partnership Instrument: Cross-Border Cooperation. Strategy Paper 2007-2013. Indicative Programme 2007-2010”, available at:[http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/enpi-cross-border/documents/summary\\_of\\_strategy\\_paper\\_en.pdf](http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/enpi-cross-border/documents/summary_of_strategy_paper_en.pdf).

30 Mid-term evaluation of the MEDA II Programme, July 2005, European Commission/EuropeAid.

31 Evaluation of Council Regulation 99/200 (Tacis) and its implementation, January 2006, European Commission/ Evaluation Unit/ EuropeAid.

32 Europaid (2006) “European Neighbourhood & Partnership Instrument: Cross-Border Cooperation. Strategy Paper 2007-2013. Indicative Programme 2007-2010”, available at:[http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/enpi-cross-border/documents/summary\\_of\\_strategy\\_paper\\_en.pdf](http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/enpi-cross-border/documents/summary_of_strategy_paper_en.pdf), p. 5.

is placed fully on training and capacity-building actions in order to ensure that the full potential of CBC can be achieved.

It is difficult to assess meaningfully the added value of CBC projects at the present stage since most are only just beginning to be contracted and to enter into the operational phase at the time of writing in early 2011.

### **Other programmes financed by ENP (beyond CBC cooperation)**

One of the largest programmes financed under the ENPI to engage with local and regional actors is the “Cooperation in Urban Development and Dialogue (CIUDAD)” inter-regional programme (IRP). Launched in 2009, this new programme builds largely on successful predecessor programmes in the ENP areas, namely MED-PACT, a partnership programme between local authorities in the Mediterranean<sup>33</sup> and the Tacis Cities Award Scheme (TCAS). CIUDAD promotes cooperation between local and regional governments in capacity-building for improved governance in sustainable urban development and planning, thereby meeting a core overarching objective of the neighbourhood policy. This is the core element of ENPI which specifically targets local governments in the neighbourhood region.

CIUDAD aims to implement many of the lessons learned through the roll-out of the previous EU programmes in the region. Its overarching objectives are to facilitate planning for sustainable, integrated and long-term urban development, using good governance principles. Capacity-building in this realm is supported by projects which target the promotion of mutual understanding, exchange of experience and cooperation between local-level actors in the EU Member States, and in the partner countries of the neighbourhood region. It is also hoped that the connections which are established through this funding mechanism will outlive the life cycle of the financing and will deliver longer-term benefits for the region.

The CIUDAD programme offers opportunities to explore enhanced crossborder cooperation at the local and regional level in the neighbourhood area. Indeed, the implementation of the CIUDAD programme complements the actions of the CBC programme, as its aims are to strengthen the capacity of local and regional authorities in sustainable and effective development with particular emphasis on transfer of knowledge and experience in good governance, urban planning and accountability mechanisms. It enables local authorities and regions to reach beyond partnerships facilitated through CBC country- and Sea Basin programmes by linking up with experienced inter-urban networks in the areas of

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<sup>33</sup> Further analysis and evaluation on MED-PACT is included below.

key policy interest: energy efficiency, waste management, urban economic development and cohesion; public participation and civic dialogue.

## **The geographical reach of the CIUDAD programme in the neighbourhood area**

CIUDAD projects complement crossborder cooperation and strengthen cooperation in governance and sustainable development between local and regional authorities. The CIUDAD programme manages 21 intra- and inter-regional (East-South) projects, and these involve partnerships from all ENP countries and from the Russian Federation. CIUDAD is one of the first EU programmes that has encouraged partnerships to implement projects in the two ENPI regions, and five of the successful projects are meeting this challenge.

The 21 CIUDAD-funded projects cover energy, the environment, economic and social cohesion as well as urban planning, and projects to enhance the role and input of civil society in decision-making processes. Many projects cover more than one theme, and the cross-cutting theme of “good governance” is addressed by the majority of the grant projects.

The theme of “energy” is addressed by the majority of grant projects in the ENPI East region, whereas “Waste and Water” is more strongly represented in the ENPI South regions.

## **CIUDAD projects 2009–12**

The CIUDAD programme will be running from 2009 to 2012, and will co-finance 21 local projects which target the following themes:

- 1) Environmental sustainability and energy efficiency;
- 2) Sustainable economic development and the reduction of social disparities,  
and
- 3) Good governance and sustainable urban development planning.

Project partnerships are made up of consortia of organisations, including local authorities, universities, NGOs and other organisations working on urban sustainable development issues from the EU Member States and the ENPI partner countries.

The implementation of **CIUDAD** (Cooperation in Inter-Urban Development and Dialogue) complements the actions of the CBC programme as its aims are to strengthen the capacity of local and regional authorities in sustainable and effective development with particular emphasis on transfer of knowledge and experience in good governance, urban planning and accountability mechanisms.

It enables local authorities and regions to reach beyond partnerships facilitated through CBC country- and Sea Basin programmes by linking up with experienced inter-urban networks in the areas of key policy interest: energy efficiency, waste management, urban economic development and cohesion; public participation and civic dialogue.

Each of the CIUDAD projects has a minimum of three partners, two of which must be located in different ENP countries, and one partner from an EU Member State. Whilst experts recognise that implementing projects in different countries simultaneously can pose significant challenges, this “networking and exchange of experience is very important, because what works in one country is also likely to be relevant for neighbours”, according to Frédéric Vallier, Secretary-General of the Council of European Municipalities and Regions (CEMR)<sup>34</sup>.

At present, these projects are still in the development stages, and it is therefore difficult to extract relevant conclusions for this report on their implementation. It is important to note, however, that this suite of actions will provide for a substantial degree of knowledge of the implementation of crossborder cooperation programmes between local and regional authorities in EU Member States and in the European neighbourhood countries. **It is therefore imperative that the CoR maintain a regular overview of these projects, their implementation and outcomes over the period of the CIUDAD programme’s duration (2009-2012).**

## Examples of CIUDAD projects

### **CIUDAD project example 1: EUMED Cities - EuroMed Cities Network on Good Local Governance**

With its emphasis on inter-actor dialogue and the exchange of experience, this project highlights the benefits of sharing good methodological practice developed at local and regional level within the EU, with partners in the neighbourhood countries.

This project brings together partners from four cities in the Mediterranean area, from within the EU and from neighbourhood countries to develop a common methodology for Community Development Plans that empower vulnerable and excluded neighbourhoods (e.g. slum dwellers, women, children, refugees, migrants) and improve lives.

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<sup>34</sup> [http://www.ciudad-programme.eu/support\\_module\\_overview.php?lang=1&support\\_id=22&support\\_sub\\_id=21](http://www.ciudad-programme.eu/support_module_overview.php?lang=1&support_id=22&support_sub_id=21).

Each of these four cities (Fes and Tangier in Morocco, Barcelona in Spain and Ghobayré in Lebanon) face common challenges: rapid population growth, immigration and a concentration of vulnerable populations. This situation demands that local authorities develop strategies to enhance sustainable human and economic development for the benefit of all citizens, particularly those in vulnerable communities.

Strong and effective Community Action Plans are regarded as an efficient tool for change in these situations. This approach can promote citizen participation and provide a more cohesive sense of community and shared values. Barcelona Municipality has been a pioneer in urban regeneration, with a strong focus on improving conditions for excluded populations, and the EuroMed Cities Network on Good Local Governance project is a key means by which this knowledge and experience can be harnessed and transferred to pilot actions for other areas. A hands-on training approach has resulted in an enhancement of the capacities of local technical and decision-making staff in the three target cities, allowing them to replicate these methods of action.

The project partners involved in the EuroMed Cities Network on Good Local Governance are Barcelona City Council and the Government and Public Policies Institute at the University of Barcelona (Spain); Fes City Council and the Ibn-Batouta Socio-cultural Foundation (Morocco); and Ghobayré City Council and Saint Joseph's University (Lebanon).

The main activities undertaken within this project include:

- Developing a model for Community Development Planning
- Preparing and implementing Community Development Plans and pilot actions
- Involving, training and enhancing the capacities of local actors, and facilitating and encouraging the participation of citizens
- Disseminating the results

This ambitious project intends to yield considerable positive results, including:

- The designing and dissemination of a methodological model for Community Development Plans
- The elaboration of local Community Development Plans for vulnerable areas in each of the three cities in the neighbourhood countries
- The active participation of local citizens in actions to improve their local environment, and
- The dissemination of the project results across the region

## **CIUDAD project example 2: TourMedEau: Sustainable water management in the Mediterranean tourist areas**

This project aims to overcome the problem of a lack of dialogue between local and regional authorities on both shores of the Mediterranean to address the issue of sustainable water management in an urban context. This challenge is seen to be particularly pressing in two main economic sectors: industry and tourism.

Establishing sustainable water management and distribution solutions in industrial regions can be addressed through the implementation and enforcement of internationally recognised standards. The problems caused by tourists are more complex, however, due to the lack of compatible and sustainable water management systems to handle over-consumption.

These problems are specifically addressed by this project through a number of related activities, including partnership-building, promotion of best practices between partners, the preparation of feasibility studies and paving the way for the implementation of a pilot water treatment plant in Tunisia or Morocco, where the high concentration of tourist facilities is threatening water resources and may directly affect the living conditions of local inhabitants.

The local and regional actors involved in this project are:

- Municipality of Villasimius (Italy)
- Municipality of Ajim (Tunisia)
- Municipality of Hoceima (Morocco)

The expert advisers at local and regional level who are engaged in this project are:

- ENAS – Regional organisation for the management of water in Sardinia (Italy)
- CIREM section Centre Recherche Nord-Sud Université des Etudes de Cagliari (Italy)
- Ecole Nationale d'Ingénieurs de Sfax (Tunisia)
- Moulay Ismail University, Meknès (Morocco)

The main activities of the project will be to conduct a thorough analysis of existing conditions and the needs of targeted territories, to develop processes for the exchange of experience and competencies, and to move towards the creation of model demonstrative water treatment plants in Tunisia or Morocco.

The project activity will be carried out in three locations:

- Island of Djerba (Tunisia)
- Ajim Municipality (Tunisia)
- Municipality of Hoceima (Morocco)

The overall objective of this project is to develop a sustainable model for the long-term management of water in the project's selected tourist development regions. It will facilitate enhanced institutional partnerships between both sides of the Mediterranean for sustainable water management solutions, and will allow for greater cooperation to promote methodologies and processes that optimise the safeguarding of water resources.

## The 21 CIUDAD grant projects in detail

### Theme 1: Environmental sustainability

<b>Project Title</b>	<b>Location of Activities</b>	<b>Sector</b>	<b>Lead Partner</b>
TourMedEau: Sustainable water management in the Mediterranean Tourist Areas	Morocco, Tunisia	Water and wastewater	Municipality of Villasimius (Italy)
Energy Efficient Municipalities	Moldova, Ukraine	Energy Efficiency	Chisinau City Hall (Moldova)
MODEL: Management of Domains related to energy in local authorities	Armenia, Georgia, Moldova, Ukraine	Environmental Efficiency	Municipality of Lviv (Ukraine)
SUMPA-Med: Sustainable Urban Mobility Planning Adapted to the Mediterranean	Jordan, Syria	Urban Mobility	Gaziantep Metropolitan Municipality (Turkey)
GODEM – Optimised Management of Waste in the Mediterranean	Lebanon, Morocco, Tunisia	Solid Waste Management	Capital Region of Brussels
WADI – Urban Water Management	Lebanon, Occupied Palestinian Territory	Water and Wastewater	Municipality of Pisa (Italy)
Green Cities – Strengthening the Capacity of Local Authorities for Ecological Modernisation	Israel, Occupied Palestinian Territory	Solid Waste Management	Shefa' Amr Local Authority (Israel)
SPIN – Energy efficiency and urban development planning	Russian Federation, Ukraine	Environmental Sustainability	Municipality of Savski Venac (Serbia)
Promotion of a sustainable and integrated urban solid waste management system in the Maghreb countries	Morocco, Algeria, Tunisia	Energy Efficiency	Municipality of Reus (Spain)

## Theme 2: Economic development and social inclusion

<b>Project Title</b>	<b>Location of Activities</b>	<b>Sector</b>	<b>Lead Partner</b>
ArcHeritage	Russian Federation, Tunisia	Good Governance and Urban Development Policy	Province of Cagliari (Italy)
GOSPEL: Creating social links through sport and good governance	Armenia, Tunisia	Integration of Minorities and Disadvantaged Groups	City of Marseilles (France)
Sustainable Tourism – An integrated approach to the development of sustainable tourism products	Georgia, Moldova	Sustainable Tourism	Province of Venice (Italy)
Sustainable Urban Development	Belarus, Georgia, Ukraine	Good Governance	Municipality of Ukrainka (Ukraine)
EUMED Cities- EuroMed Cities Network on Good Local Governance	Lebanon, Morocco	Good Governance	Barcelona City Council (Spain)
Partnership for urban renewal towards regional economic development	Jordan, Lebanon	Good Governance	Province of Turin (Italy)
RKM Save Urban Heritage	Russian Federation, Ukraine	Cultural Heritage	Municipality of Rome (Italy)
Promotion of the participation of women and young people in local development processes	Lebanon, Morocco	Integration of Minorities and Disadvantaged Groups	Union of municipalities Hermel (Lebanon)

### Theme 3: Good governance and urban development policy

<b>Project Title</b>	<b>Location of Activities</b>	<b>Sector</b>	<b>Lead Partner</b>
NEW MEDINA From pilot towns to sustainable towns – reinventing new towns	Algeria, Egypt, Morocco	Urban Planning	Syndicat d'Agglomeration Nouvelle de Marne-la-Vallee Val Maubuee (France)
Save WHL Cities War Free World Heritage Listed Cities	Georgia, Lebanon	Cultural Heritage	Council of the United Municipalities of Jbail-Byblos (Lebanon)
Liaisons for Growth	Armenia, Jordan	Good Governance	Tuscany regional administration (Italy)
SURE: Sustainable Urban Energy in the ENPI region – towards the Covenant of Mayors	Belarus and Morocco	Energy Efficiency	City of Friedrichshafen (Germany)

The EU's neighbourhood policy can best demonstrate its effectiveness by showing how it is both practical and focused. CIUDAD projects are one very obvious way to achieve this. The CoR should act as a repository of examples of good practice and could work to further disseminate project ideas/good practice case studies of work undertaken by LRAs.

## **2.2 The European Grouping of Territorial Cooperation (EGTC) in ENP countries**

The EGTC is a relatively new approach to the management of local and regional crossborder cooperation, and as such is still in its infancy. At the present time, EGTC frameworks cannot fully incorporate local and regional authorities from the EU neighbourhood countries, as detailed in paragraph 16 of Regulation (EC) No 1082/ 2006. This states that:

The third subparagraph of Article 159 of the Treaty does not allow the inclusion of entities from third countries in legislation based on that provision. The adoption of a Community measure allowing the creation of an EGTC should not, however, exclude the possibility of entities from third countries participating in an EGTC formed in accordance with this Regulation where the legislation of a third country or agreements between Member States and third countries so allow.

Thus, it is possible for EGTCs to involve partnership arrangements with third countries from the neighbourhood area. In practice, this arrangement can be coordinated if the third country adopts national legislation to create an instrument similar or close to the EGTC. This is currently the case in the following example.

### **CASE STUDY: The (UTTS) Ung Tisza Tur Sajo project – an EGTC with a third-country partner**

This project involves local and regional authorities from three new EU Member States (Hungary, Slovakia and Romania) along with authorities from a third country in the EU neighbourhood, Ukraine.

The project aims overall to find joint solutions to joint problems, and in so doing, to improve the quality of life for residents across the entire territory of this border region in fields such as renewable energy, ecological rehabilitation, agriculture and the creation of sustainable jobs. The EGTC will allow for a sharing of expertise and capacity across borders in areas such as planning, engineering, the provision of training, legal and technical assistance to grassroots enterprises. It will also support the development of joint infrastructure projects, such as the building of new roads, bridges and border crossing points.

A core objective of the EGTC is to support the development of projects on territorial cooperation which will be co-financed through ERDF, ESF and CF.

Overall, this EGTC has been established to facilitate better interaction on collaborative projects across national borders within the EU. In this way, it does not differ widely from other EGTCs currently in operation. However, the novelty of this particular EGTC is the fact that it is the first to draw in partners from the local and regional level of authority in a Neighbourhood country, in this instance, Ukraine. Partnership with Ukrainian authorities is helpful in overcoming crossborder issues of concern to local and regional actors in the area; however, it must also be noted that the current legal framework for EGTCs does not provide for partners from third countries to pay a membership fee, therefore making the Ukrainian members of this alliance exempt from those payments.

At present, the only third-country partners to participate in EGTCs with EU Member States are the trilateral EGTC (HU-RO-SRB), and the quadrilateral HU-SK-RO-UA EGTC.

Whilst this collaboration has only been operational since 2007, the UTTS EGTC has been positively evaluated, and the incorporation of a third-country partner has not presented any additional challenges. As such, this particular EGTC is regarded as a successful example of the horizontal integration of local authorities from across a number of borders, and holds the potential to achieve greater economic, social and territorial cohesion. It is also expected to reduce the “border effects”, notably on the border between the EU and Ukraine.<sup>35</sup>

The use of the EGTC legal mechanism as an opportunity to further strengthen and enhance crossborder cooperation between the EU and the Neighbourhood area is not yet extensive. However, there are certain examples of the EGTC framework having been implemented.

### **The MATRIOSCA Adria-Alpe-Pannonia project**

The MATRIOSCA AAP project was developed as a means of promoting more integrated and coordinated development of the Adria-Alpe-Pannonia region, a geographical area which covers parts of four existing EU Member States (Austria, Italy, Hungary and Slovenia), one candidate country (Croatia) and one potential candidate country for EU accession (Serbia). This territorial space is inhabited by around 17 million people.

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35 CoR (2008) The European Grouping of Territorial Cooperation (EGTC): state of play and perspectives. Draft Final Report, 9 June 2008. Unpublished report.

**Figure 1: Territory covered by the Matriosca project**



Financed initially by the INTERREG 3B CADSES transnational cooperation programme, the project has developed as a unique forum for cooperation between institutions, technicians and experts from the partner regions. At a macro level, the partners involved in this project have also participated in a transnational cooperation entity, the Alps Adriatic Working Community (AAWC). At a smaller level, several euroregions have been established for bilateral cooperation actions.

Working groups have carried out studies and in-depth analyses in key areas for territorial development (transport and infrastructure, spatial planning, socio-economic development, cooperation between towns and municipalities, etc.), and have produced practical answers, such as the preparation of a joint strategy, the proposal of a series of cooperation projects and the drafting of model statutes for an EGTC.

Aware of the lack of information on both sides of the national borders, of the overlapping and duplication of certain projects dealing with similar topics and of the problems relating to “collaboration without coordination”, the political representatives of the MATRIOSCA project signed a declaration on the occasion of the final political conference in November 2007, committing them to the establishment of an EGTC. They also expressed a wish to step up the collaboration between the MATRIOSCA project partners and the AAWC members, and to support multilevel governance and the development of new legal entities for cooperation in the territory.

As Stefan Börger, European Affairs Officer within the regional government's Department of European Affairs and International Relations in the Land of Steiermark (Austria) explained, the EGTC had several advantages over other legal forms for the project partners. "It allows participation by all the levels concerned, including the state; it clarifies the procedure for establishing the structure and it permits the involvement of EU third countries such as Croatia and Serbia (and their local authorities), subject to conditions". For further information, please see: [www.matriosca.net](http://www.matriosca.net).

The EGTC therefore offers a potential solution to some of the challenges posed by the need to establish a crossborder administrative and financial framework for the management of initiatives between Member States and ENP partner countries. However, **the key challenge is to broaden understanding of the opportunities which the EGTC presents to potential partner actors and to deepen understanding of the instrument. Here, the CoR can play a key role in heightening awareness of the EGTC in ENP countries and for crossborder cooperation with ENP partners.**

## **The future of EGTCs**

One major sticking point prior to the introduction of an EU legal framework for EGTCs was the question of financial liability, jurisdiction and rules governing the publication and / or registration of an EGTC's statutes.

The solution has been to ensure that any EGTC should be governed by the law of the Member State in which the EGTC has its registered office. The realisation of this objective is currently being monitored, and by **1 August 2011** at the latest, the Commission will forward to the European Parliament and the Council a report on the application of this regulation (1082/2006) and proposals for amendments where appropriate. The CoR should monitor closely developments in this area and take action where appropriate.

Furthermore, the CoR has itself, in its own-initiative opinion on "New perspectives for the revision of the EGTC Regulation" (CdR 100/2010 fin) called for a review of the provisions of Regulation (EC) No 1082/2006 on the participation of territorial entities from third countries. The CoR has proposed the consideration of setting up bilateral EGTCs between one entity from a Member State and another from a non-EU Member State, either in the pre-accession phase, or under the EU's neighbourhood or wider neighbourhood policies.

## 2.3 The main obstacles to territorial cooperation

As territorial cooperation with local and regional authorities in the European neighbourhood countries is at present limited, there are few reliable indicators to suggest where obstacles to good cooperation have been identified.

Of particular interest here are issues raised in connection with the ENPI and its interaction with territorial funding mechanisms within the Member States, primarily the structural funds. The INTERACT Programme<sup>36</sup> is an initiative which promotes and supports good governance of European territorial cooperation programmes. Its core mission is to identify, describe and spread good governance approaches and practice in crossborder, transnational and interregional cooperation across the EU. INTERACT operates as a technical support programme aimed at enhancing the implementation and delivery of the European territorial cooperation objective programmes and as such, are of important relevance to the effective management and good implementation of forms of regional and sub-regional cooperation within ENP and instruments for crossborder cooperation.

In the INTERACT 2007 Operational Programme, it was noted that the mid-term evaluation of INTERACT I had identified a series of potential problem areas that could prove problematic for future implementation of crossborder activities, both within the Member States and indeed, in partnership with ENP countries under the INTERACT ENPI scheme. In detail these include:

### IMPLEMENTING STRUCTURE

- Decentralised implementation entails a varied amount and quality of output
- The opportunities presented by institutional networking were not fully exploited in all cases
- Not all local and regional stakeholders were reached through dissemination campaigns
- High staff turnover in the programme secretariat

### INFORMATION AND COMMUNICATION FLOWS

- Quality management and control tended largely to be focused on event evaluation and formal check-up procedures;

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<sup>36</sup>[http://www.interact-eu.net/about\\_us/about\\_us/22/19](http://www.interact-eu.net/about_us/about_us/22/19)

These processes were felt to be insufficiently linked to strategic questions such as guidance on broader thematic issues.



## **3. Lessons learned**

### **3.1 "People-to-people" contacts and examples of cooperation between regions and municipalities from ENP countries and their EU partners**

The main instrument through which people-to-people contacts have been developed is the MED-PACT programme.

MED-PACT: A partnership programme between local authorities in the Mediterranean area

This programme ran for three years between 2006 and 2009, with a budget of €5 million and a suite of 9 core funded projects. This programme specifically addressed one of the core aims of the Barcelona Process, that is, bringing people in the Mediterranean region closer together and encouraging better understanding between them, particularly through the development of civil society exchanges.

MED-PACT involved local authorities in the following countries:

- Algeria
- Egypt
- Israel
- Jordan
- Lebanon
- Morocco
- Occupied Palestinian Territory
- Syria
- Tunisia
- Turkey

Overall, the core objectives of this programme were to establish lasting partnerships between EU and Mediterranean cities and their civil societies, to reinforce and deepen existing partnerships and to contribute towards promoting more participatory and sustainable local development patterns in the Southern and Eastern Mediterranean. The programme sought to widen and strengthen municipalities' networks, and to further develop their access to information on technical and methodological issues.

It meets the aims of a 2003 CoR opinion which highlighted the need to support cooperation between local authorities within the Euro-Mediterranean

partnership, and responded to the main recommendations of the Naples Foreign Affairs Ministerial Conference of the Euro-Mediterranean Partnership in December 2003 which called for the promotion of civil society partnerships in the region to give greater substance to the Barcelona Process.

The MED-PACT programme is dedicated to cooperation amongst local and regional authorities along both the southern and the northern shores of the Mediterranean Sea. The programme itself stemmed from the Euro-Med Partnership Regional Strategy Paper 2002-2006 which recognised the need for cooperation at all levels of government and civil society in order to implement and achieve the aims of the third chapter of the Barcelona Process, entitled “Partnership in social, cultural and human affairs”. This strategy paper also called for a mechanism to be established which would develop a deeper “understanding between people, despite political ups and downs”.

At thematic level, MED-PACT focused on sustainable urban development strategy issues, the implementation of specific urban policies and the strengthening of local governance. It supported efforts undertaken by local authorities to implement an effective and modern institutional, legislative and local framework to manage and control public finances, as well as to train staff. MED-PACT projects provided help in the shaping, promotion and implementation of a strategy for sustainable urban development, and supported the enforcement of specific urban policies, in particular for economic development, environmental protection, transport and mobility, and the protection and integration of the socially excluded.

There was strong bottom-up demand for a programme such as this to be created and co-financed by the European Commission. In particular the conclusions of the 6th Conference of Euro-Mediterranean Foreign Ministers, held in Naples in December 2003<sup>37</sup>, set in motion an action plan for developing an EU financing mechanism which would support these objectives and specific actions to achieve them at the local and regional level.

The three leading objectives of the MED-PACT Programme were as follows:

- 1) To establish long-lasting partnerships among European and Mediterranean cities;
- 2) To promote sustainable models for local development based on a strategic approach that includes the involvement of citizens;

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<sup>37</sup> The full draft of the conclusions from this conference can be found at [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/er/78183.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/er/78183.pdf).

- 3) To transfer technical and technological tools to the cities involved and guarantee assistance in the shaping, promotion and implementation of integrated urban planning processes.

## MED-PACT projects in detail

The table below sets out the nine projects supported by the MED-PACT programme:

Project	Detail	Lead partner
SHAMS	Sustainable Human Activities in Mediterranean Urban System	Brussels (Belgium)
GEMM	Governance Empowerment Mediterranean Model	Sassuolo (Italy)
PAMLED	Building Effective Partnerships among European and Mediterranean Municipalities for Local Economic Development Promotion	Prato (Italy)
STREAM CITIES	STRategic European And Mediterranean Cities	Catania (Italy)
PACEM	Le Project européen d'Aménagements Côtiers Euro-Méditerranéens	Marseilles (France)
APUDUI	Accompagnement méthodologique à la définition de politiques d'urbanisme et de développement urbain intégrées, et à la construction d'outils à Annaba (Algérie) et à Bizerte (Tunisie)	Dunkirk (France)
GUIFORMED	GUIDelines for the FORMation of Managers and Operators of MEDiterranean Coastal Wastewater Treatment Systems	GATAB (Turkey)
ARCHIMEDES	Action to Regenerate Cities and Help Innovative Mediterranean Economic Development Enhancing Sustainability	Venice (Italy)
MEDACCESS	Support to disadvantaged people and minorities through municipal social and economic integration	Komotini (Greece)

## **Examples of Successful MED-PACT Projects**

### **STREAM Cities**

This project, funded under the MED-PACT programme, allowed for the sharing of innovative practice in sustainable economic and social development between local and regional actors from the EU and from a range of neighbourhood partner countries. Its aim was to improve the toolkit for effective urban governance through the development of an innovative, participatory approach to Urban Strategic Planning. All partners were involved in a polycentric development system, where the EU cities were all able to facilitate the creation of common knowhow for planning mechanisms to promote sustainable urban growth, with improvements in quality of life and social cohesion.

A major innovation implemented by this project was the establishment of “participatory public meetings” as a central element of the project. These moved beyond the transmission of information from the relevant authorities to local citizens and instead encouraged dialogue with local citizens. The feedback gathered from these interactive events was taken into consideration during the policy formulation process.

### **The ARCHIMEDES project (Actions to Regenerate Cities and Help Innovative Mediterranean Economic Development Enhancing Sustainability)**

The Archimedes Project ran for two years, from 1 January 2007 to 31 December 2008, and had a total overall budget of €734 177, of which the EU contributed 79%, or €580 000 through the MED-PACT programme. This co-financing mechanism was established within the framework of the Barcelona Process, which aims to “transform the Mediterranean into a common space of peace, stability and prosperity through the reinforcement of political and security dialogue, an economic and financial partnership and a social, cultural and human partnership”.

The Archimedes project focused on the key areas of networking between local and regional authorities as well as civil society actors, and transferring knowhow between individuals and organisations facing similar challenges. The Archimedes project also allowed participants to develop pilot projects in the field.

The areas covered by the Archimedes project were as follows:

- Strategic planning
- Regeneration of an important district of the city
- Historical buildings rehabilitation
- Cultural heritage valorisation
- Economic animation
- Tourism potential exploitation

The cities involved in the Archimedes project were:

- EU Partners
  - Venice (Italy)
  - Genoa (Italy)
  - Bordeaux (France)
- Neighbourhood Country Partners
  - Istanbul (Turkey)
  - Beirut (Lebanon)
  - El Mina (Lebanon)
  - Oran (Algeria)

The cities involved in the project built upon a range of existing ties between local and regional actors in the EU and in the Neighbourhood area. However, the principal objective of collaboration in this project was that all these cities faced common challenges and sought solutions to shared objectives. The key challenges included the regeneration of significant cultural districts of the city, primarily sites of historical importance. This would include restoration of historical buildings, the need to generate economic investment in these restored areas, and assistance in maximising the tourism potential that historical regeneration of significant sites of interest would generate. Overall, the aim was to work collaboratively to generate routes to sustainable economic development.

This project was found to be very successful in meeting its objectives and in establishing longer-term relationships between important sets of actors in the field, based within all the partner cities involved. For instance:

- El Mina: A strategic plan for the promotion of the old town and job generation in the tourism sector

- Beirut: Urban regeneration in the Zoqaq el-Blat district, an area inhabited by several communities and social classes, and distinguished by unique cultural and urban characteristics.
- Istanbul: Exploiting the tourism potential of the Hans District's Asix and its surroundings by increasing the number of tourists in the area.
- Oran: Revitalisation of the old city centre through the valorisation of its historic and architectural heritage. This city has long suffered from disorganised urban development in its suburbs and from the rapid expansion of its port infrastructure. The project focused on renovating the old historic centre of Sidi El Houari.
- Exchange of expertise: in October 2007, seven students and seven professors of architecture from Oran attended a 20-day training programme on building restoration and sculpture, within the context of the Archimedes project. This training is necessary to equip local experts with the skills necessary for the restoration of old facades in the old city centre (Sidi El Houari).
- Overall, positive encounters and connections were facilitated between groups of researchers from each of the cities focusing on urban issues and local development concerns in the cities taking part in the project.
- The collaborative development of new communication tools to facilitate teamwork and to relate project achievements to a wider audience through strong dissemination strategies and actions.

The methodological approach adopted by the Archimedes project proved innovative, and was a contributing factor in the overall success of the project. Archimedes was based on a partnership with privileged bilateral relations. Each neighbourhood country city was “associated” with an EU partner city involved in the project, which provided it with ad hoc technical assistance in the achievement of strategic goals. The cities of Istanbul and Beirut were linked to the city of Venice, the city of El Mina to Genoa and the city of Oran to Bordeaux. These bilateral relations facilitated more targeted support and advice from European cities, as well as allowing their scientific and technical experts to focus on a single case study instead of having to deal with all four cities.

Within the framework of these bilateral relations, other visits by EU experts to the participating cities in the neighbourhood countries were organised, and vice versa. The project saw a total of 12 visits taking place in all partner cities.

All partners recognised the importance of the technical visits: such meetings allowed the European experts to find out more about the project and the area concerned, and contributed to a fruitful direct exchange of information, ideas and experience between technicians and coordinators.

During the project development phase, emphasis was also placed on fostering relations between the project partners. This particular objective was pursued during meetings in which all partners were called upon to visit the areas, find synergies and affinities in the four pilot projects and foster technical exchanges among experts.

### **3.2 Examples of successful projects at local and regional level financed by the EU in the ENP countries**

It is worth underlining at the outset that most of the ENPI programmes are not yet that far advanced in their project life cycles. In consequence, the following example should be regarded with a degree of caution.

One example of a project financed by the EU in ENP countries which has a clear impact on local and regional actors, though not exclusively targeted at this particular tier of governmental authority, is the INOGATE programme, an international energy cooperation programme between the EU, the littoral states of the Black and Caspian Seas and neighbouring countries. The cooperation framework covers the areas of oil and gas, electricity, renewable energy and energy efficiency. The INOGATE programme is managed at European Commission level by three DGs:

- EuropeAid
- Transport & Energy
- External Relations

Until the end of 2006, the INOGATE programme was funded under the EU's Technical Aid to the Commonwealth of Independent States (TACIS) Programme. As of 2007, however, INOGATE has been funded under the ENPI. While Central Asia is not formally included in the ENPI, the five Central Asian Republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan also benefit from this funding to ensure continuity of actions with all the partner countries of the INOGATE programme.

## **Impact at the local and regional level**

One recent initiative undertaken within the framework of the INOGATE programme which has clear implications for the local and regional dimension was an international conference on the Covenant of Mayors, organised by the EU in Tblisi, Georgia, in October 2010. The event was supported by the INOGATE project “Support to Energy Market Integration and Sustainable Energy” (SEMISE).

Tblisi is the first capital city in the eastern neighbouring countries of the EU to sign the Covenant of Mayors. This Covenant was launched in 2008, and enshrines a formal commitment by City Councils to a 20% reduction in CO<sub>2</sub> emissions through energy efficiency and renewable energy actions. The conference, which allowed for both networking and the exchange of experience and ideas, attracted more than 150 participants from over 45 cities from Eastern Europe, the Caucasus and Central Asia. Through their active participation in this event, cities from the region gave the EU a clear indication that they want to take a very active role in addressing the growing energy concerns that directly affect the lives of their citizens.

Further support to cities participating in the Covenant of Mayors initiative will be provided by the EU through a related project which is due to commence in 2011.

### **3.3 Twinning and TAIEX**

Twinning and TAIEX are two instruments that have been widely deployed by the EU to bring third countries closer to the EU’s way of doing business. They were extensively used in the 1990s in the central European states and have also been used (albeit to a lesser extent) in some neighbourhood countries. This section uses a detailed case study of twinning and TAIEX in the Ukrainian context to illustrate the pros and cons of such an approach. As such it is a useful guide for LRAs on what is likely to work and what is less likely to succeed. Potential twinning and TAIEX activities that might be coordinated effectively by the CoR require careful planning and a clear strategy. This section explains what works and what does not.

#### **Background**

Twinning and TAIEX were phased in under the TACIS programmes for Ukraine and have been the major source of technical expertise within the European Neighbourhood and Partnership Instrument (ENPI).

## Development framework

The EU–Ukraine Country Strategy Paper (CSP) for Ukraine covers the period 2007–13. Assistance to Ukraine over that period has principally been provided under the new European Neighbourhood and Partnership Instrument (ENPI). European Commission (EC) assistance over the period covered by this strategy aimed at supporting Ukraine’s ambitious reform agenda on the basis of the policy objectives defined in the Partnership and Cooperation Agreement (PCA) of April 1998 and the EU-Ukraine Action Plan of February 2005.

EC assistance priorities for the CSP have been identified primarily on the basis of the policy objectives defined in the jointly agreed EU-Ukraine Action Plan and are presented in the CSP under the six chapter headings in the Action Plan.

- Political dialogue and reform;
- Economic and social reform and development;
- Trade, market and regulatory reform;
- Cooperation in justice, freedom and security;
- Transport, energy, information society and environment;
- People-to-people contacts: education, cultural expression, scientific and technological cooperation.

The Action Plan also notes that cross-cutting issues such as human rights, gender and the environment will be mainstreamed into the design of all programmes and projects to the maximum extent possible.

The EU–Ukraine Action Plan indicates that assistance priorities apply to all assistance instruments and programmes which will or might be available for Ukraine, and that twinning or TAIEX will play an essential role in the achievement of the Action Plan priorities and will be used whenever appropriate.

Within this framework, the National Indicative Programme (NIP) for 2007–10 translates the strategy into support for three priority areas:

- i) democratic development and good governance;
- ii) regulatory reform and administrative capacity-building;
- iii) infrastructure development, in particular in the transport, energy and environment sectors, in close collaboration with the EIB, EBRD and other IFIs.

## **Outline of twinning programmes and TAIEX**

Twinning programmes started in Ukraine in 2005. There is a national twinning and TAIEX office, as National Focal Point in the main civil service offices and an EU funded project supporting the development of the twinning programme. The European Commission (EC) Delegation is actively involved in the programme, with approvals provided by the EC in Brussels.

Twinning and TAIEX will take an increasing role in EU aid programme implementation as the European Neighbourhood and Partnership Instrument (ENPI) is gradually introduced into Ukraine. The two key ENPI methods of support will be budgetary support and twinning and TAIEX, though technical assistance will continue in older and future programmes.

Twinning and TAIEX provide a range of assistance inputs from long term and medium term (one–two years) expertise of twinning through to TAIEX short term inputs of as little as one day or one week. Both twinning and TAIEX are forms of technical assistance, but differ fundamentally from classical technical assistance.

They are:

- Government-to-government assistance
- Interactive, working closely with civil servants in Ukrainian ministries and agencies
- Using Member State public servants mainly to provide the expertise
- A partnership with the Government of Ukraine (GoU) ministries as managers of the twinning project, jointly working with leaders from the Member States and having a responsibility for funding certain project costs
- Normally focused on the *acquis*, rather than general public administration reform

A twinning project will have a Member State public servant as team leader resident full time for at least one year, supported by experts and the administration of ministries and other organisations from his/her own country's administration and other Member States. 'Twinning light' provides a medium-term civil servant supported in a similar way. Coordination is undertaken primarily in Ukraine, with final approval from the EC in Brussels.

TAIEX provides government-to-government assistance in short-term actions, such as specialist short training courses, workshops, study visits, and short-term experts in specific fields (e.g. preparing a technical law) and is centrally coordinated in Brussels, and in Ukraine by the main civil service office.

## **Ukraine –Trends in twinning by volume and sector**

### **Volume trends**

Ukraine was rated second amongst the ‘ENPI’ countries for the number of twinning projects under preparation or published in the period 2005–08.

In the TAIEX programme Ukraine also performs well, providing in 2007 the most participants (866) for TAIEX of all the ENPI countries (nearly 30% of total participants) and hosting 10 events (about 15% of the total for ENPI countries). However, if a per capita basis per employed based on the population, Ukraine would drop in the rating.

Currently there are some 38 twinning projects working or in preparation in Ukraine. The twinning projects are focused on technical areas, and cover a wide range of topics, with a focus on support to the national authorities in preparing coherent sectoral strategies.<sup>38</sup>

ENPI gives priority to the twinning programme and there is a great deal of demand for twinning projects in Ukrainian ministries. However the current and future twinning programme will cover over 40 projects and will be running at maximum capacity.

Therefore there is unlikely to be a significant increase in the volume of twinning projects. This is confirmed by the funding available, the Annual Action Plan for 2009 (AAP 2009) will allocate €20 million to ‘twinning assistance’, which is similar to previous years.

### **Sector trends**

The provisional twinning programme by priority has been approved for the period 2008-2011. The main focus is on the enforcement of the acquis relating to:

- Free trade agreement and internal market (10 priorities)

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38 A full list of twinning projects is available here:  
[http://twinning.com.ua/index.php?option=com\\_content&task=view&id=378&Itemid=156&lang=English](http://twinning.com.ua/index.php?option=com_content&task=view&id=378&Itemid=156&lang=English).

- Convergence with EU standards in transport, energy and environment (3 priorities)
- Justice, freedom and security issues (JFS) (1 priority)

Despite the demand for more twinning projects, there will probably not be many project changes in the current programme in the medium term, as it will require a substitution for an already identified project proposal and possibly changes to the twinning priorities programme. In practice, due to inter-ministerial sensitivities, substitution may only take place if a prospective beneficiary ministry fails to prepare its documentation, which is a factor of the willingness and capability of its technical staff to prepare and promote the twinning concept paper, project fiche or terms of reference for an expert to draft the project fiche.

There is an option to include other projects/priorities depending on extreme urgency or the openness of the current priority, for example Justice, Freedom and Security (JFS) actions are unspecified, and this probably reflects uncertainty on the requirements and possibly differences in perceived needs and priorities by the Ukrainian and EU sides. Any changes in projects are likely to be in EC priority areas of:

- Transport, environment
- Free trade agreement, judicial reform, migration issues

Ukraine is increasingly starting to utilise TAIEX as the administration is easier and the speed of response faster than for twinning projects. Ukraine has a number of TAIEX projects at various stages; there is no clear trend as these activities are of an ad hoc nature or outside the Government of Ukraine's (GoU) policy-making structure as agreed by Member States or other ENPI countries. The comparatively high volume of projects to which Ukraine contributes suggests that Ukraine could be constrained by the need for balance between participant countries.

These initial attempts by ministries with TAIEX may well lead to future twinning projects as the Ukrainian staff see the benefits of cooperation with Member States and feel more confident.

### **Trends and role of the European Commission**

The Commission has no significant changes planned for the twinning and TAIEX programmes. The twinning procedures are fundamentally the same for all 'twinning' countries. The main differences between ENPI and prospective accession countries lies in the management of the twinning process: ENPI, targeted at non-accession countries, potentially offers increased flexibility in the

choice of sector projects, while ‘accession’ countries are given more responsibility and expected to co-finance more project costs.

A key factor is that in ‘ENPI’ States the European Commission has a significant role in developing the twinning programme and has the majority say in the twinning selection process, though in the case of reasonably equal bids it will probably favour the beneficiary ministry’s selection as this is likely to produce a more harmonious implementation. The EC Delegation monitors the implementation of the twinning projects and will intervene only if necessary.

### **Lessons learned: Increasing the advantages of twinning and TAIEX for Ukraine**

The comparative results suggest that Ukraine is successfully managing the programming process for twinning and TAIEX. Currently, Ukrainian Government officials are supported by EU experts, who assist in administration and prepare the project fiche/ToRs. The future will show how well the ministries cope when they are solely responsible for project planning and initiation.

The Ukrainian list of priorities for twinning projects provides a reasonable range of sectors, which have been agreed by both parties and there are no obvious areas missing from the list. The field is so wide that future twinning projects could also be undertaken in regional development and cohesion policy, public finance, etc.

The Ukrainian ministries/agencies are solely responsible for day-to-day twinning implementation, which requires increased management and financial responsibilities and an open pro-active culture, compared to a classic technical assistance project. This is the area where improvements need to be made for twinning and to a lesser extent TAIEX. For despite the enthusiasm for twinning projects, ministries have constraints due to old-style administration, lack of co-financing required by ministries, lack of project management skills and knowledge on twinning/TAIEX objectives and methodology by counterparts and managers, and sometimes a lack of motivation and staff time to absorb the twinning’s expertise.

The Ukrainian central coordinator also needs to develop its monitoring and quality control functions, which are currently undertaken by the EU twinning project or the EC.

Ukraine is performing well in the utilisation of twinning and TAIEX projects, but could maximize its advantages by continuing to develop its programming, monitoring and implementation capability. The CoR could help coordinate the roll-out of twinning and TAIEX to the local and regional level.

## **Improving performance of twinning and TAIEX models**

Successful twinning and TAIEX projects require an effective package of: marketing, preparation, programming, design, implementation, and ex-post evaluation. Winning twinning projects is only one phase, which encompasses all these areas. There are key factors which improve twinning proposals' potential to win:

- Recognised expertise in the technical field and similarity of proposed systems
- Relevant experience from different Member States and preferably a joint proposal with a new Member State
- Positive personal relationship with beneficiary / counterpart ministry and EC Delegation. (e.g. given ministry/agency worked with Ukrainians)
- Presenting a professional and relevant proposal and presentation
- Good preparation and pro-active approach to twinning
- Comparative advantage of Resident Twinning Adviser (RTA), in for example specialist experience, languages
- Good track record on implementing twinning (or TAIEX) projects.

Winning TAIEX projects also requires many of these factors, particularly personal relationship building, though the coordination and main selection process is centrally managed in Brussels. Here again the CoR could advise LRAs in the EaP states on how best to proceed.

These marketing and competitive factors are new to most Member State governments and this capability needs to be developed as a theme within the framework of the work of development agencies and all ministries.

Areas for possible development of twinning and TAIEX programmes, based on the experience of other Member States, include:

### **Environment and preparation**

A key to successful twinning and TAIEX programmes is establishing a pro-twinning/TAIEX climate within the government and good networking relationships with potential beneficiary ministries, European Commission and partner Member States. Actions include:

- Support from senior political (senior minister level) and government officials in the EU Member State for twinning and TAIEX programmes.

- Involvement of LRAs in twinning and TAIEX projects. To date, all projects have been conducted at the level of national ministries or agencies. Rolling out the programme to the local and regional level of government in Ukraine is an essential step forward. **The CoR should push the Commission on this point.**
- During their normal work, EU Member State ministries/agencies can build relationships with beneficiaries and potential partners for twinning (for example discussing twinning collaboration at sector meetings in Brussels with representatives of suitable Member States) as well as obtaining advanced information on projects.
- EU Member State twinning/TAIEX coordination personnel need to develop a rapport with the twinning and TAIEX central offices, the EC Delegations and Ukrainian Twinning/TAIEX Focal Point/Coordinator and EU projects and prospective ministries. This relationship is clearly already being developed, but needs to be extended to the local and regional level.
- EU Member State experts could be encouraged to enrol with TAIEX and undertake assignments. This provides an excellent method of making contacts with Ukrainian ministries wishing to undertake potential twinning projects and with like-minded experts from Member States. For TAIEX it is noticeable that the same experts are used regularly, because of their competence and willingness to undertake the work.
- Establish a pool of officials interested in undertaking EU projects and include local and regional government officials. These experts are then rapidly available for future projects, and often act as intra-preneurs promoting twinning. Many have an interest in a country like Ukraine for personal reasons. In reality these individuals are a key factor in driving on the twinning/TAIEX programme.
- The preparation of the bid documentation should be carefully undertaken to focus on the needs and outputs expressed in the project fiche and the discussions with the beneficiary and EC Delegation. Particular attention should be taken to address issues in order to maximise the points for each item on the interview committee evaluation sheet. The CoR could and should advise LRAs on this point.
- The presentation at the interview should be professional and show competence, care about the beneficiary's requirements and a good team

spirit. Like any interview, personality counts, particularly the RTA. Here again, the CoR could offer training.

## **Administration**

The EU Member State National Focal point and twinning/TAIEX coordinator must ensure administratively that there is:

- good communication of Ukrainian calls for twinning project fiche offers and news and a mechanism within the EU Member State to develop and support projects
- an effective project management unit to run the projects and provide back-up technical support to the twinning and TAIEX projects
- an effective project management accounting system of actual and anticipated expenditure to correctly maintain records and prepare payment requests. This may be in Excel spreadsheet format
- preferably a system for the EU twinning and TAIEX funds to be kept completely separate from the National Government accounting and management systems as they use different rules and are in different currencies
- availability of extra funds from ‘uplift’ which can be used for related twinning matters; this can include preparing new offers, attending relevant twinning meetings, providing equipment/supplies for projects, etc.
- support for the RTA and twinning experts administratively and personally

## **Project design and implementation**

The project design and implementation phase is a very wide topic, but here are a few points of key relevance.

Training and support of EU Member State personnel is needed in project preparation and management:

- The RTA and EU Member State administration staff are required to prepare the project contract, which is very specific, with a very detailed budget and rules. It is essential for the effective management of the

twinning project to ensure compliance whilst incorporating flexibility in the activities and the budget.

- The RTA is a technical person, but much of the work of the RTA involves project management. RTAs with experience of project management have a definite advantage. The twinning system is a little illogical; it is like inviting a star performer to sing and then asking him to book the concert hall and orchestra and sell the tickets! But that is how it is. RTAs with training, support or experience in project management will perform better and have more time for providing technical input.

Other key points that need to be borne in mind are the need to:

- Establish standard project systems and management information systems for twinning projects, as well as a mechanism for developing project publicity and media materials and websites
- Ensure the beneficiary/counterparts are closely involved at all stages in preparing the work plan for the twinning project. This ensures partnership and stops suspicions and recriminations later on.

The bureaucratic, lethargic and impoverished situation in Ukrainian (and many other ENP country) ministries and local and regional authorities can be very frustrating for twinning project personnel and this should be taken into account when choosing RTAs, supporting them emotionally and providing selective additional resources to ensure successful implementation of twinning projects.

The assumption that your beneficiary/counterpart wants a twinning project must also be questioned. Reasons for non-interest may include: the project was introduced by a previous minister/director or another department, the central government and/or European Commission are pressuring the ministry to introduce the regulations, the counterpart/ministry is expecting a technical assistance project that does all the work or are envious of the twinning fee rates, or lack staff and financial resources. Finally one pitfall to note is that in the past some twinning beneficiaries undertook twinning projects linked to an equipment contract, as this equipment requirement, when linked to twinning, was more likely to be acceptable to the Commission.

### 3.4 Regionalisation and the EU's external relations in the ENP

From the creation of the Northern Dimension at the suggestion of the Finnish government in the late 1990s, and particularly in the past five years, a multitude of cross-national regional policy initiatives have sprung up across Europe, including: the Northern Dimension (1997), the Black Sea Synergy (2005), the Danube Region Strategy (2009/10) and the Baltic Sea Strategy (2009). The rationale for these new kinds of cooperation initiative is clear: many policy dilemmas, particularly in the area of environmental matters or energy policy are of a cross-border nature. Many of Europe's rivers, lakes and seas border several countries, including EU Member States, candidate countries and ENP countries. The Danube, the Baltic Sea, the Black Sea and, of course, the Mediterranean Sea are all obvious examples of this. A serious attempt to tackle not only the effects of pollution but its causes will only be successful if those countries with such borders, or more properly, those regions bordering shared rivers or seas work together to control and lessen or even eventually eradicate such pollution. **The Committee of the Regions is ideally placed to play a crucial role in the administrative and political coordination of these new kinds of regional initiative.**

The prime advantages of such regional initiatives with regard to the ENP are as follows:

- First, that they bring together regions and local areas from both EU and non-EU countries on a more or less equal footing. This is not only key to tackling the questions under discussion, but also an important element in the socialisation of officials and politicians from the non-EU countries, who will in turn aid their European integration efforts by better acquainting them with the EU's method of working. Such experience can then be employed in other domains. For the Committee of the Regions, this sort of cross-border, inter-city or inter-regional cooperation is of particular significance since it brings home to the non-EU countries' officials that the local and regional dimension of EU policy-making is not just an optional extra, or something to consider after attaining membership, but a vibrant and essential part of the policy-making and implementation process.
- Second, regionalisation of external relations is vital from a financial point of view since it allows for the combination of different kinds of EU funds to achieve the objectives set out in the strategies. The ENP receives a very modest allocation of Community funding, and for this reason for large-

scale projects to be funded in the regions just outside the borders of the Union, it is vital that these can be supplemented with the relatively generous allocations made for, say, structural funds. It is, however, worth noting that there may be a challenge in combining different sorts of EU funds. The budget is a highly contested issue within the Union and all of the Member States prize 'their' allocations and guard them accordingly. Poland's politicians were particularly proud of winning some €67 billion in EU funds for the 2007–13 financial perspective. They might be resistant to seeing some of that money spent on projects that primarily benefit citizens in other Member States or neighbouring countries. This is a risk that has to be taken, however, and here again regional and local governments are perhaps best placed to make the political case for combining such allocations, given that their constituencies will be those most affected by the kinds of cross-border challenges that the regional initiatives are designed to tackle.

A final word of caution with regard to the proliferation of such regional initiatives is sensible. In recent years, at the request of the Member States, the Union has set up a large number of these regional cooperation groups with ostensibly good intentions. However, there is a risk that if too many of these organisations are established, they risk having insufficient resources to carry out their work programmes; their visibility in the Union is also diminished as a result of their sheer proliferation. Some initiatives, such as the Black Sea Synergy, were established during a particular Member State's Presidency of the Union as a means of showing that something had been achieved. Unless such regional initiatives can really acquire a forward dynamic of their own (and committed involvement on the part of the CoR is the best means of doing so), they risk becoming talking shops. The Union, its Member States, regions and cities have sufficient bureaucracy, meetings and discussion forums already that do not achieve a great deal in concrete terms without instituting any more. **The challenge for the Committee of the Regions in this field is to push for, and achieve, tangible results that citizens can see. Locally elected politicians are clearly better-placed to do this than anyone else.**

### **3.5 Potential limitations of the ENP**

The fundamental dilemma of ENP is the question of whether following the accession route closely in terms of procedures, conditionality and monitoring is not in fundamental conflict with an apparent determination not to offer these countries a perspective of accession. This has been consistently identified as the principal weakness of the European Neighbourhood Policy and arguably accounts for the relatively low level of impact that the Union has had on the reform agendas of the ENP states.

#### **Is ENP a sustainable policy?**

There are three main questions which require answers if ENP is to be a sustainable policy.

- First, is it sustainable to follow what is essentially the accession path with neighbouring countries without offering the perspective of accession?
- Second, is it reasonable to design a single policy applying to countries as different as Ukraine and Tunisia, even admitting that there will be differentiation in the detail?
- Third, the ‘Action Plans’ in the first years of the 21st century and now the Association Agreements (which are likely to form the basis for cooperation for a long time to come), while being decided on by both sides, clearly demonstrate that the EU has succeeded in controlling the content to a very large degree. Can the ENP be made into a real partnership, especially if there is no perspective of accession?

The answers to these questions are complex and linked. The Southern Mediterranean countries normally have no perspective of accession and are not covered by Article 49 of the Treaty.<sup>39</sup> The countries of Eastern Europe, however, can obviously apply for accession under that same article and, if they meet the conditions, can expect full membership of the Union. A priori, therefore, it might seem that the Eastern European countries have more to gain from faithfully implementing the Action Plans and Association Agreements than the southern countries. The question is then whether what the Union is offering to these latter states in the context of ENP is sufficient to make it worthwhile implementing the Action Plans in full.

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<sup>39</sup> The opening of negotiations with Turkey may however encourage some of these countries to apply for EU membership, despite the rejection of Morocco’s application for membership in 1987.

ENP at present is rather vague on the advantages it will offer the participating states. The Mediterranean countries already have agreement on a free trade area for goods and ENP does not promise anything in the area of agricultural trade, except help to meet Community phyto-sanitary controls. Agreements on conformity assessment and other essentials of deeper integration with the internal market of the Union are also in progress through the Barcelona Process. ENP therefore offers the Euro-Med countries perhaps a little more financial help, closer political dialogue and the opportunity to harmonise their legislation to that of the Union. The crucial question will be whether advantages in the form of more FDI or better access to European markets are considered worth the cost and perhaps political pain of adjusting to the Community acquis.

For the East European countries, the idea of going through a decade of legal harmonisation with the acquis and major shifts in policy with no possibility of full accession is not an attractive proposition. Many of the measures demanded by the Union should be undertaken simply to make these countries more attractive investment locations and to improve the quality of governance experienced by the citizens of these states. However for public opinion it will be actual accession which is expected. They must therefore take the gamble that after a few years of adjustment, the Union will be forced to change its position on accession. This is a gamble, however.

On the Union side, there is no real alternative proven strategy apart from the accession strategy. ENP has therefore been conceived as pre-accession without the final step. The risks of failure are therefore considerable. In Eastern Europe, given the underlying tense political situation in several of the countries concerned and the interest of Russia, failure could have acutely dangerous results.

Although ENP was the subject of a 'hard-sell' by the European Union, it has not been universally welcomed by the Union's neighbours. A major criticism has been that applying the same policy to an extremely heterogeneous group of countries cannot possibly be satisfactory to all or perhaps any of them. The transition economies of Eastern Europe have little in common with the countries of North Africa. Whereas many of the countries of Eastern Europe are still transitioning from a centrally planned economy and a one-party state, many of the North African countries appear disinterested in transition and in some cases positively antagonistic to the development of democracy and the market economy. Indeed, ENP had in reality little to offer at the truly multilateral level. The high level of heterogeneity between the ENP states, as well as their wide geographical spread meant that there was little in the way of joint projects or policies which were likely to be of value to all the neighbours.

The proposal to create a Union for the Mediterranean, to which all the Southern ENP states would belong, together with Turkey and Croatia, opened the door to the creation of an Eastern Partnership, effectively destroying the integrity of ENP and therefore of the policy itself. While ENP will survive, it appears to be emptied of content. That indeed may be a reason why, given the scepticism evoked above, the Eastern Partnership is generally positively regarded in the region concerned.

## **4. The role of the CoR**

### **4.1 Policy initiatives of the CoR and their impact**

#### **CoR activity in the Mediterranean Basin**

Ever since its inception the Committee of the Regions has attempted to ensure that both itself as an institution and relevant local and regional authorities develop closer working relations with sister organisations around the Mediterranean Basin. More than fifteen years ago the Barcelona Declaration, adopted by the Euro-Mediterranean Conference in November 1995, stated: "Municipalities and regional authorities need to be closely involved in the operation of the Euro-Mediterranean Partnership. City and regional representatives will be encouraged to meet each year to take stock of their common challenges and exchange experiences".

There then followed a long hiatus. Political attention focused on the enlargement of the European Union across Central and Eastern Europe. Only when this was accomplished did some political attention return to the Mediterranean Basin. Momentum returned to the issue during 2008, especially during the French Presidency of the EU. While most political attention focused on getting the engagement of national governments, the CoR continued to persist with its efforts to ensure there was a focus on the local and regional dimension.

The re-launch of the 'Barcelona Process: Union for the Mediterranean' (UfM) was agreed on 13 July 2008 and included a statement that "heads of state and government underscore the importance of active participation of local and regional authorities... in the implementation of the Barcelona process: Union for the Mediterranean." This was followed by a letter in similar vein from EU President Sarkozy to the CoR President, while in the final statement of a ministerial meeting in Marseilles on 3/4 November 2008 the EU ministers declared:

The ministers stress the need to promote the implementation of concrete action at local and regional level ... They take note of the Committee of the Regions' opinion issued on 9 October 2008 and the proposal to create a Euro-Mediterranean Regional and Local Assembly. (ARLEM) The ministers mandate the senior officials to consider the possibility of the involvement of the ARLEM once it is established in the Partnership.

Pressure within the EU institutions was maintained via the European Parliament. Its resolution on the Barcelona Process (9 February 2009) stressed "the need to

include regional and local authorities in the new institutional framework; welcomes the opinion delivered by the Committee of the Regions and the proposal to create a Euro-Mediterranean Regional and Local Assembly”.

This detailed, lengthy activity within the EU institutional framework laid a positive framework for the CoR’s objective. In response to these developments, the CoR was able to establish a **Euro-Mediterranean Regional and Local Assembly (ARLEM)** in January 2010. This is a consultative assembly which aims at bringing a regional and local dimension to the Euro-Mediterranean partnership. ARLEM is a response to the request to put the role of regional and local authorities in the Euro-Mediterranean Partnership on an institutional footing. It gives the partnership a territorial dimension and seeks to involve local and regional authorities more closely in the specific projects of the Union for the Mediterranean.

ARLEM is a joint project of the Committee of the Regions, regional and local authorities around the three shores of the Mediterranean, and European and international associations representing regional and local authorities working on the ground. The initiative is designed to facilitate the establishment of contacts, good practice sharing between cities and regions and the promotion of inter-municipal and inter-regional cooperation.

The inaugural ARLEM meeting took place on 21 January 2010 at the Pedralbes Palace in Barcelona, Spain. This meeting set out the key goals of ARLEM, namely:

- to give the Union for the Mediterranean a **territorial dimension**
- to **involve local and regional authorities** in its further development
- to demonstrate **cooperation between local and regional authorities** despite major political or institutional barriers
- to set up projects that help **make Euro-Mediterranean relations concrete and tangible for citizens.**

The Assembly brings together 84 members from the EU and its 16 Mediterranean partners who are representatives of regions and local bodies holding a regional or local authority mandate (see full list as Appendix 1.) The EU delegation is composed of CoR members along with representatives of European and international associations engaged in Euro-Mediterranean cooperation. From the partner countries representatives of regional and local authorities from the southern and eastern shores of the Mediterranean are appointed by the national governments. At present, there are representatives from 16 of these countries.

## **The Euro-Mediterranean process**

The CoR has played an important role in the consolidation of the engagement of regional and local authorities in the Euro-Mediterranean process by supporting and hosting the ARLEM Secretariat in Brussels. Following the formal establishment of ARLEM in January 2010 the CoR has worked carefully to consolidate its practical activities. ARLEM established two commissions which can have a maximum of 41 members each. The **Commission for Economic, Social and Territorial Affairs (ECOTER)** handles the following topics: decentralisation, urban and territorial development, cultural cooperation, information society, migration and integration, small and medium-sized enterprises and trade. The **Commission for Sustainable Development (SUDEV)** works on the following issues: sustainable development, water management, waste management, energy, solar energy, transport, agriculture and tourism. In 2010 each commission met twice and focused its attention on urban development and local water management, respectively.

The 2011 annual meeting took place in Agadir on 29 January 2011. The meeting was held at the invitation of Mohamed Boudra, the assembly's joint president and president of the Taza-Al Hoceima-Taounate region, and was the first such meeting to be held in a southern Mediterranean country since the assembly was set up. Co-chaired by Committee of the Regions' president Mercedes Bresso, this joint assembly continued the dialogue and exchange of expertise on tangible issues between local and regional authorities on both sides of the Mediterranean. In her address to the conference Ms Bresso commented directly on the upheavals which were underway across the Arab world.

“In the current political context the role of local and regional authorities should be taken into account more than ever. Decentralisation could contribute to democratic territorial development by involving the citizens in the management of their affairs. Decentralisation would also give an impetus to economic and social development. She emphasised that it was vital to respect human rights during transition processes and that dialogue was the best way to find solutions”.

Her words were echoed in the welcome speech by Mr Tariq Kabbage, Mayor of the city of Agadir. Mr Kabbage welcomed the participants to Agadir and praised the important work of ARLEM as an assembly of dialogue and cooperation. Within the Euro-Mediterranean area the destinies of countries were intertwined, yet the differences were still great. He reminded participants that in the Middle Ages there was already trade between Mediterranean countries, both Muslim and Christian. He called the Mediterranean area unique and expressed hope that the Tunisian revolution would bring democratic values to all Mediterranean countries.

In the opening session other delegates touched on this theme with Jacques Blanc (Languedoc Roussillon, France) underlining that local democracy was a vehicle for democratisation and that ARLEM should not ignore the request of citizens for democracy. Given the difficulties that the Mediterranean faced, the region would need a new ‘Marshall plan’ to provide the necessary financial assistance. The discussions in the Assembly focused primarily on the adoption of reports drawn up in the course of 2010 on local water management and on urban development.

The report on *local water management* in the Mediterranean shows the potential that exists for regional and local authorities across the whole region with regard to one of the major issues. The report notes that:

The Mediterranean basin suffers from an acute shortage of water, which impacts on the environment and the development of socio-economic activities that affect millions of people in the region. This shortage could worsen in coming years, for climate-related, economic, demographic and social reasons. Local and regional leaders are aware of this challenge and have taken on board the aims and measures set out in the draft Strategy for Water in the Mediterranean, convinced of the need for a joint response by all tiers of government in the area concerned.

The strategy should be developed through a properly structured and open process that includes both national governments and local and regional leaders, because the implementation and monitoring of the planned policies and initiatives will largely depend on establishing responsibilities and coordination appropriately between all tiers of government.

Local and regional bodies effectively play an increasingly active role in water supply and sewage disposal, although their role should be further strengthened and supported, in accordance with the principle of subsidiarity, and with responsibilities allocated to the most appropriate tier of government. It is also important to ensure that all tiers of government manage water, ecosystems and the associated natural resources in an integrated, decentralised and participatory manner. Just as importantly, the need to ensure access to water in rural areas, in order to combat depopulation, must not be overlooked.

Further, the report states that:

Convinced of the added value of the experience held by the tier of government closest to the citizen, the local and regional authorities of the

Euro-Mediterranean basin hope to promote the common development of the goals set by the Strategy for Water in the Mediterranean.

It is therefore proposed that a Euro-Mediterranean pilot project be set up by the Union for the Mediterranean (UfM), in coordination with ARLEM, making it possible firstly to agree on practical goals, taking the lead from those already set in the Water Strategy, adopting the model of the EU Mayors' Covenant to combat climate change and the Istanbul Water Consensus. These goals should also be met by the local and regional authorities taking part in the project under the auspices of the secretariat of the UfM. Regional and local authorities should be the main players involved in the pilot project, in order to help meet the strategy's short- and medium-term goals, and will be likely to receive funding assistance through the UfM, the EU or other international or private sources of funding.

In its conclusions the report recommends:

the UfM launch a **pilot project** on local water management in the context of the Strategy for Water in the Mediterranean, under the terms described above, at the World Water Forum due to be held in Marseilles in March 2012. This initiative should be coordinated by the UfM and developed in cooperation with ARLEM.

In order to properly address all of the initiatives needed for water management in the Mediterranean, **urges the UfM** to set up a **specific department** within its secretariat to ensure the follow-up and continuity of matters linked to local water management, to provide ongoing technical advice and monitoring throughout the life-cycle of any projects that are launched.<sup>40</sup>

The reason for quoting from this report at some length is because it does suggest a more general way forward for the CoR, namely to concentrate its efforts on a specific number of topics which are of real practical interest to cities and regions across the whole Mediterranean and to then try to develop practical initiatives which authorities can then take forward. This approach was adopted by the meeting.

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40 Draft report on local water management in the Mediterranean Commission for Sustainable Development of the Euro-Mediterranean Regional and Local Assembly rapporteur: Mr Ramón Luis Valcárcel Siso (Murcia/ES)

As SUDEV topics for 2011 the Assembly agreed on:

- Desertification and the relationship between desertification and climate change in the Mediterranean,
- Renewable energies

As ECOTER topics for 2011 and rapporteurs the Assembly agreed on:

- The role of small and medium enterprises in the Mediterranean
- Cultural heritage, including the role of young people in the preservation and enhancement of local cultural heritage

Specific efforts should be made to link up with or twin with the cities and regions whose members are involved in ARLEM and who are listed in Appendix 1. While there is already a fluidity in the membership of ARLEM, which in light of current events may well continue, nevertheless, the CoR should seek to develop links with the municipalities which are represented on the Assembly. The urgent need is for practical cooperation actions to be undertaken with these municipalities and for the membership of ARLEM to mean more than just attendance at its meetings. The CoR should seek to maximise the engagement with these municipalities. These are places where there is already a level of involvement with the Barcelona process and where contacts have been established with politicians and officers. Those contacts and networks should be consolidated and extended in a systematic fashion.

These proposals represent a ‘steady as she goes’ course of action by the CoR. However, the tumultuous events across the whole of the Southern and Eastern Mediterranean mean that on their own they are wholly inadequate to the emerging situation. The fall of the autocratic regimes in Egypt and Tunisia and the upheavals elsewhere require a qualitatively different response from the CoR, and indeed from the EU as a whole.

No one has more experience than Europeans in difficult transitions from dictatorship to democracy. No region has more instruments at its disposal to affect developments in the Arab Middle East. The US may have special relationships with the Egyptian military and Arab ruling families, but Europe has more trade, gives a lot of aid, and has a thick web of cultural and person-to-person ties across what the Romans called Mare Nostrum, our sea.

Europe is the place that most young Arabs want to come – to visit, to study, to work. Their cousins are here already. The EU should now be putting together a task force of the new European external action service to work out responses to all the likely interim outcomes in Egypt, Tunisia and wherever else Arabs set out

to reclaim ownership of their own destiny. The EU should identify and work with the national, regional and local leaders, certainly including those of Spain, Portugal, France, Greece and Italy, who have the most direct interest in such an initiative.

Already Catherine Ashton, EU High Representative for Foreign Affairs, has written that:

What we in Europe have learned the hard way is that we need "deep democracy": respect for the rule of law, freedom of speech, an independent judiciary and impartial administration. It requires enforceable property rights and free trade unions. It is not just about changing government but about building the right institutions and attitudes. In the long run, "surface democracy" – people casting their votes freely on election day and choosing their government – will not survive if deep democracy fails to take root.

We have already started to apply these principles in our work with the new Tunisian government. Ahmed Ouneies, Tunisia's new foreign minister, came to Brussels at my invitation on his first trip abroad. I promised that we shall give his country all the help we can so that it can follow the path its people have chosen: towards genuine democracy, reform and social justice. This includes not just help to run free and fair elections, but also support for a programme to fight corruption, make local administration transparent and the justice system fully independent<sup>41</sup>

The practice of local and regional government is going to be an absolute bedrock of any democratic transition. It is one of the key building blocks of Ms Ashton's "deep democracy." Here is an enormous and real opportunity for the CoR. It needs to show speed, flexibility, boldness and imagination.

The CoR should be able to offer a range of training programmes for newly elected councillors; advice on systems of local government and tax-raising powers; schools on election procedures and processes; information on tax collection and sound administration. There are both local authorities and established university departments which can play a role here. New twinning agreements can also be established.

As a first step, the CoR should undertake a rigorous, evidence-based needs assessment of what North Africa's fledgling democracies need from the

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41 The Guardian, Comment is Free, 4 February 2011.

European Union in practical terms at the local and regional level. The CoR lacks funds to act as a donor in its own right, but it can act provide a roadmap for other donors on where they should target their own assistance. This will also provide a chance for the CoR to demonstrate that it can move fast and make a real difference.

We should be clear, as the commentator Timothy Garton Ash has written, that “if the EU does not now come up with a generous, imaginative and strategic response to what is happening on the Mediterranean's southern shore, then that failure will one day come back to haunt us on all the Arab streets of Europe.”<sup>42</sup> There is an opportunity here: the CoR should take it.

## **4.2 Existing entities and networks working in the area of local and regional development with the ENP countries**

Associations of local and regional authorities tend to be weak in the neighbourhood countries of both the East and the South, and lack resources to undertake projects on their own initiative. That said, there is a growing interest in collaborative forums of local and regional actors at the national level, and these groupings, whilst in their infancy, do offer some potential scope for future collaboration with both the CoR and wider EU funding schemes.

Associations of local and regional actors in the ENP countries tend to focus largely on horizontal collaboration and collective action on shared national agendas, particularly engagement with national representatives. Many have received financial assistance from external funding agencies, such as the World Bank, USAID and other donor agencies, particularly European national development agencies. Such funding relates both to national collaboration and, at a more marginal level, to trans-national searches for solutions.

**The CoR may wish to explore potential opportunities for the sharing of experience or collaborative programme building with these organisations and associations.**

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<sup>42</sup> The Guardian, 17 February 2011

Key examples include:

## **NATIONAL ASSOCIATIONS**

- **The Association of Ukrainian Cities (AUC)**

AUC has been actively supported by the United States' development assistance scheme, USAID<sup>43</sup>. Despite concerns over its future funding, this association is regarded as having established a solid model of legislative advocacy with the national parliament and executive, and has demonstrated credibility with national-level political leaders and member cities on municipal issues, especially budget levels.

- **Union of local authorities in Israel (ULAI)**

In addition to national projects, this association of local authorities has a specific international team which has engaged in programmes supported by (amongst others) the European Commission and the World Health Organisation.

These international projects have focused on issues dealing with decentralised cooperation, tourism, exchanges between young citizens and cities' role in the management of health and social partnerships.

- **Association of Palestinian Local Authorities (APLA)**

This association focuses not solely on networking and the exchange of experience and best practice between authorities, but also engages in capacity-building programmes and projects which are externally funded. For instance, in 2005, UN-HABITAT, through its Special Human Settlements Programme for the Palestinian People, organised in cooperation with ALPA and the Ismailia Association of Environment and Development Training Centre (Egypt), a workshop on leadership and management skills for newly elected Palestinian mayors.

## **TRANSNATIONAL ASSOCIATIONS**

- **Municipal Alliance for Peace in the Middle East (MAP)**

This network was established in 2005 to foster closer ties between local and regional authorities in both Israel and Palestine, and ultimately to work together towards a lasting peace in the region. Projects initiated under the MAP framework cover a range of thematic areas, including culture and youth, environment, economic development and municipal management.

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43 USAID (2007) Ukraine Local Government Assessment

The central players in the MAP alliance are the Union of Local Authorities in Israel (ULAI) and the Association of Palestinian Local Authorities (APLA).

In terms of funding, MAP welcomes all interested local governments and donors to join in and undertake or support trilateral (Israel-Palestinian-“international – third country”) projects.

One example of a successful recent MAP initiative was the hosting of a water conference in Ashkelon, Israel, where around 100 delegates representing city and local authorities in both Israel and Palestine discussed ways of intervening to minimise water loss, and to raise public awareness of the water crisis in the region. This event led to greater awareness of new approaches to water management and public communication on water issues, as well as the building of networks of expertise across the region.

- **United Cities and Local Governments, and its Mediterranean Commission**

The United Cities and Local Governments (UCLG) was established in 2004 in order to represent the interests of local governments on the world’s stage. Its membership covers 136 of the 191 UN member states, and consists of both direct membership of LRAs and of local government associations.

The UCLG **Mediterranean Commission** was established in order to foster a “network culture” between the Mediterranean local authority members of UCLG. Its role and aims are multifaceted but do provide visibility for the numerous initiatives undertaken between local authorities in the Mediterranean region. The Commission also aims to foster an environment in which partners are encouraged to share expertise and experience, facilitate joined up action on specific issues of concern, and in particular, to encourage North-South and South-South dialogue.

- **European Network of Local Authorities for Peace in the Middle East (ELPME)**

Created in 2002, this network promotes dialogue between local authorities in Palestine and Israel, as well as developing specific cooperation programmes between European, Israeli and Palestinian local authorities.

## **INTERNATIONAL INITIATIVES WITH MEMBERSHIP FROM THE ENP REGION**

These also merit fuller consideration by the CoR and in particular the CIVEX Commission with regard to efforts to promote and sustain local and regional governance and democracy in the ENP region.

- **ICLEI – Local Governments for Sustainability**

- [www.iclei.org](http://www.iclei.org)

This association brings together more than 1200 local governments with a shared commitment to sustainable development. Membership embraces over 70 countries.

At the present time, five local authorities from the ENP region have joined this international network:

- Municipality of Hrazdan (Armenia)
- City of Tblisi (Georgia)
- Municipality of Raanana (Israel)
- City of Odessa (Ukraine)
- Municipality of Nikolaev (Ukraine)

- **The Sister City international network**

- [www.sister-cities.org](http://www.sister-cities.org)

This US-led initiative focuses on bilateral twinning between US LRAs and individual local and regional authorities worldwide. The Sister City international network aims to strengthen local democracy in countries worldwide through the creation of these partnerships between a US municipal authority and an equivalent authority overseas.

Projects run by this organisation include the “Muslim World Partnership Initiative”, which aims to encourage positive engagement with the Muslim world through joint programmes and educational outreach; the “Youth& Education” programme, which supports actions focused on the building of multicultural awareness and understanding among young people globally. Project areas include youth exchanges, teacher exchanges and e-exchanges; and an “Annual Awards” scheme, which commends good practice within the sister city network, whilst at the same time raising awareness of the organisation and its role.

It is notable that all of the ENP countries have local authorities which are involved with the sister cities twinning programme, with the exceptions of:

- Libya
- Syria
- Tunisia

- **The Anna Lindh Foundation**

Founded in 2005, this association is extensively engaged in projects fostering civic engagement, sustainable development and good governance in the Euro-Mediterranean region. Whilst it does not work simply with local and regional actors, there is a core dimension of the operation of this association which impacts on local and regional governance in the ENP area.

The detail of the following Anna Lindh Foundation project highlight why the CoR needs to continue to engage fully with this well regarded organisation:

### **Project – Water and Cultures in Dialogue. Youth Water Forum 2008<sup>44</sup>**

Over one week in May 2008, 69 young people from 30 countries in the Euro-Mediterranean partnership met in Turin to take part in the Youth Water Forum, an initiative promoted by the Istituto Paralleli and the Anna Lindh Euro-Mediterranean Foundation for the Dialogue between Cultures.

The Forum aimed to bring together young people from the Euro-Mediterranean region who are active in the area of water management, in order to build networks, exchange ideas and to promote new collective ideas. The project as a whole has broad-ranging socio-political and inter-cultural implications. It allowed the young people involved to develop a better understanding of each other and their different cultural approaches to water management issues.

Working together, the participants took part in three workshops and meetings under the guidance of international experts and local training officials. Together, the group developed the following outputs:

- 1) A creative map of Turin's cultural heritage which follows the route of the city's water courses

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<sup>44</sup> See <http://medgov.net/piemonte/links/watercultures-dialogue-%E2%80%93-youth-water-forum>.

- 2) Collective multimedia performances and exhibitions, drawing on the different experiences of the participants
- 3) Drafting of proposals on water management and conservation and climate protection.



## 5. Conclusions and recommendations

The Committee of the Regions has highly limited resources at its disposal with which to make a difference in the ENP countries. That said, if spending is carefully targeted and scarce resources deployed intelligently, then there is scope for the CoR to raise its profile in this policy domain considerably and to contribute towards bringing tangible results. Concrete recommendations for policy across the ENP region as a whole could be as follows:

- First, that the CoR should maximise its potential as a networking facility for LRAs across the East and the South by hosting conferences and policy seminars on vitally important themed topics, for example, water policy or green energy policy, that bring together three groups: (1) public authorities in the form of EU and ENP LRAs; (2) the Committee of the Regions Secretariat which will act as the driving force and institutional memory of such gatherings and (3) businesses with an interest in investing in joint projects. Such events would be both low cost and potentially very high impact. The CoR should make the organisation of such themed events a priority. Moreover, it should privilege results over procedure and whilst invitations to participate should be open to all, where differences exist, the CoR should form coalitions of the willing and forge ahead regardless.
- Second, that the CoR should invest some resources in organising training for LRA officials in the ENP states. Once again, the most promising partners should be found, for example, in Ukraine and Moldova in the East or Morocco and Tunisia in the South. Summer schools (or winter schools) could be run with practically focused workshops on applying for and managing EU funds. The CoR should seek as many ‘easy wins’ as possible in this domain by beginning cooperation with ENP states on areas where all parties have the most gain to gain.
- Third, as an excellent illustration of another ‘easy win’, the CoR should concentrate resources on building up a reputation for itself as the place to come to for those who are seeking to combine different kinds of funding streams for crossborder projects that span the EU–ENP border. CoR members have wide and deep experience in applying for and dispersing regional and structural funds and would be well-placed to share this knowledge with the ENP countries.
- Fourth, the CoR should boost its profile in a sustained fashion by seeking appropriate counsel on a media and communications strategy. Too many

of the CoR's efforts fail to attract sufficient public attention and this is a failing that could be readily addressed without necessarily needing to engage an expensive public affairs agency. Although this lies somewhat beyond the boundaries of this report, the authors would be pleased to advise on how to proceed.

- Fifth, in the ENP countries where representative government is fragile, emerging or simply non-existent, the CoR should engage in confidence-building, low profile cooperation at the grassroots level with politicians who share our values with respect to freedom of speech and the rule of law. This is equally true in the East and South.
- Sixth, the CoR should push for the extension of twinning and TAIEX projects between LRAs in the EU and the ENP states. This is of profound importance not only for the improvement of governance across the ENP states, and a fine way of inculcating a sense of the importance of multilevel governance structures in the EU in the ENP countries.
- Seventh, the CoR has a key role to play helping some of the profusion of regional initiatives that have come into being in recent years to acquire a forward dynamic of their own. The challenge for the Committee of the Regions in this field is to push for, and achieve, tangible results that citizens can see. Locally elected politicians are clearly better placed to do this than anyone else.

## **5.1 Recommendations in the East: the Eastern Partnership and Ukraine**

The proposals to establish a legal regional development function will be vital if Ukraine is to pursue a course of balanced and sustainable economic development.

The EU is the largest donor to Ukraine. It should make better and more strategic use of its expenditure. Given the importance of regional development, and in the light of the experience the EU has developed with its new Member States in Central and Eastern Europe, the EU should seek actively to encourage and promote regional development. **There is a key role here for the CoR and its constituent local and regional authorities. No one has more experience and knowledge on the importance and potential of Structural Funds. Furthermore, the CoR has recent experience of helping new Member States to make use of just these resources. Here is a major contribution that the**

## **Committee can play in the development of the Eastern Partnership and with Ukraine above all.**

The CoR should vigorously argue that for the EU regional development should be the main focus of its funding, with clear criteria set for the use of its resources. These criteria should include:

- that regional development strategies have to be prepared and agreed which involve a *partnership* of agencies and set clear priorities;
- that all the main municipalities in a region must be represented on a programme monitoring committee;
- that there must be proper representation of the third sector;
- and that agreed targets and outcomes must be set.

In return for this approach, the EU should offer to allocate a significant proportion of its funds for regional development. This would effectively be an offer of matched funding.

### **Improving administrative capacity**

The European Union has enlarged considerably over the last decades. This experience illustrates the importance of developing the administrative capacity within those countries prior to entry into the EU. This is undoubtedly a significant issue for the large majority of countries covered by the European Neighbourhood Policy. One significant element of this policy dimension relates to local and regional government. It is obvious that if the EU wishes to improve the administrative capacity of government within these countries, then close attention should be paid to its local and regional dimensions. The CoR, its members and its associated authorities along with national and European associations should offer to play a role in the Comprehensive Institution Building programme which is proposed by the European Commission and Member States to help build up the local and regional administrative capacity within ENP countries.

## **5.2 Recommendations in the Euro-Mediterranean region of the ENP**

Through ARLEM, the CoR has already begun to make its presence felt in the Southern arc of the ENP. This provides an excellent basis on which to build further cooperation:

- The CoR should focus on developing coalitions of the willing in this divided region. Focusing on vital ‘low politics’ issues such as water or solar energy is not enough. The CoR must also be willing to sacrifice the principle of inclusiveness in exchange for achieving concrete goals. The Palestine-Israel conflict cannot be allowed to intrude into all aspects of cooperation across the Euro-Med region.
- The CoR cannot afford to miss the opportunity to develop close links with the rising generation of accountable local and regional government politicians in North Africa and the Levant. The CoR must recognise the recent strides made towards democratic government in this region – yet at the same time it cannot appear to be lecturing or patronising our southern neighbours.
- The CoR should aim to foster cooperation between the countries of the Mediterranean in the field of promoting tourism. LRAs have always been at the forefront of promoting sustainable tourism as a source of economic development and renewal. Policy seminars and conferences on sharing best practice and finding ways for all parties to benefit could be organised by the CoR and assist with boosting its profile.
- The CoR should continue its policy of focusing on key topics like water policy or energy use, but it should not be afraid to tackle the most controversial non-security related challenges as well, such as migration. LRAs know more than anyone else about migration since they are tasked with sorting out many of the challenges that migration creates through increased pressure on locally-delivered public services such as schooling or social care. It is only natural therefore that inter-regional dialogue between LRAs on both sides of the Mediterranean can help identify equitable long-term solutions to this challenge. The problem will not go away by itself.

## 6. Summary

European Neighbourhood Policy has come into being at a time when the Union is undergoing a profound existential crisis. Local and regional authorities are conducting their activities in a period of financial stringency. The Committee of the Regions has limited resources at its disposal with which to make a difference in the ENP countries. That said, if spending is carefully targeted and scarce resources deployed intelligently then both authorities and the COR can make a difference. This report suggests the following priorities.

- 1. For the Committee of the Regions, Ukraine should be the focal point of its work within the Eastern Partnership group of countries.**
- 2. Cohesion policy and Structural Funds are topics on which the CoR has recognised expertise and deep practical experience within its ranks. Seeking ways to marry expertise in dispersing such funds and combining them with ENPI funding should be a priority for its work within the Eastern Partnership.**
- 3. The CoR should concentrate its efforts on a specific number of topics which are of real practical interest to cities and regions across the whole Mediterranean and should then develop practical initiatives with authorities to take them forward.**
- 4. Specific efforts should be made to link up with and twin with the cities and regions whose members are involved in ARLEM.**
- 5. The CoR, its members and its associated authorities along with national and European associations should offer to play a role in any programmes which are proposed by the European Commission and Member States (such as the Comprehensive Institution Building Programme) to help build up the local and regional administrative capacity within ENP countries.**
- 6. In light of the dramatic changes currently occurring across the Southern Mediterranean, the CoR and local and regional authorities have both a responsibility and contribution to make to the democratic process now underway. Swift discussions should be held with the Office of Catherine Ashton, the High Commissioner for Foreign Affairs so that the CoR and local and regional authorities are fully engaged with the EU's contribution to the development of 'deep democracy.' The EU should undertake a rigorous, evidence-based**

**needs assessment of what North Africa's fledgling democracies need from the European Union in practical terms at the local and regional level. The CoR is ready to respond to this challenge with speed, energy and commitment.**