

FLEXIBLE AND IMPROVED IMPLEMENTATION OF THE EUROPEAN NEIGHBOURHOOD POLICY

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Abstract: *The European Neighbourhood Policy is at crossroads meaning that the actual frame of geopolitical movements imposes a new reshaping mainly on the Eastern side caused by the Ukraine issue. The implementation of the ENP through the European Neighbourhood Partnership Instrument, financial umbrella for the Joint Operational Programmes (JOPs), is already a challenging exercise for the Member States working together with the Partner Countries in order to develop an area of prosperity and good neighbourliness. This paper proposes a pack of features and recommendations arisen from the experiences gained by the implementation bodies of the JOPs along the European Union Eastern border, beneficiaries and other experts in cross-border cooperation. The main issues approached aim the improvement of the future cross-border programmes in terms of flexibility, transparency and efficiency: stakeholders consultation all along the programme cycle, a new mix of funding sources, gradual involvement of new types of beneficiaries and programme evaluation.*

Keywords: cross-border; European Neighbourhood Policy; financial programmes

INTRODUCTION

The research area we established includes administrative units near the border from Romania, Ukraine as it follows: in Romania, the counties of Suceava, Botosani, Iasi, Vaslui, Galati, and Tulcea, in Ukraine, the oblasts of Odessa, and Chernivetska and in the Republic of Moldova, the whole country.

The methodology we used in the research was specific to the stage of research and we used various types of data policy documents, relational, qualitative, quantitative data. On one side, we analyzed the policy frame through official documents, regulation, official statements or press reviews in what concerns three facets of cross-border cooperation, both general and specific for the research area: neighbourhood policy, partnership and cooperation and crossborder programmes. On the other side we had the field research and the analysis of results and we considered that the best approach would be in steps, from general data gathering to a more and more narrowed research. Therefore, we started with a preliminary survey that was applied randomly to the potential beneficiaries and applicants who participated to the information sessions for the second call for proposals in the three countries. The results were a starting point for the next two

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steps we made, one – a public consultation about the improvement of the actual programme for crossborder development and a series of interviews with stakeholders of the programme, namely persons involved in the decisional system and grant beneficiaries. The public consultation is used in the frame of initiating or changing public policies in order to enquire about the needs of the ones affected by the policy and is mostly an advocacy tool. Even though the public consultation is not a research method we decided to use this tool to gather qualitative feedback and proposals for improvement and increase of efficiency. A consistent step was to have interviews with beneficiaries or partners involved, granted by the JOP Ro-Ua-Md following the first call for proposals. In the selection of the beneficiaries we used the following criteria: a minimum of 10% of beneficiaries as a relevant ratio from all beneficiaries from the call, to be representative for all three countries, but respecting the proportionality between countries as number of projects and funds granted, to be representative for the priorities of the JOP and to be available for interview. One of the final steps before issuing a recommended future model of financial instrument in the research area was an application of a questionnaire to 31 experts covering three dimensions: a vertical one, meaning that they work at local, regional and national level, a horizontal one, namely they are experts from all three countries, Romania, Ukraine, Republic of Moldova, and a field coverage, meaning that they are from public administration, nongovernmental, research (universities) and business fields.

1. CHANGING FRAME FOR THE CROSS-BORDER PROGRAMMES AT EU BORDERS

At the moment of launching the European Neighbourhood Policy, namely 2003, the cooperation on the borders with that time actual and future neighbours of the European Union was supported by a variety of instruments, governed by different regulations, operating with different project identification, selection and implementation procedures, being also difficult to implement genuine joint projects, meaning to serve a joint objective and to operate on both sides of the border at the same time. The building of a cross-border financial instrument for the EU neighbouring area was designed in two phases – a first phase 2004-2006¹, introducing the neighbourhood programmes and a second phase, a new neighbourhood instrument.

There were five financial instruments: INTERREG Community Initiative, PHARE CBC Programmes, TACIS CBC Programmes, CARDS and MEDA. The *INTERREG Community Initiative* (European Council, 1999), a financial instrument within the framework of the European Union's Structural Funds, supports cross-border and transnational cooperation among Member States and neighbouring countries. In the framework of the pre-accession-driven PHARE instrument in the candidate countries, the *PHARE CBC programmes* (European

¹ 2004-2006 it refers to the programming period. The effective implementation was 2005-2010.

Commission, 1998) supported cross-border cooperation with Member States and between the candidate countries. Before that, cross-border cooperation on candidate countries' borders with the future neighbourhood has been financed through national PHARE programmes. For the period 2004-2006, the geographical scope of PHARE CBC was extended to cover the borders of Bulgaria and Romania with neighbourhood countries. In the also called New Independent States (NIS countries) the *TACIS CBC programme* (European Council, 1999) supported cross-border cooperation in the western border regions of Russia, Belarus, Ukraine and Moldova. In the Western Balkans, *CARDS* (European Council, 2000) was a key instrument of the stabilization and association process and supported a range of activities. In the Mediterranean, the *MEDA programme* (European Council, 2000) provided support for regional cooperation between countries on the Southern and Eastern shore of the Mediterranean but did not fund direct cooperation activities with Member States.

For the first phase, for the 2004-2006 programming period, the proposed key objective was to build on existing progress made in coordinating the various instruments, while fulfilling the existing commitments at that time and obligations regarding the previous programming period up to the end of 2006. In this context, the particular pre-accession needs of Bulgaria and Romania were taken into account. As a first step, the Commission proposed for this period the introduction of *Neighbourhood Programmes* covering the borders of the enlarged Union with the final neighbours. These programmes should have been prepared jointly by relevant stakeholders on both sides of the border. The Neighbourhood Programmes covered a broad range of actions flowing from the objectives stated in the European Commission document (European Commission, 2003), including infrastructure in the sectors of transport, environment, energy, border crossings, electronic communications; investments in economic and social cohesion (productive investments, human resource development, business-related infrastructure, cooperation in the fields of research and technology and innovation); people-to-people actions (such as cultural and educational exchanges and cooperation); promoting the management of the movement of people and support to institution building (including justice and home affairs, border and customs management and meeting other common challenges). The design of those programmes included a single application process, including a single call for proposals covering both sides of the border, a joint selection process for projects, the funding for these Neighbourhood Programmes being based on the allocations already earmarked for existing programmes at that time. The Neighbourhood Programme approach had to be materialized in single projects operating on both sides of the border. In reality, some of the programmes didn't manage to have a real joint process of application or selection or real joint projects with effects on the both sides of the border, nor joint contracting, reporting, monitoring or evaluation procedures².

² See the example of Neighbourhood Programme Romania-Ukraine, going through the documents referring to the calls for proposals or the list of projects it can be identified

The second phase for the implementation of the European Neighbourhood Policy through the cross-border financial instruments was to establish a new Neighbourhood Instrument post 2006 linked to, and coherent with, the various external policy agendas and processes taking into account of the different regional priorities already developed. Also, this new instrument was aimed to combine both external policy objectives and economic and social cohesion. The new instrument was named the European Neighbourhood and Partnership Instrument (ENPI) and covered more programmes, the geographic coverage of the programmes being established in 2007 in reflection of the basic criteria from the ENPI Regulation and taking account of relevant lessons from past experience. For the period 2011-2013 there are the thirteen cross-border cooperation programmes adopted and in place - 9 land-border, 1 sea-crossing and 3 sea-basin programmes. The total funding available for ENPI CBC programmes for the period 2011-2013 amounts to 537.7 million Euro, out of which 260 million Euro comes from the ENPI and 277.7 million Euro from ERDF.

The European Commission considers that the actual financial frame for the implementation of the European Neighbourhood Policy, the ENPI, has been widely recognized as a successful instrument to accompany the EU's policy towards its neighbours. Nevertheless, the ENP policy review and other assessments, lessons learned and public consultations have all identified a number of issues to tackle in the future by adapting the instrument to make the EU's response even more effective, in particular (European Commission, 2011).

The future European Neighbourhood Instrument should be aligned to the new ENP vision and address the specific challenges and issues as identified above. The European External Action Service held specific consultations with representatives from the EU Member States and ENP partner countries as part of the Strategic Review of the policy, launched in July 2010 (Interact, 2010). The consultations tackled financing of the ENP, notably under the European Neighbourhood and Partnership Instrument, and issues of the long-term ENP vision and medium-term policy objectives. The consultations revealed that the ENPI was seen as a step change in the way EU assistance was delivered. However, they also identified the need for further refinement. Specific consultations on CBC were organised with all stakeholders (Interact, 2010). The process was launched during a CBC Conference in Brussels in February 2011, and stakeholders were consulted on the future regulatory framework, including on the Cross-border Cooperation Implementing Rules, on the basis of a questionnaire circulated in May/June 2011. The results reflected the need to adapt some provisions to improve the efficiency of the Cross-border Cooperation. The aim of the suggested changes is to better reflect the integration between EU foreign policy priorities and the EU Cohesion Policy, especially by further aligning the Cross-border Cooperation on external EU borders to the European Territorial Cooperation (ETC) rules.

one single joint call for proposals - <http://www.mdr.ro/programul-phare-cbc-ro-ua-2004-2006>. Moreover, the relevant implementation procedures available are only for the Romanian projects - <http://www.brct suceava.ro/download.html>.

The key elements of the proposal of the European Commission, as compared to the current set-up, and their rationale are the following (European Commission, 2011): to apply the principle of “more for more” and mutual accountability in line with the new vision of the ENP, to address the complexity and length of the programming process in order to streamline, shorten and better focus the process, to streamline the scope of the Instrument, to adapt the implementation provisions and improve coherence between the external instruments and to improve the provisions on the Cross-border Cooperation approach to facilitate effective and fast implementation of the programmes, to promote closer links with EU internal instruments and policies.

The proposal for the ENI includes provisions to simplify the instrument in a number of aspects. A new, simplified programming tool for most of the neighbouring countries, Single Support Framework, has been introduced. This new programming document should be shorter than the Strategy Papers and Multiannual Indicative Programmes, should prevent duplication of information contained in the legal/political documents that underpin EU relations with its neighbours, and should help shorten the programming process, therefore reducing administrative costs. The proposal is setting the vision for a solid and simplified frame for the next programming period – 2014-2020, which gives the base for new specific financial instruments for cross-border cooperation in the research area.

In what concerns the research area, a practical step was held on 18 June 2013 in Bucharest³, by the organization of the first meetings of the Joint Programming Committees for the Romania-Ukraine and Romania-Moldova cross-border cooperation programmes. The two programmes are to be financed under the European Neighbourhood Instrument during the period 2014-2020, as successors of the ENPI trilateral which Romania, Ukraine and the Republic of Moldova are currently carrying out.

2. FLEXIBILITY AND TRANSPARENCY IN THE CROSS-BORDER COOPERATION PROGRAMMES

The core objectives of cross-border cooperation and the base of a new neighbourhood partnership instrument for the timeframe 2014-2020 should be built in order to support sustainable development along both sides of the EU’s borders, to help decrease differences in living standards across these borders, and to address the challenges and opportunities following on EU enlargement or otherwise arising from the proximity between regions across our land and sea borders. In order to support the core objectives, the strategic objectives should be at least to promote economic and social development in regions on both sides of common borders, to address common challenges, in fields such as environment, public health and the prevention of and fight against crime, to promote better conditions and modalities for ensuring the mobility of persons, goods and capital and further to promote local

³ <http://www.mdr.ro/en/comunicare/presa/comunicate/mdrap-nominalizat-autoritate-de-management-pentru-programele--romania-ucraina-romania-moldova-2014-2020>

cross-border “people-to-people” initiatives as an important element to be deployed in support of any or all of these objectives.

Considered reasons for change of frame in cross-border area are multiple: the actual and future gradual transformation of the border from a line of separation into a place for communication between neighbours, the will for overcoming the mutual animosities and prejudices between peoples of border regions which result from historical heritage, the overcoming of national peripherality and isolation, the promotion of economic growth and development and the improvement of the standards of living and not the last, the better use of the previous experiences.

Our proposal is based on two main areas of intervention: a first one that supposes the improvement of the frame of the actual programme considering the feedback from the past and current experiences in order to increase flexibility, transparency and efficiency of the financial intervention, and a second one, the innovative element that makes the bridge between the actual programmes grant oriented to a financial instrument designed to improve the economic and social life of the research area, namely the sub-scheme for the SMEs. Still, some general aspects of the intervention that we consider now as being important in the design of overall financial intervention in the research area: the stakeholders’ consultation all along the programme implementation process, types of beneficiaries, the programme sources of funding and the evaluation of the programme.

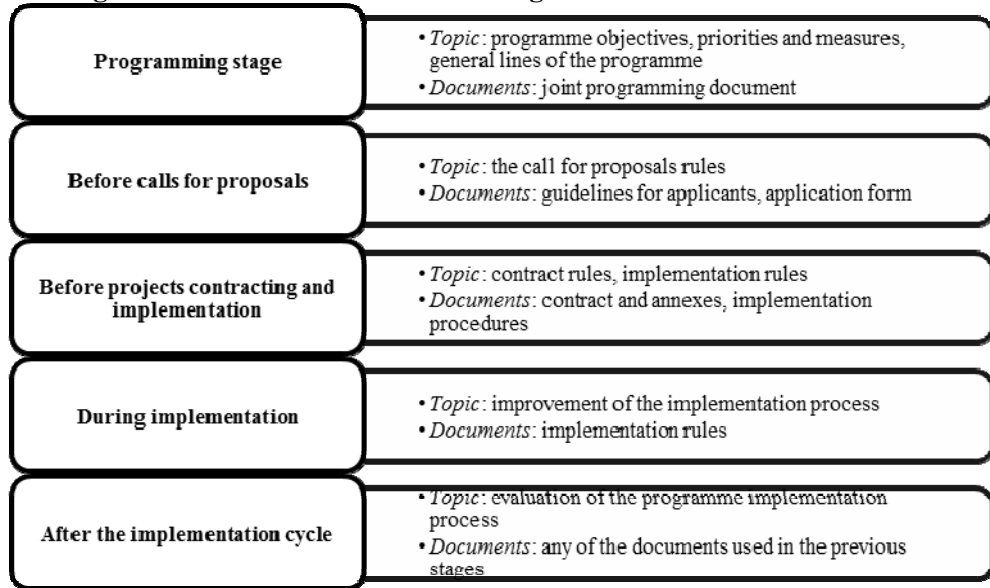
As far as the programme documents are concerned, these are rising from the programming process as the mirror of the area needs and the stakeholders will as described in the section for stakeholders’ consultation. As far as our research included in the investigative endeavors just a part of the stakeholders, any potential proposal of a document as guidelines or application form would not be complete and appropriate to the realities.

2.1. Stakeholders’ consultation

For a bottom-up approach and a proper matching of the financial instrument features with the needs of the targeted area, some necessary steps should be considered, the first important one being the consultation with the stakeholders, namely the institutional system at national, regional and local level, actual and potential cross-border grant beneficiaries and applicants, for figuring out the main priorities and measures to be included in the programming stage, the form of the documents and the implementation process. We recommend not only a meeting but consultation groups and different investigation tools starting from questionnaires, meetings and direct dialogue. The consultation with stakeholders should be all along the entire programme implementation, at least before each call for proposals about the documents and every time a significant change in the process or procedure is initiated. Also, in the programming period at least three stages of consultation should be considered, a first general collection of opinions, a first draft of the programme and the final acceptance. The inclusion of a new target group of beneficiaries, the SMEs, requires also the separate consultation with SMEs or representatives of them, business associations, authorities from the future

programme countries, possible private stakeholders, and not the last the European Commission as far as the sub-scheme designed for them is concerned. A graphic representation of the consultation process can be viewed in the Figure 1.

Figure 3 - Intervention scheme through the stakeholders consultation



Source: own representation

The permanent consultation will make an efficient match between the stakeholders' needs and the programme documents and process flow and will make the programme more transparent, efficient and flexible, giving legitimacy to the decisional process.

2.2. Types of beneficiaries

The types of beneficiaries are similar with the current programmes with the recommendation we have to consider a more specific list for each measure proposed and have a direct link with it. A description of the potential applicants should be clear, not to have a have double meaning and be understandable. Taking into consideration that the legislation in programming countries is different, these peculiarities of legislation should be also taken into account. The list of potential applicants should be in conformity with actual needs but should be given a certain degree of flexibility for any future situation. The categories of eligible applicants should be very well correlated with intervention areas and the expected results (see development area of SMEs, trade activities, foreign investments). Also, we recommend the introduction of a new category of beneficiaries, namely the SMEs for the priority or measure that will be considering economic development.

The core issue of the cross-border programme, that the partnership across countries is mandatory, it is mainly important as long as the programme shape is of a cross-border one and not an initiative dedicated to SMEs that is a new type of beneficiary, not accustomed yet within the programme structure. An added feature from this point of view is that the partnership with an already-cross-border-grant beneficiary should be mandatory (ex: university, business association, chamber of commerce or other) due to the experience of the ‘old beneficiaries’ and to reduce the risk of spending the grant and not to achieve the stated results of the project. Also the sub-scheme should consider incentives in order to encourage some specific business, for example innovative business, or the SMEs partnership across countries in a form of extra-points in the evaluation process.

2.3. Programme sources of funding

Due to the awareness and the main source of funding, European funds, the Joint Operational Programme umbrella should be maintained, meaning that the main public sources for fund are: European Union, Romania as Member State, Ukraine and Republic of Moldova as partner countries, even if in the actual programme the two partner countries are not contributing directly, only through the beneficiary co-financing and as pilot area should be the cross-border area Romania-Ukraine-Republic of Moldova, within two programmes that will implement the financial instrument – Romania-Ukraine and Romania-Republic of Moldova. The private sources of funding are coming from the beneficiaries’ contribution through the co-financing of the eligible expenditures and the coverage of the ineligible expenditures. Along the programme implementation, when and how it will be considered appropriate, the banks can be included for the sub-scheme designated to the SMEs. A proposed potential level of contribution can be seen in the Table 1 where the financial cycle is starting with the call for proposals and is ending with the implementation of projects financed through the call.

Table 5 - The sources of funding for the future financial instrument and the gradual approach of involvement

	EU	Romania	Ukraine/Republic of Moldova	Banks
1 st financial cycle	85%	10%	5%	-
2 nd financial cycle	80%	12%	8%	-
3 rd financial cycle	70%	15%	10%	5%
4 th financial cycle (if case)	65%	15%	10%	10%

Source: own representation

The gradual approach and the involvement of the countries with funding sources will increase the commitment of the partner countries toward the reach of programme objectives and the efficient implementation of it.

In what concerns the funding rules toward the beneficiaries, we recommend also a gradual approach and a protective allocation of money through the consideration at least three aspects. Firstly, at least three calls for proposals should be organized in order to improve every financial cycle and allow a flexibility regarding the allocation on measures as to follow and fit to the economic environment changes. Secondly, the co-financing contribution from the beneficiaries' side should be gradual increasing and dependent on the type of project and type of beneficiary. Therefore, the co-financing contribution for beneficiaries from partner countries may be lower because of their weaker institutional capacities and also the NGOs can have a lower contribution than the public institutions that have regular support from the budget. As well, the social oriented projects may have a lower co-financing rate than the infrastructure ones. As far as the SMEs are concerned, they will have a lower co-financing rate in the first call, higher than the one for public beneficiaries, which will increase from a call for proposal to the other. Thirdly, in the case of SMEs, in the second or in the third call for proposals, as appropriate, it will be introduced a part of reimbursed funding that will be constituted at long time in a revolving fund.

A potential share of grant – co-financing of the beneficiaries, on type of beneficiaries and gradual from a financing cycle to the other is detailed in the Table 2.

Table 2 - Sources of funding for the projects on types of beneficiaries

Type of beneficiary	Public institution/ administration		NGOs		SMEs		
	Grant	Own budget	Grant	Own budget	Grant	Loan	Own budget
1 st financial cycle	80%	20%	90%	10%	80%	-	20%
2 nd financial cycle	75%	25%	85%	15%	70%	10%	20%
3 rd financial cycle	70%	30%	80%	20%	65%	10%	25%
4 th financial cycle (if case)	70%	30%	75%	25%	60%	15%	25%

Source: own representation

The loan component should be a revolving fund which sustains itself and is the area where the banks can become an important private source of funding.

The gradual approach in the sense of decreasing the share of public funding through the programme will activate beneficiaries to find more sources and to have an economic guided and dynamic thinking of the project as an investment for the future instead of a static and short term oriented thinking.

The new sides of our proposal are based firstly on the involvement of the countries in sustaining the programme budget, secondly on the gradual approach that allows flexibility of the financial instrument, thirdly the increase of financial involvement of the beneficiaries and fourthly the loan component that translates the cross-border programme from a grant oriented programme to a financial instrument. The proposed funding structure will transform the programme countries and the beneficiaries from static recipients of external non-reimbursable funding, without real commitment and responsibility toward the results, into

dynamic partners that initiate and shape the programme as financial instrument that is appropriate to the cross-border area needs on the path of intelligent economic development.

2.4. The evaluation of the programme

This issue is linked with two aspects we want to consider as intervention for change – one is the programme indicators based on which the final evaluation is made and the second is the evaluation process itself.

As far as the first aspect is concerned, the current programme has in its programming document specific indicators for each level of intervention, namely impact, results and outputs and there are specific indicators for each priority and measure. We recommend keeping this frame in the perspective of the evaluation. On the other side, as change we recommend that the fund allocations among measures to be flexible from a call from proposals to the next one in the sense that, in case of measures where the indicators are going to reach the targeted value considering the projects in implementation, the amount available for the next call for proposals should be decreased and for the measures where it was not so attractive to apply projects in order to reach the specific indicators to increase the amount available for granting. In the actual frame, in order to reach the indicators that showed a low level it was considered an action in the assessment process, by selecting with priority the projects that fulfill the less reached indicators. In case of interventions that need projects to be effective, even if there is the risk of having a low number of proposals despite the large amount available, there are at least two further steps that can be done concurrently: one would be to re-launch a short call just for that type of intervention, other would be to have meetings with potential applicants for the specific measure and to help them to figure out projects in the sense of reaching the indicators. Only if this fails, it should be considered by the programme institutions an update of the programming document and a revision of the indicators or areas of intervention. Anyhow, we considered that the indicators established at the beginning of the programme should be realistic, based on the area needs and potential. As proposed by us, this aspect would give flexibility to the programme.

The second issue, the evaluation process of the programme itself, as it is now, even if it exists in a form, it is not articulating enough all the stakeholders and it is not transparent enough toward them. From this point of view, we think that through the stakeholders' consultation all along the implementation process and at the end of each financial cycle, as detailed above, would give a reasonable transparency, commitment and useful feedback about the programme and will give flexibility to it.

CONCLUSIONS

The on field research lead us to a conclusion that concerns the beneficiaries of the Joint Operational Programme Romania-Ukraine–Republic of Moldova as there was a deeper investigation among them. The beneficiaries are a very good resource for collecting feedback about the issues that decrease the efficiency of the funds spending, lessons learned and recommendation for an increased efficiency of a future programme. Any programme design has to start from the needs of the target groups and beneficiaries and their previous experiences and moreover they are eager to help improving the programmes addressed to them.

A future proposal of a programme that includes a financial instrument should be based on two main areas of intervention: a first one that supposes the improvement of the frame of the actual programme considering the feedback from the past and current experiences in order to increase flexibility, transparency and efficiency of the financial intervention, and a second one, the innovative element that makes the bridge between the actual programmes grant oriented to a financial instrument designed to improve the economic and social life of the research area, namely the sub-scheme for the SMEs. For the general frame of a future programme we consider as being important in the design of overall financial intervention in the research area at least the stakeholders' consultation all along the programme implementation process, types of beneficiaries, the programme sources of funding and the evaluation of the programme.

As far as the programme documents are concerned, they should emerge from the programming process as the mirror of the area needs and the stakeholders will as described in the section for stakeholders' consultation. As far as our research included in the investigative endeavors just a part of the stakeholders, any potential proposal of a document as guidelines or application form would not be complete and appropriate to the realities. Nevertheless we made recommendations that are based on our on the field research and experience. The permanent consultation will make an efficient match between the stakeholders' needs and the programme documents and process flow and will make the programme more transparent, efficient and flexible, giving legitimacy to the decisional process.

The gradual approach and the involvement of the countries with funding sources will increase the commitment of the partner countries toward the reach of programme objectives and the efficient implementation of it. Moreover, the gradual approach in sense of decreasing the share of public funding through the programme will activate beneficiaries to find more sources and to have an economic guided and dynamic thinking of the project as an investment for the future instead of a static and less future long term oriented thinking.

In what concerns the evaluation of any future intervention through a programme that includes a financial instrument in the research area, namely Romania-Ukraine-Republic of Moldova research area, at least two aspects should be considered as intervention for change – one is the programme indicators based on which the final evaluation is made and the second is the evaluation process itself. The first one should be a base of flexibility in funds allocation along the time

and the second one should allow an increase of transparency toward all the stakeholders involved in the programme.

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