Opportunities for the Development of Partnerships through Cross-Border Cooperation

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KEY WORDS: cross-border cooperation, regionalization, partnership

JEL: F15, 052

ABSTRACT – Successful implementation of cross-border cooperation not only depends on the capacity of state institutions to successfully lead and coordinate activities in the course of realization of the program but also the ability of potential users to make as many good project proposals, cross-border related, which could be financed from funds cross-border cooperation. Intensive cross-border cooperation among development actors on the principles of partnership may have influence on the development of cross-border regions and increase the absorptive capacity of these regions.

Introduction

International cooperation of the regions or other decentralized areas is not an alternative to the current process of accession of new countries to the European Union and its institutions. From the viewpoint of countries that are outside the European Union, this is an opportunity for the newly established boundaries in the neighborhood not to represent the limit for those international initiatives that are available and which require an additional effort towards internal institutional modernization with a flexible and layered structure of decision-making that will not depend on strictly confronted relation between the center and neglected periphery. For most countries in the south-east of Europe the process of regional cooperation and gradual strong integration into the European Union is, in many ways, the issue of survival because it contains within itself not only democratic but also the development potential.

Regionalization and cross-border cooperation

Until the 80’s, the main actors of European integration flows were national-states on the political plan, and large business systems in the field of economy. However, as usual throughout history, not by accident but because of real reasons, i.e. the recession during those years caused by the energy crisis, the new factors of cooperation appear, as well as the regions as the political-administrative framework, on the one hand, and small and medium enterprises (SME), on the other hand.

Market liberalization within the European Union imposed the need of association and linking the smaller business units that initiated the establishment of a transnational partner networks in the area of technology transfer and access to new markets. Regional communities, especially the most developed among them, have felt the need and opened their doors to economic initiatives by establishing international regional cooperation. Positive reactions of the competent authorities of the EU followed quickly, which, insight
integrative capacity of regional cooperation and its importance for overall economic development, established special funds for financial support to these programs of which the known is INTERREG program.

In the document, which the European Commission produced in 2003\(^1\) before of accepting ten new member states, called Wider Europe or a New Framework of Cooperation with the Eastern and Southern Neighbors, it has been stated that the expansion of the EU brings to the need of approaching countries that remains in the boundary area of the new Union. Although such a demand imposed from the interests of the EU and the need to guarantee their own security, stability and development, it is also proposed to develop new instruments that will focus, above all, to the cross-border cooperation, using the experiences from the implementation of PHARE, INTERREG, TACIS and the CARDS program, which have been used in relation to particular groups of countries that are not members.

Thus, in addition to logical and expected cooperation in the areas that are of importance, above all, to the safety of the Union, such as ensuring a stable border regimes and cooperation in order to prevent the activities of organized crime, human trafficking and illegal migration, the goal of the people from these areas is, in the long run, the integration of the neighboring countries, the gradual adjustment of their legal and economic systems to EU standards. Such a goal has been recognized in the part of the document which states that closer cooperation with neighbors can help accelerate economic and social development and reduce poverty in the boundary areas. That would be achieved by the intensification of trade exchange, increasing investment and expanding cross-border cooperation on social and economic projects, which achieves a better integration of the neighboring countries in the wider European cooperation. As a rule, proximity of the EU market directly encourages the attractively of the areas near the EU border to the neighboring countries and opens new opportunities for them. These expectations are realistic because of the fact that in the neighborhood the work force and transportation costs are cheaper.

In addition to such cooperation, which conceals the mainly national arrangements, the above mentioned document specifically points to the need of strengthening direct cooperation on sub national, regional or local level, pointing out the importance that such cooperation had in the relations between the EU Member States. It has also been highlighted that the intention of the new EU borders could not be an obstacle for the development and strengthening of economic, social, cultural and educational cooperation between local communities on both sides of the new border. In this way and undoubtedly the regional dimension of European foreign policy is underlined and it is given an additional importance to the previously established cross-border communication created through the enlargement of the European Union. In the framework of an integrated Europe, these processes of direct cooperation are given a completely new dimension, especially within the European Union itself where the classical limits have disappeared.

Different interests that motivated the creation of regional integration are influenced on its form. The usual and simplest form of international regional cooperation takes place through the conclusion of bilateral agreements between countries or regions partner. Since this cooperation over time develops into a complex structure of mutual relations, its application

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\(^1\) Commission of the European Communities, Communication from the Commission Paving the Way for New Neighborhood Instrument, Brussels 2003, COM
often, except for the region, requires the participation of other institutions of specific countries, which are involved in different phases of the performance of obligations under the basic agreement. Although we have unified regional cooperation, it still connects the two vertical structure of decision-making level, since it starts with the local community, but is linked to the intermediary and the central institutions of government.

Specifically speaking on the countries in transition and the Southeast Europe countries, the analysts of regional cooperation in this area suggest some specific problems, which are important to reflect their ability to develop such ways of cooperation. Most often mentioned problems directly burden the local community such as unemployment, low wages, insufficient expertise and lack of experience in the approach to European institutions, massive and inefficient administration, corruption, weak civil society, etc. However, of a state point of view, the main obstacle is the presence of centralization and distrust towards any form of international sub-national units. Experience shows that a number of regional connections are not given the results of what would be in normal situations expected. Negotiation between the two countries, based on bilateral agreements, is only the first step in regional cooperation, which, essentially, will not happen if there are no indigenous partners such as local and regional communities on both sides of the border.

Regionalization was undoubtedly a process that has gradually changed an internal structure of European countries over the last several years and that was also in function of their intensive connection. Strong economic incentive of the program for regional cooperation of the European Union represented a crucial commitment to internal regionalization or strengthening of the already established regional autonomy in many countries. In addition, regional cooperation has the tendencies of the international grouping of countries on regional basis. Countries in transition are more and more directed to different types of regional integration, which are, ultimately, part of preparations for a wider integration frameworks thought process of testing their maturity and gradually adapting to the principles of the European Union.

Although the interest for utilization of the EU funds is growing on local and regional levels, significant obstacles in this respect are insufficient information and qualifications. Experience in previous years shows an urgent need for running different informative programs for citizens, as well as business structures, with special emphasis on training of professional staff in the cities and municipalities in order to competently work with all relevant issues of EU integration.

Regional and cross-border cooperation through the component II of the instrument for pre-accession assistance

Mechanism for utilization of the assistance in the framework of the second component of the Instrument for Pre-accession Assistance (IPA), which refers to cross-border cooperation is different in comparison to other components, and currently provides much greater opportunities for local government projects in cross-border regions. This is important for local governments in Bosnia and Herzegovina because since through the IPA from 2007 to

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2 European Commission, Regional cooperation in the Western Balkans, A policy priorities for the European Union, Office for Official Publications of the European Communities, 2006, pg. 17-21
2013, it will be continued with funding of the cross-border programs with Croatia, Serbia and Montenegro commenced under the Regional CARDS and INTERREG III in the previous budget period of the Union. Bearing in mind the amount of funds selected for cross-border programs for BiH (around five million Euros per year)\(^3\), as well as the number of cross-border program (three in total), we come to the conclude that local actors in Bosnia and Herzegovina can count on the significant funding for projects of cross-border cooperation, with respect that they, in the framework of this component, can directly apply to published calls. This provides an opportunity for local administrations to improve their capacity for absorption of EU funds, which will, in future years, be much more and actually implemented on regional and local level.

The objectives of cross-border cooperation are defined on the basis of the specific needs of cross-border regions of countries participating in cross-border cooperation. The objectives of cross-border cooperation are:

- Promoting cross-border initiatives in the field of social development, economy and environmental protection in cross-border areas;
- Encouraging resolution of common problems in the field of environmental protection, public health, the prevention and fight against organized crime;
- Borders – strengthening the efficiency and security of borders;
- Promoting legal and administrative cooperation;
- Encouraging “people to people” local activities.

Through conducting the cross-border programs at the local and regional level, we are creating a long-term personal contacts and connections between people from the communities on both sides of the border, which is the basis for further cooperation and development. Also, through the process of identifying projects, sign up for the funds, as well as during the implementation of projects, partners in Bosnia-Herzegovina arrived, therefore, valuable experience in using the funds of the EU, since all the calls for project proposals conducted in accordance with the rules of EU external assistance.

Regions that are eligible or regions to which those programs relate are regions of the NUTS 3 level, or if there is no adopted NUTS classification, as is the case in Bosnia-Herzegovina, then it is equivalent areas along the borders of countries and potential candidates.

The list of eligible regions has been included in the relevant cross-border program documents, which are prepared jointly and approved by the European Commission. In addition, these documents contain the analysis of the situation of eligible areas for cooperation, the strengths and weaknesses, as well as medium-term needs and goals based on that analysis. Also, these documents contain the cooperation strategy, priorities and measures for the realization of goals. Each individual cross-border document is done on the basis of strategic documents of the European Union, especially the Multy-year Indicative Financial Framework (MIFF) and the Multy-year Indicative Planning Document (MIPD), as well as on the basis of relevant national and regional strategic documents. At the same time, to make a programming document has a major role and the process of consultations with potential participants in the cross-border cooperation. The co-financing arrangement of the

\(^3\) Multi-annual Indicative Financial Framework for BiH - MIFF for period of 2008 – 2011, Sarajevo, 2007, pg. 22-26
EU cannot be greater than 85% of the eligible project costs, which means that 15% should be secured by the project partners.

The cross-border cooperation is being implemented on both sides of the border of the participant countries; the program requires the participation of partners from both sides under a single policy for all participants of the program. For each program, each participating country has to establish the appropriate operational authority for the implementation of these programs that are related to the given country. The task of these bodies is to cooperate in the process of drafting and implementation of cross-border cooperation.

State institutions responsible for preparation and coordination of the implementation of cross-border and transnational cooperation in Bosnia and Herzegovina is the Directorate for European Integration. In addition, it is necessary to establish a common management structure to participate in the implementation of the program: The Joint Monitoring Committee (JMC) and Joint Technical Secretariat (JTS). Both of these bodies consist of representatives of countries participating in cross-border cooperation.

Joint Monitoring Committee is responsible to oversee the implementation of cross-border cooperation, approves annual reports and made the choice of projects, while the Joint Technical Secretariat assists the joint committee for monitoring and operating structures, organizes calls for submission of proposals, offers support to applicants and oversee the implementation of selected projects. The process of establishing joint bodies for three of bilateral programs of the cross-border cooperation in Bosnia and Herzegovina, whose implementation began the first time in 2008, has been completed, and the first calls for submission of proposals are expected very soon.

Since the cross-border cooperation programs, at least in its initial phase, are going to be implemented through centralized management, the EC Delegation in Bosnia and Herzegovina will be responsible for approving the list of approved projects, contracting the approved projects and payments of the contracted amounts.

Programming documents for the three bilateral neighbors’ agreements have officially been approved on 18th December 2007. Financial agreements between the European Commission and the participating countries were signed during the 2008th and the implementation of the program will be able to start after that.

a) Serbia - Bosnia and Herzegovina

The strategic goal of cross-border cooperation of Bosnia-Herzegovina with Serbia will be connecting people, communities, and economies of the cross-border areas to the mutual activities in the area of communication development, using the advantages of this area in human, natural and economic resources.

Based on the SWOT analysis and determination of this strategic goal, the priorities and activities for this program have been set:

- Priority I - The realization of socio-economic cohesion through joint action to improve the natural, business, social and institutional capacity and infrastructure;

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5 CBC Programme Bosnia and Herzegovina and Serbia, Sarajevo, 2007, pg. 27-29
- Measure I.1 - Improving productivity and economic competitiveness, rural and natural resource areas;
- Measure I.2 - Cross Border Initiative aimed at the exchange of people and ideas for the purpose of enhancing cooperation in the professional level and among civil society.
- Priority II - Technical assistance.

b) Croatia - Bosnia and Herzegovina

The strategic goal is to create incentive to cross-border networks and partnerships and the development of unique cross-border activities with the aim of revitalization economy, protection of nature and enhance social cohesion in the area.\(^6\) Determined three priorities with appropriate measures to enforcement:

- Priority I - Creating a single economic space
  - Measure I.1 - Joint development of the tourism offer;
  - Measure I.2 - Promoting entrepreneurship.
  - Priority II - Improving quality of life and social cohesion
    - Measure II.1 - Protection of nature and environment;
    - Measure II.2 - Improving the services available to communities in the border area.
- Priority III – Technical Assistance

c) Montenegro and Bosnia i Herzegovina

The strategic goal is to enhance sustainable development of joint cross-border areas, their economic, cultural, natural and human resources and potentials so as to strengthen the capacity of human resources and institutional network shared among local communities, private and public actors.\(^7\) Two priorities are related to this program:

- Priority I - Support the creation of a unique socio-economic environment to people, communities and the economy of border regions
  - Measure I.1 - Cross Border Initiatives for regional development with emphasis on tourism and rural development;
  - Measure I.2 - Advocacy for the development of the environment mainly for the protection, promotion and management of natural resources;
  - Measure I.3 - Social cohesion and cultural exchange through institutional and interpersonal interactions.
- Priority II - Technical assistance to improve the administrative capacity for the management and implementation of cross-border cooperation.

In addition to these programs Bosnia and Herzegovina has the right to participation in transnational programs. Transnational program SEE (Transnational Cooperation Program South East Europe) aims to strengthen the territorial balanced development and territorial

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\(^6\) CBC Programme Bosnia and Herzegovina and Croatia, Sarajevo, 2007, pg. 30-41
\(^7\) CBC Programme Bosnia and Herzegovina and Montenegro, Programme Summary, Sarajevo, 2007, pg. 8-11
integration in the areas of cooperation. This program is not only a part of the EU cohesion policy which includes only the member states, but it is also a component of pre-accession assistance, and as such it is a program in which majority of the EU non-members countries are allowed to participate (candidate and potential candidate countries). This transnational program includes 17 countries: Albania, Austria, Bosnia and Herzegovina, Bulgaria, Romania, Croatia, Macedonia, Greece, Hungary, Italy, Serbia, Montenegro, Slovakia, Slovenia, Turkey, Moldova and Ukraine. Financial resources are significantly greater than the funds that were allocated to the previous program INTERREG IIIB CADSES 2000-2006. The main goal of this program is the development of transnational partnerships based on strategic issues for improving the process of territorial, economic and social integration and contribution to cohesion, stability and competitiveness.

Transnational program MED (Mediterranean Space) is a program funded from the European Regional Development Fund (ERDF) and aims to strengthen cross-border cooperation through local and regional initiatives, strengthening transnational cooperation activities leading to integrated territorial development, and strengthening interregional cooperation and exchange experiences. This program, in fact, represents the continuation of MEDOCC and ARCHIMEDE that were implemented within the INTERREG IIIB Initiatives, and focuses on cooperation among regions of the EU Member States in the entire Mediterranean area. Bosnia and Herzegovina has received an invitation to participate in this program, which includes some regions of the following countries: Cyprus, France, Greece, Italy, Malta, Portugal, Slovenia, Spain and United Kingdom. The main goal of this program is to make the entire area of the Mediterranean a territory that is competitive at the international level with the aim of ensuring growth and employment for future generations, support territorial cohesion and active participation in the field of environmental protection in terms of sustainable development.

Partnership fundamental framework of cross-border cooperation

Successful implementation of cross-border cooperation not only depends on the capacity of state institutions to successfully lead and coordinate activities in the course of realization of the program, but it also depends on the ability of potential users to make as many good project proposals, cross-border-related, which could be financed from funds cross-border cooperation. Cross-border cooperation is therefore reflected in the joint activities and harmonized coordination of the state institutions’ program participants on both sides, as well as the program users.

What is common to all projects of cooperation? First of all, it requires at least minimum documentation, such as a memorandum, an agreement or declaration of partnership. This document establishes who are participants of cooperation, their readiness to cooperate, and the planned framework of that cooperation in a specific or indefinite period of time. This agreement is recommended, even when it takes the exchange of experts solely.

Depending on the extent of cooperation, the partners can agree on the funds that will put at disposal for the purpose of realization of joint projects (financial resources, people, and infrastructure). And finally, when it comes to intensive cooperation, the partners can establish, for example: forums, assemblies, and agree on practical implementation aspects of
cooperation. The document can be in the form of an unofficial document, if a single project, or may have a legal basis of the contract or legal document, when the financial resources are involved, especially when the instruments of cooperation are being established (institutions).

Good partnership is not absolute guarantee that the project will be good. In fact, it is difficult to imagine a good project without a good partnership. Partners should be aware that quality partnership includes the time, finances, and activities. All project partners are the ultimate beneficiaries of European funds. This means that the partners should be considered only those participants who play an active role in the preparation and implementation of the project and as such they should be put on the list of IPA agreement on co-financing. Also, the partner is not only a promoter and coordinator of activities. Partner, in fact, spends money for the purpose of the project and contributes to the achievement of the results of cross-border program, and concrete results of the project.

It is important to note that none of the partners should come into conflict of interest with other bodies or contractors. This means that they will need to buy products and services without prejudice to the free market competition. Eligible are only those costs paid directly by users (expenses paid “in the name of” or in his capacity as agents, which are not predicted by the IPA agreement on co-financing should not be allowed). It needs to clearly indicate that it cannot approve any discounts or any other benefits.

Furthermore, the partner must be different from suppliers and associates. Namely, a partner cannot act as a supplier (i.e. can not be a contractor or subcontractor that provides services and products for a fee). Generally, partners cannot enter into contracts with each other and the bodies that operate within the framework of free market competition for the activities for which bids may be submitted by other partners to be treated as suppliers. Partners can select associates for the project. Their role is to promote good project results, having in mind that they are not participating in the financial part; neither have any financial interest in the project. Associates do not have to meet the criteria for acceptability established for partners and cannot perform as suppliers. In the event that these associate, however, become financially interested in the project, then they should be treated, taking account of their activities, as suppliers (respecting the rules of market competition) or as partners, with an update of the partnership statement.

Partners must be placed within the program acceptable area. If the project partnership includes partners located outside the program areas, than it should be explained why the contribution of those partners is necessary for the achievement of the project objectives, and why these activities cannot be performed a partner located within the program area. To be eligible, partners who come from outside the acceptable area must be the legal entity established in a Member State, then in the country that is user of the Regulation of IPA, the country that is the user of the Instrument of the European Neighborhood and Partnership, or in a member state of European economic region.

All partners must have legal, financial and operational capability to participate in the program. Partners between themselves name the leading partners for each project, and they become the main user once a contract on the IPA co-financing has been signed. It will also appoint a project or functional partner, who works at the level of the project and is responsible for the functioning of the activities on the implementation of the project.
For partnership to be acceptable for cross-border cooperation, or to have the project acceptable for financing in this context, at least one condition has to be met:

a) Joint development. In fact, all partners should contribute to the development of the project. Jointly define how the project will be carried out, participate in the development goals, immediate results and performance, and budget, determining the time, the division of responsibilities and tasks in order to achieve goals.

b) Joint implementation. Functional partner is responsible for the overall implementation of the project, but also all the partners responsible for different parts of the process. Each partner is responsible for the assigned tasks to achieve the objectives and should ensure that the necessary activities and those they found a critical point and resolved unexpected implementation challenges.

c) The Joint Staff. All partners, participants have a role and allocate staff to fulfill this role. Personnel coordinate their activities in cooperation with others involved, and regularly exchanges information. Should not be unnecessary repetition of functions in different partner organizations.

d) Joint funding. The project has a separate budget with funds allocated to the leading partners in accordance with the activities they carry out. The budget includes annual spending targets.

The Programs that are mentioned in this paper have been based on the international and European level. However, not all the projects of cooperation between local administrations are of the international character. Similar links are often created within the national borders since the local government in the former communist countries rather quickly realize the importance of horizontal cooperation with neighboring local communities, when it comes to the specific needs of organizations such as utilities (management of water resources, waste management, and construction of infrastructure), or with similar regional or national bodies, when it comes to lobbying at the higher levels of government. These forms of cooperation in Bosnia and Herzegovina are existing in the form of permanent alliance of towns and municipalities or other forms, such as associations.

States have learned that they were easier to deal with alliance but loosely connected with the local administrations, where everyone is trying to promote local interests, and that on the international stage the local unit may prove as important allies. European policy in encouraging local initiatives and lobbying bodies such as the Congress of Local and Regional Authorities of Europe (Council of Europe), the Committee of the Regions (European Union), the Assembly of European Regions and the other in the post-Communist countries, promoting a better understanding of the importance of cooperation between the local or regional body to the national and at international level.

In the process of transition, Bosnia and Herzegovina is going through several important socio-historical processes. The most important is, of course, the process of integration into the European Union. In trying to realize this goal it is necessary to create conditions in order to apply European standards. One of these standards is the establishment of regional structures within the country but also in the process of cooperation with neighbors.

At the regional and local level in the B&H, it is necessary to review the existing partnership structure. The existing partnerships in the framework of realization of business
regions’ development strategies have been focused on economic development. In addition, there are partnerships for employment and social inclusion. Partnerships are mainly related to the projects and often dismiss at the end of the project. Although the projects require these kinds of partnership, it is necessary to establish permanent control through the strategic partnerships. This model of partnership should include participants of wide range of areas from the level of municipalities, cantons and entities, (economic development, employment, social inclusion, education, etc.). Such a partnership should mitigate any organizational or political disagreements between the different levels of government and different areas of activity. It is recommended to have a regular and relevant communication within the established, efficient organizational structure through the official agreement among the partners. Partnerships may be formed on a voluntary basis with the steering board, the executive body and a broad participation of all partners.

Conclusion

The role and importance of regionalization in the economic and political development in Europe had the need for the establishment of appropriate institutions. Based on the synthesis of experiences during the decades, the European Union has established several important institutions dealing with different aspects of regionalization and regional development, the statistical institutions, through committees of regions to other institutions needed in the process. In addition in our country, government at the state level as a whole should do much to establish the conditions for the application of the regulations of the EU regional policy, the actors at lower levels should also be involved in the process immediately.

Currently in Bosnia and Herzegovina, we should take advantage of public administration and regional and local agencies as the leading organizations. Namely, for the partnership to worked well we need professional support structure that would provide assistance with the procedures of project preparation, organization and financial management, and this would be an agency or public administration took over administrative duties while the partners, then, could focus on strategic issues. In most EU countries the international network and cooperation through the exchange of professional, non-governmental, university and entrepreneurial organizations, has been accepted as a condition for the successful management of partnerships.

In addition, public administration and development agencies, in our case, organization of small and medium-sized enterprises (SMEs), located in the established entrepreneurial centers and industrial zones or outside them, can contribute to faster job creation, and also be very useful partner. A role of enterprises (especially SMEs) in partnerships is becoming more and more important, as well as the need for the provision of services by launching new businesses for what entrepreneurial centers have or should have the capacity. EU experience directs us to the potential leading role of large enterprises as sponsors of local organizations for employment and creating business links between SMEs and large enterprises. Organization for employment, in cooperation with educational organizations can contribute to large companies get the appropriate staff.

Acceptance and application of the Euro regions concept based on partnership relations of local and regional actors, including entrepreneurs, SMEs, development agencies and
associations, educational institutions and public administration in Bosnia and Herzegovina, but also with neighbors, in addition to opening opportunities of access to EU funds for regional development, would contribute to the internal and external economic integration of Bosnia and Herzegovina and the fulfillment of the conditions for the reception of our country’s membership in the European Union.

A clear political willingness of local representatives from both sides of the border is a precondition of any cooperation. Such willingness of local representatives should be accompanied by a professional team, which would be responsible for managing cross-border arrangements, from the establishment of common objectives to implementation of concrete projects. Successful implementation of these joint projects should be the basis for the establishment of long-term, strategic relationship with the explicit objective of improving cross-border regions and better living conditions in them.

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