The 2007 Annual Conference of the AEBR took place in Lappeenranta, South Karelia, on 13-14 September 2007 with the support of the South Karelia Region and the Municipality of Lappeenranta. The first session of the Conference dealt with the ENPI and the IPA. There were presentations from the European Commission, the Finnish Government and the Russian Federation. Then, a round table followed, with experts on CBC at the External Borders of the EU. The present document served as a basis for discussions and as a departing point for the launching of the AEBR Task Force on External Borders (TFEB).

The Objectives of the Task Force are:

- Training. Especially at the other side of the external border.
- Exchange of best practice examples; learning from each other.
- Capacity building.
- Looking for different/new instruments.
- Monitor developments in the implementation of the EU regulation into national laws.
- Lobby towards EU member states at external borders for the inclusion of non-EU members in the EGTC
- Research on the situations in the different regions at external borders; e.g. Black Sea Areas – lack of civil society; look for instruments/approaches that take into account the different levels of development
This AEBR Task Force decided to make a geographical subdivision of the Task Force:
- Regions in the North East (NEEB, Northern Eastern External Borders)
- Regions in the East (CEEB, Central Eastern External Borders; and BS, Black Sea)
- Regions in the South (SEB, Southern External Borders)

Integration between the EU territory and its neighbouring states is important economically and politically. The Balkan countries, Turkey, the Russian Federation, Belarus, Ukraine and other countries beyond the eastern border of the EU (Black Sea and Caucasus), as well as the Southern and Eastern Mediterranean countries are very strongly oriented towards the EU in their trade and communications.
The economic and demographic linkages and consequences are evident. South Mediterranean and East European countries are peripheral areas that send migrants and seek to attract investments. As the ESPON Report¹ explains, there are many ways to build and sustain strong linkages between the EU and the neighbouring countries, other than specific EU instruments (e.g., International Development Aid, Bilateral Agreements, etc.). These linkages matter if Europe is to compete with other large economic regions of the world, and is to succeed in its own regional integration, not only on the continent but also across the current north-south divide.

1. European Neighbourhood and Partnership Instrument (ENPI)

1.1 Future-oriented aims and programmes

In addition to the general objectives of the ENPI (avoiding new dividing lines with third countries, further development of the strategic partnership with Russia, equitable socio-economic development, multi-cultural dialogue, strengthening of the regional development capacity), the programme contains important and future-oriented elements for cross-border cooperation, which should overcome current cooperation difficulties (between INTERREG/PHARE-CBC/TACIS-CBC/CARDS/MEDA), such as:

- Strengthening of cooperation across the Union’s external borders and between third countries (incl. removing obstacles to cross-border cooperation).
- Establishment of a joint management with a single set of rules for cross-border cooperation on both sides of the external border, in the Eastern and Southern part.
- EU assistance shall be used for the common benefit of Member States and partner countries with their regions, for the purpose of promoting cross-border and transnational cooperation.

In the new programming period 2007-2013 more than 1.1 billion € are available for cross-border co-operation in 15 programmes in Eastern and Southern Europe. They are based on the Neighbourhood and Partnership Programme.

ENPI follows the principles of complementarity, partnership and co-financing. Complementarity means that EU assistance at borders shall contribute to corresponding national, regional and local strategies and measures. The partnership shall involve, as appropriate, national, regional and local authorities, economic and social partners, and civil societies in general. Co-financing is normally completed through public funds, contributions from the beneficiaries or other

¹ The European Spatial Planning Observation Network (ESPON) Monitoring Committee and the German Federal Office for Building and Regional Planning. The ESPON ATLAS: Mapping the Structure of the European Territory. October 2006.
sources. In duly justified cases (e.g. support for the development of civil society, fundamental freedom, democratisation), Community assistance may be provided without co-financing.

ENPI foresees strategy papers (governmental, multi-governmental, thematic and cross-border strategy papers), on which multi-annual indicative programmes are built up:

- **Governmental or multi-governmental programmes**: aid for one partner country or corresponding regional/sub-regional cooperation between two or more partner countries, in which EU Members may participate.
- **Thematic programmes**: one or more specific activity field(s), concerning the partner countries and important to one or more EU member states.
- **Cross-border cooperation programmes**: Cooperation between one or more EU Member States and one or more third countries, which concern regions along the EU external border.

Multi-country and thematic programmes may contain trans-regional cooperation measures (i.e. cooperation between EU member states and partner countries), taking place in each part of the territory of the concern states.

**Strategy Papers/Programmes:**

- To be elaborated and adopted in line with an agreed procedure.
- Form the political framework, and the planned actions have to be in line with the principles of complementarity / partnership / co-financing, etc.
- Are drawn up for a certain period, which is in line with the priorities of the political framework conditions and should include multi-annual indicative programmes (incl. Multi-annual financial allocations) and priorities for each state or each region.
- In case of country or multi-country programmes, the allocation of funds is carried out in line with transparent and objective criteria.
- Especially in the case of cross-border cooperation, a list of joint operational programmes is drawn up with an indicative multi-annual allocation of funds and a list of eligible regions.
- Cross-border programmes at the EU's external border are financed by the ERDF and the Fund for External Relations.

It has to be emphasised that (above all thanks to the initiative of AEBR and the Committee on Regional Development of the European Parliament) the ENPI\(^2\) contains a special title III on cross-border cooperation. This chapter provides some clarity regarding the cooperation at the
EU’s external borders, territorial units and the development, management and implementation of programmes.

1.2 Territorial Units and Programmes

The following basic elements apply to the territorial units of cross-border programmes:

- NUTS-III level regions or similar units along land borders between EU and third countries.
- NUTS-III level regions or similar units along maritime borders with significant meaning.
- In order to ensure the continuity of existing cooperation forms or in other justified cases, other neighbouring units may be involved in cross-border cooperation.
- The Commission can agree with the partners that the cooperation is extended to the whole NUTS II-area, in which a NUTS III unit is located (external borders).
- The list of maritime borders of significant meaning will be defined by the Commission in corresponding strategy papers (distance, other important geographic or economic criteria).
- All coastal territorial units corresponding to NUTS-II level or equivalent facing a sea basin common to Member States and partner countries.

Regarding programme development/approval, the following new essential elements apply:

- Cross-border cooperation is carried out in the framework of multi-annual programmes covering cooperation for a border or a group of borders.
- They cover, in principle, a seven-year period (2007-2013).
- Joint operational programmes for land borders and for maritime borders with significant meaning are elaborated per border at the respective suitable territorial level.
- Joint operational programmes for sea basins (NUTS II) shall be multilateral; they comprise eligible areas of the sea basin with several involved states (at least one EU Member State and a Partner State).
- Joint operational programmes are established by the Member State and partner countries concerned at the appropriate territorial level.
- One year after the adoption of the Strategy Paper, a joint proposal for the joint operational programme has to be submitted to the Commission by the involved states.
- Joint operational programmes may be modified on initiative of the involved states, border regions or the Commission.
- Following the adoption of the joint operational programme, the Commission concludes a financing agreement with the participating countries.

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- Actions which are jointly selected on the basis of the priorities and measures of the operational programme will receive EU-funding.

**Important remark:**
In specific and duly justified cases, the Commission, following consultations with the Member State(s) concerned, shall take the necessary steps to allow the Member State concerned to use the ERDF contribution to the programme pursuant to the Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, if:
- a joint operational programme cannot be established owing to problems arising in relations between participating countries or between the EU and a partner country;
- by 30 June 2010, at the latest, the participating countries have not yet submitted to the Commission a joint operational programme;
- the partner country does not sign the financing agreement by the end of the year following the adoption of the programme;
- the joint operational programme cannot be implemented owing to problems arising in relations between participating countries.

### 1.3 Implementation and beneficiaries
There are special rules for implementation in cross-border cooperation. The implementing rules comprise:
- rate of co-financing,
- preparation of joint operational programmes,
- designation and function of the joint authorities,
- the role and function of the monitoring and selection committees and of the joint secretariat,
- eligibility of expenditure,
- joint project selection,
- technical and financial management,
- Financial control and audit,
- Monitoring and evaluation,
- public relations and information activities.

**Beneficiaries** are inter alia:
- Partner countries, regions and their institutions, decentralised authorities in partner countries such as regions, departments, provinces, cities.
- Joint institutions (created by partner countries/regions), international organisations (incl. regional organisations), UN-organisations, departments, international financing
organisations, development banks, EU-institutions etc. (only assistance for implementation), EU-agencies.
- Institutions and authorities of the Member States, partner countries, regions and other third countries as well as non-governmental actors.
- Cross-border structures, non-governmental organisations, independent foundations as well as other non-mentioned institutions (if they are important in order to achieve the goals of this regulation).

**Important remark:**
EU-funds may also cover expenditures for preparation, follow-up, monitoring, audit, evaluation, which arise due to the implementation of this regulation and which are necessary to achieve the goals (Studies, Meetings, Information, Public Relations and Training, expenses for Computer networks etc.). These supporting measures do not necessarily have to be covered by a multi-annual programme and can therefore be covered apart from the Strategy Papers and multi-annual programmes (they may, however, also be part of these multi-annual programmes).

2. **Instrument for Pre-Accession Assistance (IPA)**

2.1 **Aims and background**
For the period 2007 – 2013, a total amount of 11,565 billion € is available in the Instrument for Pre-Accession Assistance (IPA). IPA applies to candidate countries (Turkey, Croatia, Former Yugoslavian Republic of Macedonia) and potential candidate countries (Albania, Bosnia and Herzegovina, Montenegro, Serbia with Kosovo).

IPA aims at assisting the Stabilisation and Association Process for the European course (each country to be judged on its own merits). Basic reasons for IPA are as follows:
- Improved efficiency of the Community’s External Aid,
- Creation of a general instrument,
- Accession talks opened with Turkey and Croatia as well as candidate status granted to FYROM,
- All other Western Balkan countries are considered as potential candidate countries,
- Stabilisation and Association Process for the European course (each country to be judged on its own merits),
- Clear distinction between candidate countries and potential candidate countries,
- The components Transition Assistance, Institution Building and Cross-Border Cooperation are accessible to all beneficiary countries.
- The components Regional Development, Human Resources Development and Rural Development are accessible only to candidate countries accredited to manage funds in a decentralised manner (preparation for the time after accession).
Especially for candidate countries:
- Adoption and implementation of the body of EU law (acquis communautaire);
- Support for the policy development as well as preparation for the implementation and management of the common agricultural and cohesion policies.

Especially for potential candidate countries:
- Progressive alignment with the acquis communautaire;
- Social, economic and territorial development.

2.2 Planning documents, programmes and financial framework

Essential new elements for cross-border cooperation in the framework of IPA are:
- Establishment of multi-annual indicative planning documents by country in close consultation with the national authorities to support national strategies (civil society and other stakeholders as well as other programmes of assistance to be taken into account, where appropriate).
- Indicative allocation in the individual planning documents for the most important priorities within each component.
- Elaboration of programmes based on the indicative planning documents, fixing the aims, intervention areas, expected results, administrative procedure and the total amount foreseen for the financing.
- The programmes (multi-annual or annual) are to be adopted by the Commission (cross-border programmes should always be multi-annual).
- Multi-annual indicative financial framework with a three-year planning horizon.
- The multi-annual indicative financial framework presents the Commission’s intentions for the allocation of funds, broken down by component, country, multi-country action and programme topics (based on needs assessment, absorption capacity, respect of conditionalities and capacity of management).

Thanks to the intervention of AEBR and the Committee on Regional Development of the European Parliament, a special chapter on cross-border cooperation was added to IPA with the following results:
- The cross-border cooperation component may support all countries of the Western Balkan and Turkey in cross-border, and, where appropriate, transnational and interregional cooperation among themselves and between them and the Member States.
- In the event of cross-border cooperation with Member States, the rules governing the financial contributions of the ERDF and this Regulation shall be relevant.
Cooperation will be coordinated with other Community instruments for cross-border, trans-national and interregional cooperation.

- In the case of cross-border cooperation with Member States, this component covers the regions on both sides of the respective borders (therefore no ERDF-programmes!).
- Under certain conditions, this component may also be used to finance capacity and institution building as well as investment (in line with the aims of article 9).
- In case of cross-border programmes with EU Member States, only the latter can be assigned the implementation in line with the principle of shared competences (Regulation EG Euratom No. 1605/2002 and the new Regulation).

2.3 Management and Implementation

The following essential conditions apply:

- The Commission is responsible for the implementation and management.
- Community financing can take in particular the form of:
  - Financing agreements between the European Commission and the beneficiary country;
  - Procurement contract or grant agreements with national or international public sector bodies or natural or legal persons responsible for carrying out the action.
- Budgetary commitments for actions extending over more than one financial year may be broken down over several years into annual instalments.
- Funds from other donors can be managed as assigned revenue.
- An IPA Committee (representatives of the Member States and a representative of the Commission) shall assist the Commission.
- The Commission can adopt amendments to the annual programmes, if they do not comprise substantial changes to the nature of the original programmes and actions and if they do not exceed 20% of the total amount allocated for the programme or action in question or respectively a limit of EUR 4 million.

Types of assistance

Assistance under this Regulation may, inter alia, finance:

- Investments,
- Procurement contracts,
- Grants including interest rate subsidies,
- Special loans, loan guarantees,
- Financial assistance,
- Budgetary support and other specific forms of budgetary aid (in exceptional cases),
- Contribution to the capital of international financial institutions or the regional development banks (with restrictions!).
Remark:
- Assistance may be implemented through administrative cooperation measures involving public sector experts despatched from Member States.
- Taxes, duties or charges are in principle **not** eligible.

Special support measures

Assistance may also be used to cover the costs of actions linked to:
- Administration of the programme
- The attainment of the programme’s objectives, including the necessary follow-up, control and evaluation, e.g. through:
  - Studies,
  - Meetings,
  - Information and publicity,
  - Expenses linked to informatics networks aiming at information exchange,
  - Any other expenses for administrative and technical assistance.