SUMMARY

POLITICHE TRANSFRONTALIERE PER LA VITA QUOTIDIANA
TRANSBORDER POLICIES FOR DAILY LIFE


(Settore scientifico-disciplinare: *SPS/10)

DOTTORANDO: MANDELA LUSSI

COORDINATORE DEL COLLEGIO DEI DOCENTI
CHIAR.MO PROF. LUIGI PELLIZZONI
UNIVERSITÀ DI TRIESTE

FIRMA: ______________________

RELATORE
CHIAR.MO PROF. VASILE PUSCAS
UNIVERSITÀ DI TRIESTE

FIRMA: ______________________

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To my parents that,
with their patience,
have continuously supported me
to make this dream come true.
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At the end of this work I would like to thank Prof Puscas - University Babes-Bolyai of Cluj-Napoca - for his tutorship in the drafting of this dissertation, Prof Gasparini - IUIES President - for his relentless care of its students, Dr Del Bianco for his support and professionalism, besides his respect and friendship shown to me.
There is an increasingly widespread acknowledgement among all active actors in the development co-operation sector that the Public Private Partnership (PPP) can be a new important tool, not only to build important infrastructure (public works) but also to provide services to the citizens at central and local level as well as to have a strategic value in the Cross-Border Co-operation (CBC) in the next future.

The European Commission defines PPPs in a rather broad and general way without giving a proper legal definition of this partnership. For the EU PPP is a form of cooperation between public authorities and economic operators concerning design, funding, execution, renovation or exploitation (operation and maintenance) of public infrastructure, or the provision of public utility service. However, there is not a uniform, common definition of this form of partnership.

Considering the present global economic and financial crisis affecting almost all the regions of the world and bearing in mind that the public resources destined on development cooperation are decreasing more and more, building partnerships and synergies between these two ranges of actors is not only a great possibility but a compelling necessity in order to continue to sustain the development cooperation sector.

This is also a good chance for both public and private sector, not only to mutually reinforce each other but also to learn lessons and best practices from one another.

The PPPs, in fact, if applied correctly, enable a reduction in total costs, better distribution of risks, a more rapid execution of public services and activities, as well as a better quality of offered services and implemented activities. Not to mention the fact that the overcoming of the rigid distinction between public and private opens the possibility to find solutions and to respond to questions that the public administration itself is not able to answer independently.

In international cooperation and in particular in the cross-border cooperation, more and more public administrations in beneficiary and donor countries are acknowledging the subsidiary role of civil society and private sector in the activities of general interest, and therefore, also in the delivery of public functions and services.

Considering the extensive work experience in the international development cooperation sector with the Italian Ministry of Foreign Affairs and other International Organizations in different areas in the world, i.e. OSCE, believing on the utility and potentiality of this instrument and directly verified that it could be more utilized in the international cooperation, it was decided to analyse the use of PPPs in this sector with a special focus on IPA CBC Programme.
In fact, the scope of the dissertation and of the implementation of its conclusions is steaming from the author interest and working ties. Indeed, the author is living and working in Albania and has a huge experience on it due to the fact that she was the Albania Desk Officer for the Italian Development Cooperation for several years. She is also studying the Albanian language and she is very fascinated from the history of this small country so close, not only geographically speaking, to Italy. The focus on Macedonia as neighbour country is due simply to the fact that to collect information on this IPA CBC Programme was easier than others similar financial instruments.

Building on extensive field experience, this dissertation will try to answer the following question: ‘Which is the winner strategy to increase the effectiveness of the CBC projects through the use of PPP?’

The thesis overall objective is to identify a set of strategies that can enhance the effectiveness of cross-border cooperation through the use of the PPP instrument, beyond specific cross-border project interventions that until now have mainly been carried out through institutional channels and implemented through European projects and programs.

The strategies that the conclusion of the dissertation draws are based on the SWOT analysis of five projects funded by the EU through the IPA CBC Albania – Macedonia during the 2007-2013 programming period and the consequent elaboration of the results. These strategies would hence open up new possibilities for the development of CBC’s activities applicable in the ambit of the EU’s regional policy 2014-2020, without necessarily relying upon more EU financial means. This is also in line, with the EU auspices for the CBC not to be just another way to access funding but rather to become a model of cross-border cooperation sustainable on its own devise.

The dissertation is based on collection and analysis of data available within the existing legal-institutional framework and will make use of the investigative qualitative method with the aim of verifying the hypothesis mentioned above. The thesis envisages a number of working phases chronologically distinct and mutually supportive and it is based on the utilisation of a number of diverse theoretic constructs and methodologies. The dissertation makes use of different sources such as for instance existing literature, statistics, on line documentation available and its content is conducted on the various official documents and projects documentation obtainable. The results are cross referenced and presented based on a SWOT analysis and process of data/results interpretation.

As far as the structure of the work is concerned, the first Chapter, after an analysis of the theoretical tools supporting PPP, presents a background and an overview of the PPP in Europe, and the way it is applied in the context of international cooperation and cross-border cooperation; this is to understand how it was established and what its original objectives were, and to explain its evolution up to now. In particular, the chapter after shows that PPP was born in ‘30s mostly linked to the energetic and mining sectors, it presents that PPPs are growing and are seen as an important instrument of economic and social development also in the international and cross-border cooperation. It is seen that an instrument which opens the way to potential PPPs is the Inter-Municipal Cooperation Instrument (IMC) which permits to bridge the gaps in the municipalities and make them stronger also in applying to donor funds. Through this instrument established by the Council of Europe (CoE) the municipalities can also sub-contract a private company or creating an IMC entity constitutes a viable market attracting private investors. PPP is also encouraged by United Nations (UN) since 1999 through the ‘Global Compact’ project and different are the example of PPP around the world established by various UN Agencies.

It can be affirmed that PPP is considered useful in the public sector also because can contribute in solving difficulties caused from public balance cuts as well as to overcome the bureaucratic and the scarcity of technical and management competencies of the public administration. The PPP is therefore an actual, innovative and complementary instrument to promote development, reforms
as well as investments, policies and good practises in different sectors including the development cooperation also at trans-border level. Therefore, thanks to PPP it can be affirmed that the private sector also has become at all its effects a privileged actor of the international development cooperation.

The second Chapter of the dissertation analyses the European Policies interconnecting PPP and their related instruments, as well as more in detail how these policies have applied PPPs in the cross-border cooperation as well as how CBC became more explicit in the EU context and in particular in the context of the stabilisation and association processes. In fact, starting from the 1950 Schuman Declaration, the chapter introduces the founding EEC Treaty, examines the Single European Act and analyses the European Cohesion Policy (or Regional Policy). In addition the chapter views the European Enlargement Policy (Pre-accession Policy) analysing the three membership criteria established during the Copenhagen European Council in 1993, the various stages of the membership process and the reasons for further enlargement taking into consideration the historic enlargement of 2004, the different strategic objectives involved in it and its new approach in view of the so-called Arab Spring. In addition, the chapter analyses the European Neighbourhood Policy (Proximity Policy) as well as its related instruments, with regard to both its partner countries and candidate states. Moreover the chapter identifies the possibilities of PPP within the EU’s financial instruments that are currently being concluded. Even where those policies do not provide explicitly the adoption of PPP instrument, it is however not excluded. This means that the policies at issue give valuable support to the adoption and use of PPP. The dissertation is interested in to give evidence of the strong points of PPP application, and shows that, when there is a lack of applied PPP framework, as it is the case of the country cases (Albania and Macedonia) under analysed, the CBC component of IPA programme may be due not to give envisaged results to achieve the objectives.

After having looked into the European policies intersecting PPPs and CBC, the third Chapter introduces a brief analysis of the concept of border, not only in the physical administrative sense, due to the fact that this concept is a key element to understand the cross-border co-operation processes existing in the EU and in general all over the world. With this aim in mind, after studying the main theoretical approaches on this domain, the analysis focuses on the cross-border co-operation not only in its theoretical dimension but also in its deriving pragmatic aspects. The analysis of the border concept and of the border and peripheral area, as well as the general theory of the system applied to the general theory of boundaries, is essential to anticipate the concept of the cross-border cooperation and its practical application. After this analysis, the chapter describes the legal institutional framework in order to analyse the effectiveness of the various legal instruments that have been put in place to encourage and facilitate forms of cooperative engagement across borders. Starting with the European Outline Convention of Transfrontier Co-operation between territorial communities or authorities (Madrid Convention 1980), a central instrument for the CBC that was born in the frame of CoE, the chapter introduces the three protocols of the Madrid Convention. The additional Protocol essentially gives the possibility to create an organism for cross-border cooperation; the second Protocol (no 2) provides above all a legal framework for the inter-territorial cooperation between the parties; and the third Protocol (no 3) concerns the possibility of forming the ECG by creating the legal status, the institution and the functioning of such Groups.

In addition, in view of how cross-border cooperation has acquired more importance through time, the chapter explains the functioning of European Grouping of Territorial Cooperation (EGTC) institution, its modality of action and its fields of applications. The EGTC has come to be a new legal/financial instrument that integrates the Madrid Convention and the relevant Protocols. The chapter also touches upon the various aspects of cross-border co-operation and in particular some milestones from the EU experiences, and presents the European Macro-Regional Strategy and its related legislative framework as an example. In addition the chapter shows the Baltic, the
Danube and the Adriatic – Ionian Macro-Region and describes the main differences between EGTs and Macro-Regions. In addition, the chapter considers appropriate to present the steps that have been taken from the EU with regard to the cross-border cooperation which, more particularly, have consisted of making available important financial instruments such as INTERREG that supports from the top to the bottom the Strategy of Macro-Regions.

Following the fourth Chapter describes the 2014-2020 EU’s Regional Policy as the context of application of the PPP and its change with respect to the 2007-2013 EU’s Regional Policy. In particular after introducing the EU programming period 2007-2013 and the changes intervened in the following programming period also having a political/historical nature like the Arab spring and the interests to further develop economic interactions between the EU and the Middle Eastern partners, the chapter analyses the useful instruments for the realization of the cross-border cooperation; especially the European Regional Development Found (ERDF). In addition, this chapter, will identify the possibilities of PPP within the financial instruments that are about to be activated in the new European Programming Cycle. To this regard it is important to mention that, in general, all the EU policies must contribute to the implementation of the Europe 2020 Strategy that in order to fulfil its ambitious objectives identified as key instrument the instrument of partnership, among which that with the private sector.

Here it is worth to emphasize that, generally, the overall objectives of the regional policy, both at national and European level, are all of an economic nature, i.e. increasing the national economy by attenuating and eliminating economic disparities between different development levels of the regions. In particular, the European Policies aim to improve the investment climate through public investment in the regions presenting some gaps and to manage the local regional resources in a more efficient way. The dissertation shows how in both cases, PPPs can help in the achievement of these important aims.

In addition, the chapter observes that there are changes in various aspects and procedures of the implementation of the new regional policy as well as in the legal frame, and examines the IPA instrument and the ENPI instrument in the two seven-years programming periods because they are closely related to the European Territorial Cooperation (ETC). Between this two latter instruments IPA is a more relevant for this dissertation.

For this reason, after an overview of the Albanian context considering some economic, demographic, social and political aspects, including the criteria Albania has to fulfil to receive the candidate status from the EU as well as a brief introduction to the Albanian Law on PPP, the fifth Chapter presents its relations in the region, especially with the Former Yugoslav Republic of Macedonia (FYROM) and stresses the IPA CBC Albania – FYROM related to 2007-2013 and 2014-2020 programming periods. In addition, the chapter presents the main differences between these two programming periods focussing mainly on the Albanian part. With the aim to focus on the Albanian opportunities in the new programming period, it will be stressed what will change in the next future and which are the positive effects on PPP considering also the concept of Social Corporate Responsibility and the UN Global Compact initiative already mentioned in the first Chapter.

All this to introduce the last Chapter which, through the analysis of the methodologies used during the various phases of this work, and especially through the explanation of the SWOT analysis, aims to identify a set of winning strategies to increase the effectiveness of the Cross-border cooperation through the use of the PPP instrument.

The first part of the dissertation made use of several documentary sources, most notably and especially in the early stage the work will carry out what it is commonly defined as a secondary analysis, in particular this was articulated through: collection and review of existing literature and of the official documentation and statistics available mainly on-line but also with the Albanian
Ministries and national institutes, i.e. the Albanian National Institute of Statistics, as well as with the various donors and international organisation in the Country, and especially with the Delegation of the European Commission to Albania.

Instead, the second part of the dissertation focuses on the analysis of the IPA CBC program in general, and IPA CBC Albania - Macedonia in particular. To this end it was decided to proceed with the analysis of specific projects activated in the context of this program to highlight the role of actual or potential PPP projects in developing virtuous CBC. Although the PPP is not explicitly defined among the tools used in the implementation of these projects, it was decided to identify the prodromal factors present in some PPP projects with the end purpose of assessing their potentials, especially in view of the next programming period of the EU (2014-2020). The detailed information on the projects carried out or that are in progress are not publicly available as they are under the ‘ownership’ of the Delegation of the European Commission in Albania and of the Managing Authority of the program. In order to collect the necessary materials to identify the most relevant projects and, subsequently, to proceed to their analysis, it has proved necessary to proceed through in-depth interviews with qualified actors. Given that, interviews have been conducted with interlocutors, mainly from the European Commission in Albania, the Albanian Ministry of Integration and of Austrian Cooperation.

Through these interviews, specific information relating to five concluded projects, in which the instrument of the PPP was present at least in embryonic form, has been added to the data relating to the context and to the program. The information gathered has been structured so as to proceed to a qualitative analysis of the data through the development of a SWOT analysis of these five projects funded by the IPA CBC Albania - FYROM - First Call for Project Proposals. Finally, this work presents the results of this analysis through a process of data interpretation.

After this presentation, and before starting the SWOT analysis, the chapter presents the Annual Work Programme for Grants 2009 of the DG Enlargement related to the first Call for Proposals and the Guidelines related to the CBC Programme Albania - FYROM which aims is to facilitate the cooperation between the two countries to improve living conditions in the target area. The Programme in fact, already mentioned in the fifth Chapter, it aims to fostering cross-border economic, environmental and social development and includes three different measures and for each measure a list of potential activities for projects.

Furthermore, the chapter analyses - through the SWOT analysis above mentioned - five projects funded by the EU within the IPA I CBC Albania – FYROM first call.

In particular, in this dissertation, the SWOT analysis is the tool to identify the strengths (S), weakness (W), opportunities (O) and threats (T) that characterize projects which are analysed in relation to PPPs. In other words, it seeks to identify the strengths and internal resources of projects capably to push the development of PPPs (strengths), as well as the internal project limitations and weaknesses that impede PPP development in the relevant area (weaknesses), the external project opportunities that can be developed to overcome identified weaknesses (opportunities) and external factors that may hamper the future development of PPPs (threats).

Considering that there is no project where the applicant is a PPP, although an analysis of the guidelines of the Call for Proposals relative to IPA Albania - FYROM CBC Programme found an explicit reference to PPPs, it has been choose to make a screening of projects in which the instrument of the PPP was present at least in embryonic form, in other words having the private sector as a direct or indirect beneficiary. As already mentioned, Macedonia was chosen as an example because of the availability of information related to projects. So, on these terms, 5 projects were selected out of 15 under review. The projects are the following:

- Cross-border shared integrated alternative tourism,
- Business without borders,
In particular, in this dissertation, the SWOT analysis is the tool to identify the strengths (S), funded by the EU within the IPA I CBC Albania projects were selected out of 15 under review. The projects are the following: example because of the availability of information related to projects. So, on these terms, 5 sector as a direct or indirect beneficiary. As already mentioned, Macedonia was chosen as an limitation and weaknesses that impede PPP development in the relevant area (weaknesses), the weakness (W), opportunities (O) and threats (T) that characterize projects which are analysed in each measure a list of potential activities for projects.

The dimensions chosen for the analysis are:

- related to the internal context to identify strengths and weaknesses: objectives, actors and target,
- related to the external context to identify opportunities and threats: actors, target and expected results.

After the SWOT analysis, the chapter finally presents the key results of the dissertation proposing some possible actions that could improve the CBC through the use of the PPP emerged from the initiatives analysed.

The conclusion reviews the major points of the dissertation showing the main results such as the strategies, which may result from the conclusions, thus potentially establishing an alternative approach aiming at opening up new possibilities for the development of better, more effective and sustainable CBC project/programs/activities, without necessarily relying upon more EU funds.

For what above mentioned and to answer to the question ‘Which are the winner strategies to increase the effectiveness of the CBC projects through the use of PPP?’, it is possible to affirm that to present more successful projects in the future increasing the effectiveness of the CBC projects through the use of PPP, the development strategies are essentially the enhancement strategy and the overcoming strategy. In particular, to reinforce the internal and external positive aspects and factors in the cross border area and to mitigate and/or dissipate internal negatives as well as to attenuate the external ones, the recommended actions referred to the public and private sectors are:

- to organize jointly regular meetings in which they can know each-other, exchange information and best practices in either of the neighbouring countries, so that there can be discussions on the potentials of development and the new economic undertakings and new instruments to be employed, such as the PPP. Tourism can serve as a pilot sector in which it can be started with the actualization of gender policies facilitating in some way the inclusion of women in business activities,
- jointly organize awareness campaigns on PPPs and training courses, which could serve to overcome the lack of ability to establish efficient PPPs for both public and private sector,
- to organize, for the numerous actors present in the territory, specific courses and/or informative events related to the revision processes of normative policies that could facilitate and reinforce both the cooperation between different stakeholders and the capacity of doing business and create PPPs,
- to enhance the existing networks and creates new ones through continuous meetings between different stakeholders with the aim of overcoming the threats considering that the improved and expanded relations between the various actors could bring an improvement in raising needed funds.

Finally, it is important to mention that there are also some actions recommended only to the public sector. These are:

- (especially at local level) institutions such as the municipalities can organize meetings, inviting the traditional and non-traditional private actors, in order to facilitate
communication. Through this communication there could be achieved the introduction between various stakeholders interested in the PPP instrument, by at the same time laying the basis for the foundation of a network. This would be useful for increasing the credibility of each other and also to contributing to the overcoming of the lack of cooperation problem. These meetings could be used for an exchange of best practices in the sectors that are present in the certain areas. By employing a participatory methodology, these meetings could also serve to the construction of a sort of roadmap (lines of action during a defined time) that could enable the definition of the obstacles to be overcome in order to effectively and efficiently realize this type of partnership,

- the authorities should first change their national optics and then transform their national policies into regional ones, starting from the cross-border policies with neighbouring countries, in which PPP should be promoted as a development instrument. In addition, when necessary, they should review the legal framework in order to facilitate the establishment of PPP. After this, they should organize meetings between the different stakeholders, and more generally between citizens living in the border areas of the neighbouring countries, with the end objective of promoting the necessary knowledge for overcoming the prejudices and for opening way to partnerships and cooperation activities,

- to implement policies for purposes of facilitating investments in diversified sectors, taking an advantage of the actors from different sectors and directing them to training courses to gain knowledge in areas of investment that are different from their traditional ones.
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INTRODUCTION
There is an increasingly widespread acknowledgement among all active actors in the development co-operation sector that the Public-Private Partnership (PPP) can be a new important tool, not only to build important infrastructure (public works) but also to provide services to the citizens at central and local level as well as to have a strategic value in the Cross-Border Co-operation (CBC) in the next future.

The European Commission defines PPPs in a rather broad and general way without giving a proper legal definition of this partnership. For the EU PPP is a form of cooperation between public authorities and economic operators concerning design, funding, execution, renovation or exploitation (operation and maintenance) of public infrastructure, or the provision of public utility service. However, there is not a uniform, common definition of this form of partnership (Green Paper on PPP: Par. 1.1.1).

Considering the present global economic and financial crisis affecting almost all the regions of the world and bearing in mind that the public resources destined on development cooperation are decreasing more and more, building partnerships and synergies between these two ranges of actors is not only a great possibility but a compelling necessity in order to continue to sustain the development cooperation sector.

This is also a good chance for both public and private sector, not only to mutually reinforce each other but also to learn lessons and best practices from one another.

The PPPs, in fact, if applied correctly, enable a reduction in total costs, better distribution of risks, a more rapid execution of public services and activities, as well as a better quality and cost saving. Not to mention the fact that the overcoming of the rigid distinction between public and private opens the possibility to find solutions and to respond to questions that the public administration itself is not able to answer independently generally and especially in the border areas.

In international cooperation and in particular in the cross-border cooperation, more and more public administrations in beneficiary and donor countries are acknowledging the subsidiary role of civil society and private sector in the activities of general interest, and therefore, also in the delivery of public functions and services.

Considering the extensive work experience in the international development cooperation sector with the Italian Ministry of Foreign Affairs and other International Organizations in different areas in the world, i.e. OSCE, believing on the utility and potentiality of this instrument and directly verified that it could be more utilized in the international cooperation, it was decided to analyse the use of PPPs in this sector with a special focus on IPA CBC Programme.

The scope of the dissertation and of the implementation of its conclusions is steaming from the author interest and working ties. In fact, the author is living and working in Albania and has a huge experience on it due to the fact that he was the Albania Desk Officer for the Italian Development Cooperation for several years. He is also studying the Albanian language and he
is very fascinated from the history of this small country so close, not only geographically speaking, to Italy. The focus on Macedonia as neighbour country is due simply to the fact that to collect information on this IPA CBC Programme was easier than others.

Building on extensive field experience, this dissertation will try to answer the following question: ‘Which are the winning strategies to increase the effectiveness of the CBC projects through the use of PPP?’

The thesis overall objective is to identify a set of strategies that can enhance the effectiveness of cross-border cooperation beyond specific cross-border project interventions, that until now have mainly been carried out though institutional channels and implemented through European projects and programs, through the use of the PPP instrument.

The strategies that the conclusion of the dissertation will draw would instead be based on the SWOT analysis of five projects funded by the EU through the IPA CBC Albania - FYROM during the 2007-2013 programming period and the consequent elaboration of the results. These strategies would hence open up new possibilities for the development of CBC’s project/programs/activities applicable in the ambit of the EU’s regional policy 2014-2020, without necessarily relying upon extensive EU financial means. This is also in line, with the EU auspices for the CBC not to be just another way to access funding but rather to become a model of cross-border cooperation sustainable on its own devise.

The dissertation will be based on collection and analysis of data available within the existing legal-institutional framework and will make use of the investigative qualitative method with the aim of verifying the hypothesis mentioned above. The dissertation will envisages a number of working phases chronologically distinct and mutually supportive, and will be based on the utilisation of a number of diverse theoretic constructs and methodologies. The dissertation will make use of different sources such as for instance existing literature, statistics, on line documentation available and its content will be conducted on the various official documents and projects documentation obtainable. The results will be cross referenced and presented based on a SWOT analysis and process of data/results interpretation.

As far as the structure of the work is concerned, the first Chapter, after an analysis of the theoretical tools supporting PPP, presents a background and an overview of the PPP in Europe, and the way it is applied in the context of international cooperation and cross-border cooperation; this is to understand how it was established and what its original objectives were, and to explain its evolution up to now. In particular, the chapter after shows that PPP was born in ’30s mostly linked to the energetic and mining sectors, it presents that PPPs are growing and are seen as an important instrument of economic and social development also in the international and cross-border cooperation. It is seen that an instrument which opens the way to potential PPPs is the Inter-Municipal Cooperation Instrument (IMC) which permits to bridge the gaps in the municipalities and make them stronger also in applying to donor funds. Through this instrument established by the Council of Europe (CoE) the municipalities can also sub-contract a private company or creating an IMC entity constitutes a viable market attracting
private investors. PPP is also encouraged by United Nations (UN) since 1999 through the Global Compact project and different are the example of PPP around the world established by various UN Agencies.

It can be affirmed that PPP is considered useful in the public sector also because it can contribute in solving difficulties caused from public balance cuts as well as to overcome the bureaucratic and the scarcity of technical and management competencies of the public administration. The PPP is therefore an actual, innovative and complementary instrument to promote development, reforms as well as investments, policies and good practises in different sectors including the development cooperation also at trans-border level. Therefore, thanks to PPP it can be affirmed that the private sector also has become at all its effects a privileged actor of the international development cooperation.

The second Chapter of the dissertation analyses the European Policies interconnecting PPP and their related instruments, as well as more in detail how these policies have applied PPPs in the cross-border cooperation. In fact, starting from the 1950 Schuman Declaration, the chapter introduces the founding EEC Treaty and examines the Single European Act and analyses the European Cohesion Policy. In addition the chapter views the European Enlargement Policy analysing the three membership criteria established during the Copenhagen European Council in 1993, the various stages of the membership process and the reasons for further enlargement. In addition, the chapter analyses the European Neighbourhood Policy as well as its related instruments, with regard to both its partner countries and candidate states, including the historic enlargement of 2004, the different strategic objectives involved in it and its new approach in view of the Arab spring. Moreover the chapter identifies the possibilities of PPP within the EU’s financial instruments that are about to be activated in the new European Programming Cycle. To this regard it is important to mention that, generally, all the EU policies must contribute to the achievement of Europe 2020 objectives and that, in general, policies do not provide explicitly the adoption of PPP instrument, it is however not excluded. This means that the policies at issue give valuable support to the adoption and use of PPP.

After having looked into the European policies intersecting PPPs and CBC, the third Chapter introduces a brief analysis of the concept of border, not only in the physical administrative sense, due to the fact that this concept is a key element to understand the cross-border co-operation processes existing in the EU and in general all over the world. With this aim in mind, after studying the main theoretical approaches on this domain, the analysis focuses on the cross-border co-operation not only in its theoretical dimension but also in its deriving pragmatic aspects. The analysis of the boundary concept and of the border and peripheral area, as well as the general theory of the system applied to the general theory of boundaries, is essential to anticipate the concept of the cross-border cooperation and its practical application. After this analysis, the chapter describes the legal institutional framework in order to analyse the effectiveness of the various legal instruments - such as the Madrid Convention and its three protocols as well as the European Grouping of Territorial Cooperation (EGTC) - that have been put in place to encourage and facilitate forms of cooperative engagement across borders, the chapter also touches upon the various aspects of cross-border co-
operation and in particular some milestones from the EU experiences, and presents the European Macro-Regional Strategy and its related legislative framework as an example. In addition the chapter shows the Baltic, the Danube and the Adriatic – Ionian Macro-Region and describes the main differences between EGTs and Macro-Regions. In addition, the chapter considers appropriate to present the steps that have been taken from the EU with regard to the cross-border cooperation which, more particularly, have consisted of making available important financial instruments such as INTERREG that supports from the top to the bottom the Strategy of Macro-Regions.

Following the fourth Chapter describes the 2014-2020 EU’s Regional Policy as the context of application of the PPP and its change with respect to the 2007-2013 EU’s Regional Policy. In particular after introducing the EU program 2007-2013 and the changes intervened in the following programming period also having a political/historical nature like the Arab spring and the interests to further develop economic interactions between the EU and the Middle Eastern partners, the chapter analyses the useful instruments for the realization of the cross-border cooperation; especially the European Regional Development Found (ERDF). In addition, this chapter, will identify the possibilities of PPP within the financial instruments that are about to be activated in the new European Programming Cycle. To this regard it is important to mention that, in general, all the EU policies must contribute to the achievement of Europe 2020 objectives and that the Europe 2020 Strategy has made regional policies central to the realization of the Strategy itself. In order to fulfil such an ambitious strategy the key instrument identified is the instrument of partnership, among which that with the private sector.

Here it is worth to emphasize that, generally, the overall objectives of the regional policies, both at national and European level, are mainly of an economic nature, i.e. increasing the national economy by attenuating and eliminating economic disparities between different development levels of the regions. In particular, the European Policies aim to improve the investment climate through public investment in the regions presenting some gaps and to manage the local regional resources in a more efficient way. The dissertation shows how in both cases, PPPs can help in the achievement of these important aims.

In addition the chapter observes that there are changes in various aspects and procedures of implementation of the new regional policy as well as in the legal frame, and examines the IPA instrument and the ENPI instrument in the two seven-years programming periods because they are closely related to the European Territorial Cooperation (ETC). Between this two latter instruments IPA is more relevant for this dissertation.

For this reason, after on overview of the Albanian context considering some economic, demographic, social and political aspects, including the criteria Albania has to fulfil to receive the candidate status from the EU, the fifth Chapter presents its relations in the region, especially with the Former Yugoslav Republic of Macedonia (FYROM) and stresses the IPA CBC Albania - FYROM related to 2007-2013 and 2014-2020 programming periods. In addition the
chapter presents the main differences between these two programming periods focusing mainly on the Albanian part. With the aim to focus on the Albanian opportunities in the new programming period, it will be stressed what will change in the next future and which are the positive effects on PPP considering also the concept of Social Corporate Responsibility and the UN Global Compact initiative already mentioned in the first Chapter.

All this to introduce the last Chapter, which, through the analysis of the methodologies used during the various phases of this work, and especially through the explanation of the SWOT analysis, aims to identify a set of winning strategies to increase the effectiveness of the Cross-border cooperation through the use of the PPP instrument.

The first part of the dissertation made use of several documentary sources, most notably and especially in the early stage the work will carry out what is commonly defined as a secondary analysis, in particular this was articulated through: collection and review of existing literature and of the official documentation and statistics available mainly on-line but also with the Albanian Ministries and national institutes i.e. the Albanian National Institute of Statistics, as well as with the various donors in the Country, international organisations and especially with the Delegation of the European Commission to Albania.

The second part of the dissertation focuses on the analysis of the IPA CBC program in general, and IPA CBC Albania - Macedonia in particular. To this end it was decided to proceed with the analysis of specific projects activated in the context of this program to highlight the role of actual or potential PPP projects in developing virtuous CBC. Although the PPP is not explicitly defined among the tools used in the implementation of these projects, it was decided to identify the prodromal factors present in some PPP projects with the end purpose of assessing their potentials, especially in view of the next programming period of the EU (2014-2020). The detailed information on the projects carried out or that are in progress are not publicly available as they are under the "ownership" of the Delegation of the European Commission in Albania and of the Managing Authority of the program. In order to collect the necessary materials to identify the most relevant projects and, subsequently, to proceed to their analysis, it has proved necessary to proceed through in-depth interviews with qualified actors. Given that, interviews have been conducted with interlocutors, mainly from the Delegation of the European Commission to Albania, the Albanian Ministry of Integration and of the Austrian Cooperation.

Through these interviews, specific information relating to five concluded projects, in which the instrument of the PPP was present at least in embryonic form, has been added to the data relating to the context and to the program. The information gathered has been structured so as to proceed to a qualitative analysis of the data through the development of a SWOT analysis of these five projects funded by the IPA I CBC Albania – FYROM First Call for Project Proposals. Finally, this work presents the results of this analysis through a process of data interpretation.

After this presentation, the Chapter analyses - through the SWOT analysis above mentioned - five projects funded by the EU within the IPA I CBC Albania – FYROM first call.
In particular, in this dissertation, the SWOT analysis is the tool to identify the strengths (S), weakness (W), opportunities (O) and threats (T) that characterize projects which are analyse in relation to PPPs. In other words, it seeks to identify the strengths and internal resources of projects capably to push the development of PPPs (strengths), as well as the internal project limitations and weaknesses deriving from the local context and that impede PPP development in the relevant area (weaknesses), the external project opportunities that can be developed to overcome identified weaknesses (opportunities) and external factors that may hamper the future development of PPPs (threats).

Then, after the SWOT analysis, the chapter finally presents the key results of the dissertation proposing some possible actions that could improve the CBC through the use of the PPP emerged from the initiatives analysed.

The conclusion reviews the major points of the dissertation showing the main results such as the strategies, which may result from the conclusions, thus potentially establishing an alternative approach aiming at opening up new possibilities for the development of better, more effective and sustainable CBC project/programs/activities, without necessarily relying upon more EU funds.

For what was mentioned above and to answer to the question ‘Which are the winning strategies to increase the effectiveness of the CBC projects through the use of PPP?’, it is possible to affirm that to present more successful projects in the future increasing the effectiveness of the CBC projects through the use of PPP, the development strategies are essentially the enhancement strategy and the overcoming strategy. In particular, to reinforce the internal and external positive aspects and factors in the cross border area and to mitigate and/or dissipate internal negatives as well as to attenuate the external ones, the recommended actions referred to the public and private sectors are:

- to organize jointly regular meetings in which they can know each-other, exchange information and best practices in either of the neighbouring countries, so that there can be discussions on the potentials of development and the new economic undertakings and new instruments to be employed, such as the PPP. Tourism can serve as a pilot sector in which it can be started with the actualization of gender policies facilitating in some way the inclusion of women in business activities,
- jointly organize awareness campaigns on PPPs and training courses, which could serve to overcome the lack of ability to establish efficient PPPs for both public and private sector,
- to organize, for the numerous actors present in the territory, specific courses and/or informative events related to the revision processes of normative policies that could facilitate and reinforce both the cooperation between different stakeholders and the capacity of doing business and create PPPs,
• to enhance the existing networks and creates new ones through continuous meetings between different stakeholders with the aim of overcoming the threats considering that the improved and expanded relations between the various actors could bring an improvement in raising needed funds.

Finally, it is important to mention that there are also some actions recommended only to the public sector. These are:

• (especially at local level) local actors such as the municipalities can organize meetings, inviting the traditional and non-traditional private actors, in order to facilitate communication. Through this communication there could be achieved the introduction between various stakeholders interested in the PPP instrument, by at the same time laying the basis for the foundation of a network. This would be useful for increasing the credibility of each other and also to contributing to the overcoming of the lack of cooperation problem. These meetings could be used for an exchange of best practices in the sectors that are present in the certain areas. By employing a participatory methodology, these meetings could also serve to the construction of a sort of roadmap (lines of action during a defined time) that could enable the definition of the obstacles to be overcome in order to effectively and efficiently realize this type of partnership,

• the authorities should first change their national optics and then transform their national policies into regional ones, starting from the cross-border policies with neighbouring countries, in which PPP should be promoted as a development instrument. After this, they should organize meetings between the different stakeholders, and more generally between citizens living in the border areas of the neighbouring countries, with the end objective of promoting the necessary knowledge for overcoming the prejudices and for opening way to partnerships and cooperation activities,

• to implement policies for purposes of facilitating investments in diversified sectors, taking an advantage of the actors from different sectors and directing them to training courses to gain knowledge in areas of investment that are different from their traditional ones.
CHAPTER I - HISTORY OF PPP IN INTERNATIONAL COOPERATION
In this chapter, after an analysis of the theoretical tools supporting Public-Private Partnership (PPP), it will be examined a brief historical excursus on how and when PPP has emerged and what are its goals. In addition, it will be presented how the European Commission defines PPP and it will be stressed that, actually, there is not a common and proper legal definition of this partnership.

Considering also that the stakeholders who are active in the development co-operation sector believe that the PPP can be a new important cost saving tool for both public works and public services, as well as that it enables them to guarantee better quality, it will be analysed how this new instrument, which can also have a strategic value in the Cross-Border Cooperation (CBC) in the future, is used in the international cooperation setting.

1.1 THEORETICAL TOOLS SUPPORTING PPP

During the development of the dissertation it will be noted how the concept of ‘Institution’ is one of the most important. The other concepts considered important to the purposes of this dissertation are: ‘cooperation’ and the relative concept of ‘Cooperation for Development’, as well as ‘entrepreneurial activities’.

In this paragraph there will be presented the sociological definition and the meaning of all the concepts mentioned above with the aim to contextualize and better understand the framework in which the dissertation will be developed.

Starting with the concept of ‘Institution’, it is important to highlight that for the sociologist the origin of this word, which can have different meanings, comes from the analogy between society and the living creatures. For the functionalists social life continues because the societies find the means (structures) through which they satisfy the needs (functions) which are respectively the prerequisites and the consequences of the organized social life. Therefore, the institution appears to be an organized way of behaving within a social structure; while for Einsenstein the institution is the regulating principle that organizes the major part of the activities of the individuals of one society in the organisational models defined from the viewpoint of some of the fundamental problems that concern each society (Demarchi et al. 1987: p. 1083).

But how is the transition from what is called folk uses and customs, or rather those repeated and standardised behaviours belonging to a culture, to the institutions enabled? In other words, how the institutionalisation process occurs?

This analysis will help mainly to understand the ‘institution’ concept.
In his work “Folkway” (1906), Summer highlights the passage from folkways, or folk uses, to the ‘mores’,¹ when the lack of observation of the foreseen model produces strong sanctions from the group. Meanwhile the roles and the acts are going to get precise, the ‘mores’ can further evolve in institutions.

For Reuter ‘institution’ is an organised system of social procedures and roles, developed around a value, or a series of values, and is the machine developed to regulate the procedures and the respect of norms. In this definition, by social role is meant an expected behaviour linked to a determined position in which, if there are more individuals conducting a certain role, it is discussed about social position or status (Demarchi et al. 1987: p. 1084).

Inkeles instead affirmed that as the social acts may be aggregated in customs and an ensemble of such acts may be aggregated in a role, a more complex structure of roles organised around a fundamental activity or a social need may be grouped in an institution.

Over time the institutions have been subdivided into four types: political (having as its subject the exercising of power and the legitimate use of power, or that regulate the relations with the other societies); economic (interested to the production and the distribution of goods and services); expressive – integrative (regarding arts, theatre, certain type of mass-media, and those which can be defined supplier of values and meanings); and familiar (the functions regard to regulation of important relations of the youngest members) (Demarchi et al. p. 1987: 1084).

For Comte, which was among the first of the classics of the sociology to elaborate on the current concept, the institution is all what has been established or constituted in a society. Other two important authors to be quoted are Durkheim and Weber. For Durkheim the institution represents the recurrent use of a group, therefore it is able to be imposed to the members of the group; while, for Weber the institutions or legitimate systems get validated from the regularity of the course of a social action but also from the fact that such actions are inspired from determined values, giving to the individuals the sense of the existence. Therefore for both of them, the legitimacy of a system is realised through the coercive element, which can be constituted from the juridical institutions or from other forms of repression toward the deviant behaviour (Demarchi et al. 1987: p. 1085).

Considering the contemporaneous authors, it is important to quote some of them. For Cooley the institutions are complexes of norms addressed to the satisfaction of needs. For Hamilton, institutions are group procedures, the deviation from which brings to sanctions of different severity. For Barnes, the institution is the social structure and the mechanism with which the human society organises, manages, and conducts the multiform activities required to satisfy the human needs. It is interesting to note the distinction made by some authors between institution and association, as MacIver and Page do.

¹ It is interesting to mention the definition of the mores for Folkway: "When the elements of truth and right are developed into doctrines of welfare, the folkways are raised to another plane. They then become capable of producing inferences, developing into new forms, and extending their constructive influence over men and society. Then we call them the mores. The mores are the folkways, including the philosophical and ethical generalizations as to societal welfare which are suggested by them, and inherent in them, as they grow." http://archive.org/stream/folkwaysastudyof24253gut/pg24253.txt (last consultation date: December 2013).
According to them the institutions are established forms or conditions of procedure characteristic for the activity of the group, while the associations indicate belonging - for example, the humans can not belong to the institution of ‘marriage’ but to the association of ‘family’ (Demarchi et al. 1987: p. 1086).

As it will be evidenced in the following, another important concept and instrument to the subject of this dissertation is the one of the ‘Development Cooperation’. Based on the way how the word cooperation is intended in the context of the dissertation, it can be affirmed that its meaning comes from the etymology of the word. The word ‘cooperation’ means in fact working together to accomplish works or attain results of common interest. It can then be said that this word was born with the humans, and developed parallel to the associative spirit and to the sense of solidarity present in the human theory. It has a wide meaning and arrives to be dissolved in synonyms of collaboration that is manifested between humans under the stimuli of the common necessities (Demarchi et al. 1987: p. 590).

As far as the concept of ‘development’, it appears that there is a need to focus a bit more on it. After long time and many reflections, the sociologists have provided this organic concept for development. This concept implies multiple and convergent factors of physical, economic, physiologic, cultural, ethical and religious factors. In fact for a long time this notion has been identified only with economic development. And here it is interesting to see how the private sector operated almost exclusively until recently.

The arbiter of the economic system was not constituted from the consumer but from the big enterprises, which, although within certain limits, have the power to fix the lines of the development for the national economy: but that moved from private objectives around the idea of profit. Therefore distant from the exigencies of the collective, these lines were the source of multiple distortions in offering goods, services and dislocation of the productive activities.

Such phenomenon, together with the analysis of the periodic crisis of an economy not supported by organic state interventions, have been imposed to the scientific attention of the economists which have theorised different ways of development since after the second war.

In fact it has been realised that a liberal economic system would not bring social justice and balanced development; from here emanates the need for the intervention of the State in the economy in an organic and durable way. At the same time followed also debates about development on the anthropological and ethical point of view. It is interesting to mention here that these debates led to the elaboration of the human development concept, which, during the last decades the development cooperation tends to follow. In the latter concept, the human factor appears as much essential, if not more, than the economic factors.

This is a harmonious development involving all the humans, permitting them to transfer from a less human phase to a more human phase, to a faster rhythm possible, to the less elevated cost possible (Demarchi et al. 1987: pp. 2156 – 2160).

It is about population of countries which present numerous disfavoured situations regarding the quality of life, available resources, revenues, production systems; it is understood as the
existence of poverty to be investigated and resolved; in other words it is about developing countries. Given that this work is unable to consider Albania a developing country, there will be listed here only shortly (for information purposes) the two principal approaches used to define such kind of countries.

The first is based on indicators as Gross Domestic Product (GDP) or the health care conditions. However, they do not show the distribution of the revenue in the country, or shed light on the causes of the situation. The second tends to evidence the constitutive factors and their combination: in this formulation it is already implied an historic interpretation of the causes and remedies. It is interesting to note that generally there are and may be different factors that characterize a country less developed to the so called industrialized countries: between them in the last decades there is the current of the political consciousness of the new independent populations (Demarchi et al. 1987: pp. 1990 – 1991).

It is considered to focus a moment on what we have highlighted below, that is on how we got aware over time that a liberal economic system would not have brought to a balanced development. In the first phase of the industrialisation process of the Western countries, indeed, the entrepreneurial activity acquires a strategic importance for the economic development. As the years passed, also considering other diverse inborn entrepreneurship forms and figures, the analysis have demonstrated that the composition of another type of entrepreneurship, substitute to the classic capitalistic one, whether in the countries industrially advanced or those on the way of modernisation, brought also to new developments in the area of entrepreneurship analysis.

In particular, the experience of most of the recently industrialised countries and the extension of the research to the less developed societies have showed that the innovative role is conducted increasingly from substitutive agents of the typical entrepreneurial groups, and that the State is assuming more extended tasks especially in the economic field (Demarchi et al. 1987: pp. 988 – 989).

1.2 HOW AND WHEN PPPS EMERGED IN EUROPE

Studies on this form of partnership show that it emerged in the ‘30s as a maximising philosophy for the US oil and energy private sector when enterprises with limited financial resources built petrol wells, or more particularly electricity generation plants in Texas and Oklahoma through the use of Project Financing (PF)².

This form of collaboration between the public and the private sector is then over time developed and established internationally after the second world war, by continuing to be used especially in the energy sector and mining, and then expand to industrial investments and

² The present dissertation will develop with more details this tool in the following pages.
economic infrastructures of public utilities other than energy ones (Ambrosanio, Bodignon, Etro, 2004).

In the ‘90s, the UK government started involving the private sector in the construction of complex public works (Arrowsmith 2004), and applied the Public-Private Partnership (PPP) - mainly as PF - for the construction of huge public works with the Channel Tunnel being the perfect example.

Indeed, in 1992, the UK government introduced the Private Finance Initiative (PFI), a programme designed to establish an institutional background conducive to private funding for major public investment through the award of construction and operation concessions, in the light of economic convenience for the private sector and cost optimisation for the public sector. The idea was to establish an alliance with the private sector in the construction of highway systems, civil infrastructures, education services and new penitentiary facilities.

It could be affirmed that is was essentially in 1992 – following containment of public expenditure imposed by the Maastricht Treaty – that public investments started progressively to decrease their share of public funding and Europe found a growing interest in this alternative form of funding for both public works and utility services, and particularly PPP.

In fact, if applied correctly, the PPPs enable a reduction of total costs, better distribution of risks, a more rapid execution of public services and activities as well as a better quality and greater cost saving; not to mention the fact that the overcoming of the rigid distinction between public and private opens the possibility to find solutions and to respond to questions that the administration itself is not independently able to answer.

Increased interest in this new form of cooperation relationship between the public and private sector and the incensed debate over this issue, led the European Commission to issue a Guidelines for a Successful Public-Private Partnership in March 2003.

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3 For further facts see also Etro F., Investimenti in Infrastrutture II: Partnership Pubblico-Privato, (Infrastructures Investments II: Public-Private Partnership) Milano, febbraio 2005.
4 Financed totally by French and English through the market, almost entirely guaranteed by the share market and launched in 1986. To this concern see Etro F., Working Papers Series, Public-Private Partnerships, No. 120, University of Milan – Bicocca, Department of Economics, August 2007.
5 With reference to Concessions it is important to note the EU Commission Interpretative Communication on Concessions under Community Law, adopted 24 February 1999 and published in the Official Journal Commission 121 on 29 April 2000, p. 2-13.
6 In Italy the PF started around 50 years ago in the road sector (Propersi 2005: p. 1). Propersi defines the PF as an operation of the accomplishment of a relevant and complex work which imply long duration of implementation, generally in public sector. Its financing is not provided from the promoting subject (public, state or other territorial or public entities), but from a third subject different even from the implementing construction enterprise; in compensation of such financial intervention. This third subject may use incomes generated from the use of the same work aiming to obtain the reimbursement of the amount provided plus its interest. Naturally the financial intervention does not equal a mere financial loan but imply the assumption of a risk of the realisation that should be assessed carefully (insecurity of the results).
1.3 THE GUIDELINES FOR A SUCCESSFUL PUBLIC-PRIVATE PARTNERSHIP AND THE GREEN PAPER ON PUBLIC-PRIVATE PARTNERSHIPS AND COMMUNITY LAW ON PUBLIC CONTRACTS AND CONCESSIONS.

The Guidelines for a Successful Public-Private Partnership “... was designed as a practical tool for PPP practitioners in the public sector faced with the opportunity of structuring a PPP and of integrating grant financing...”. As stated in these Guidelines, “... The Commission has identified four principal roles for the private sector in PPP schemes to:

- provide additional capital,
- provide alternative management and implementation skills,
- provide value added to the consumer and the public at large,
- provide better identification of needs and optimal use of resources.”

Based on this, and to guide practitioners through a set of key issues affecting the development of successful PPP schemes, the Guidelines focused on four key topics:

1) ensuring open market access and fair competition, in the respect of State Aid principles when applicable,
2) protecting the public interest and maximising value added to citizens,
3) defining the optimal level of grant financing both to realize a viable and sustainable project but also to avoid any opportunity for windfall profits (or losses) from grants,
4) assessing the most effective type of PPP for a given project with the appropriate parameters: balanced distribution of risks, appropriate duration, clarity of responsibilities within the various regulatory environments.

In addition, in 2004, a Green Paper on Public-Private Partnerships and Community Law on Public Contracts and Concessions was issued by the EU Commission (COM/2004/0327/def).
In this document, the European Commission presents the practices followed in Europe and dictates the guidelines of this instrument, simultaneously starting a debate (public consultation) on the opportunity to develop a specific Community-based legal framework. Indications contained in this paper - which assembles the rather heterogeneous experience with PPPs in Europe - were further detailed by the Commission Communication on ‘Public Private Partnership and Community Law on Public Contracts and Concessions’ (COM/2005/0569/def.),11 ‘Commission interpretative communication on the application of Community law on public procurement and concessions to institutionalised public-private partnerships’ (IPPP) (COM/2008/C91/02) and ‘Communication of Commission on A Public-Private Partnership on the Future Internet’ (COM/2009/0479/def.).12

The dissertation found that there is not a uniform definition of this form of partnership. “For Harding a PPP is ‘any action which is based on the agreement among actors of public and private sectors, and that contributes in certain way to the improvement of economy and the quality of urban life’. For Atkinson, in a synthesized way, the partnership is instead ‘an exercise of power that reinforces the social relations...’ (Kobla 2007: 275) whereas for others the PPPs are a new tool for public actors, established to cover older procedures involving private entities in the delivery of public services (Linder 1999). Teisman confirms that the PPPs are a new tool for the governments meanwhile for others they are just “language game” (Teisman 2002).

The Green Paper itself defines PPPs in a rather broad and general way, as a form of cooperation between public authorities and economic operators aiming design, funding, execution, renovation or exploitation, management or maintenance of a public infrastructure or the provision of a public utility service without a proper legal definition of this partnership (Green Paper on PPP: Par. 1.1.1 and 2.21).

The Green Paper of the European Commission distinguishes two main types of PPPs (Green Paper on PPP: Par. 1.3.20):

1) purely contractual partnerships based on contractual/conventional links between the entities involved in the operations, on the basis of which one or more tasks are entrusted to the private partner in order to provide public works or services (e.g. concession stipulating that the private partner shall supply works and/or services to the community, but under the control of the public entity),

2) institutionalised partnerships that involve cooperation within a distinct entity and may lead to the creation of an ad hoc entity held jointly by the public and private partner ensuring the delivery of a work or service for the benefit of the community (e.g. mixed limited company with the public or private partner being the majority shareholder). This allows the public partner, through its presence in the body of shareholders and in the decision-making bodies of the joint entity, to retain a relatively high control over the delivery of operations, which it may adapt over...
time in the light of circumstances. It also allows the public partner to acquire its own experience on running the public service delivered. An institutionalised PPP (IPPP) can be put in place also when an existing public undertaking is taken over by a private operator (privatisation).

The Commission Interpretative Communication (C/2007/6661) of February 2008 affirmed that an IPPP is usually set up in two ways:

1) by founding a new company, the capital of which is held jointly by the contracting entity and the private partner and awarding a public contract or a concession to this newly company founded of mixed-capital, or
2) by the participation of a private partner in an existing public company which has obtained public contracts or concessions "in-house" in the past.\footnote{13}

The Green Paper in question presents four main types of PPPs:

1) construction and management concession proposed by the economic operator (project financing),\footnote{14}
2) construction concession proposed by the contracting authority,
3) services concession, and
4) other forms of public-private cooperation.

The document focuses in particular on a typical example of the first type (PF) whose modalities have been the subject of several interventions and changes over the years and has been totally reformulated.

The diverse forms of PPPs, and particularly PF,\footnote{15} are replacing the traditional approach of public action, particularly in transport sector (Teisman 2002), public health care, training and education, security, waste management, water and energy distribution as well as telecommunications and innovation; all sectors able to ensure direct remuneration from the private investment.\footnote{16}

\footnote{13} The expression in house contracts has been utilised for the first time in community environment in the Communication of Commission n. 143 del 1998, “Public Procurement in the EU” which defines the tenders in house “contracts awarded within the public administration, for example between a central and local administration or between an administration and a company wholly owned by it” (COM/998/143final: 12) - http://ec.europa.eu/internal_market/publicprocurement/docs/green-papers/com-98-143_en.pdf (last consultation date: December 2012) and Documents of the Icom Conference: 26. http://www.itaca.org/documenti/finanza/Studi%20I-Com%20Partenariato%20Pubblico-Privato%20ed%20Opere%20Pubbliche%20in%20Europa.pdf (last consultation date: December 2012).

\footnote{14} It should be noted that the Green Paper on PPP in reality makes reference to the Project Finance Initiative, as we have seen, represents mainly a British use.

\footnote{15} It is important to note that the Project Financing continue to be mainly closely related to concessions (Pasquini 2005).

\footnote{16} In this regard see Propersi 2005.
In the opinion of the Italian Technical Unit for Project Financing (UTFP), “PF means funding of a project that is able to generate - during the management stage - cash flow sufficient to repay the debt incurred for its construction and reward the risk capital. The project is as an autonomous entity with respect to the entities that promote it, and is evaluated by the funding parties mainly for its ability to generate cash flow”.

“In this model, the remuneration for the private partner does not take the form of charges paid by the users of the work or of the services, but of regular payments by the public partner” (Green Paper on PPP: Par. 2.23).

For the UTFP above mentioned “PF emerged as a mode of financing public or private projects which are financially independent, characterized by high financial costs and provide the opportunity to share the risks with various entities participating in the operation” and generally they have long term duration (15-20 years).

In essence, by comparing the PPP with the PF it becomes evident that the first refers to every form of cooperation between the public and private sectors in which the relevant aimed at design, construction, funding, management and maintenance of infrastructural public works or public utility, while the second is a structured finance technique that can be used in PPP operations to finance an infrastructure project characterised by vast levels of complexity of structures.

As mentioned above, there are different forms of PPP diffused at the international level and their application depends on the sector, the risk components, the objectives of the public entity and the legislative and industrial context.

It is not simple to define the volume of operations carried out through PPPs in the various countries of Europe, as there are no uniform classification criteria for these operations that allow for their comparison and because, often, sources are incomplete. PPP market began expanding from Great Britain to continental Europe and then to oriental Europe in countries with different pace, management and degree of development. So, there is not a single PPPs market in Europe.

In general, nonetheless, the works subject of PPP can be classified as cold, lukewarm and hot:

- **cold works**: projects capable of generating income through the revenues of the users. The revenues expected allow the entire recover of the cost of the construction and management of infrastructure, in other words the revenues guarantees the economic-financial equilibrium. The tariffs might be at the cost of markets or conventional. For example, airports and ports,
- **lukewarm works**: projects capable of generating income through the revenues of the users but the revenues allow only partially the recovery of the costs related to

17 http://www.dps.tesoro.it/documentazione/convegni/Bilaterale%20IT-BG/100%20FAQs%20don%20PPP/100%20Domande%20e%20risposte%20su%20PPP.pdf (last consultation date: December 2012) UTFP, 100 domande e risposte, (100 questions and answers).

construction and management of infrastructure. For example, water resources, parking and sports facilities,
- hot works: the private supplies directly services to the Public Administration (PA) which pays the prices. In other words, the revenues, are guaranteed by the PA and the users do not pay. For example, prisons, hospitals, social housing and public offices.  

The Green Paper specifies the following characteristics for PPPs (Green Paper on PPP: Par. 1.1.2):
- duration of the relationship between both partners (relative to the planned project, therefore usually long-term),
- modalities of funding the project (ensured by the private sector),
- roles of both partners (particularly of the economic operator) in the various stages of the project to be implemented (project-design, conception, development, implementation and funding),
- distribution of risks (uncertainty over future results examined within a certain time frame) between the two partners which is determined case by case, according to the respective ability of the parties concerned to assess, control and cope with this risk. 

The risks in general may be classified as follows:
- of construction, that is the risk that the implementation of the work doesn’t happen in the terms of time, costs and specifications arranged,
- of actions, in other words the risk that the operative costs of the projects differ from those foreseen in the budget, that the level of the performance expected is not meet or that the service might not be supplied,
- of maintenance, that is the risk of cost necessary to maintain the well-being in good working conditions vary with respect to the budget foreseen,
- of the availability, or rather the risk that the ‘quantity of the service’, offered by the project is inferior to the quantity predicted in the contract,
- of financing, that is the risk of missing finding of the financial resources in terms and conditions necessary to the realization and management of the initiative, in line with the economic and financial previsions expected at the initial stage,
- of demands, that is the risk that the demand relative to the project is inferior to the predicted level,
- the risks of force majeure, or rather the risk that one unpredictable or uncontrollable event unveil an increasing of the costs or even the impossibility of delivering the service or of buying it.  

19 Iossa E., Aspetti economici del PPP: disegno ed incentivi, (Economical aspects of PPP: design and incentives), Università di Roma Tor Vergata, giugno 2012.
20 It should be taken into account that PPP is also characterized by the typology of guarantees provided by the private actor.
It highlights that PPPs continue to be a viable instrument of economic and social development; in fact, also the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of October 2012 (COM/2012/582/final) lists various future priorities, and repeatedly affirms the strategic importance of PPPs in the near future.

For instance, in relation to the priority of having a stronger European industry for the economic growth and recovery - in which advanced manufacturing technologies allowing for ‘clean’ production are fundamental to the new industrial revolution – it is held that for high cost and high risk investments in demonstration projects and pilot lines, with industry at EU level to ensure timely commercialisation, PPPs are required. Besides, a major role may be played by PPPs under Horizon 2020 in many sectors - as this dissertation will focus later - such robotics and sustainable process industries as well as in demonstration projects for key enabling technologies (KET).22

The success of a PPP depends, above all, on the contractual framework of the project and the elements that will govern its implementation. In this view, it is crucial to have an optimal distribution of risks between the public and private sector, and mechanisms in place to monitor the regularity of the performance, which, if diluted over time, should be able to evolve and adapt to changes in the macro-economic and technological environment, as well as to needs of general interest.

Even though, the PPP might offer in general some microeconomic advantages (better price/quality ratio), prior to opting for a PPP scheme, a Public Authority should verify whether PPPs are more convenient to the traditional concession approach and whether the eventual PPP proposal (or the most advantageous one) really brings optimisation of costs for the public sector. Recourse to PPP should ensure a real added value compared to other options (Green Paper on PPP: Par. 1.1.5).

In general, it can be asserted that the PPP should be used when private capital and resources can bring benefits to the public administration and to the end-users of services. Such benefits can be either of an economic nature, and take the form of a reduction in the costs of construction and management of the infrastructure, or may be attributable to an increase of efficiency, effectiveness and quality of the services provided. The administration will evaluate the effective capacity of the various entities to bear the risks allocated to them, as well the implications of such allocation of risks on the effective cost, bankability and usability of the services.

The public consultation cited above launched by the EC following the publication of the Green Paper, focuses on 22 questions23 related to various themes in order to improve the use of the

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21 Iossa E., Aspetti economici del PPP: disegno ed incentivi, (Economical aspects of PPP: design and incentives), Università di Roma Tor Vergata, giugno 2012.
23 The topics included are the following: the selection procedure of the private partner, the organization of PPP due to private initiative; the contractual framework and the possible changes during the life of PPP; the subcontract and the importance of the effective competition in the case of institutionalized PPP.
PPP, including, as above mentioned, on whether there is a need for a regulatory framework at
European concerning PPPs. So far, the debate on this theme has not led to any agreement.24
Actually, that there is still not a law at EU level that regulates the PPPs, meaning that there are
different models applied in individual States as well as different uncertainties in the
classification of some operations.

There are no applicable rules of EU law neither to the selection of a partner, nor to the various
phases of a project. Therefore, the selection of a partner is governed by the general principles
of the EC Treaty, as well as the existing directives on public procurement and concessions.

In fact, the PPP, like so any legal act on the basis of which a public body entrusts the provision
of an economic activity to a third party, should be studied in the light of the rules and
principles of the Treaty establishing the European Community (EC), in particular with regard to
“the principles of freedom of establishment and freedom to provide services (Articles 43 and
49 of the EC Treaty)...” (Green Paper on PPP: Par. 1.2.8).

In addition, some forms of PPPs are subject to EU law on public procurement procedures
according to which:

- ‘Public works contract’ is a contract for pecuniary interest concluded in writing
  between one economic operators and one contracting authority and having as its
  object the execution, or both the design and execution, of works or a work, or the
  realisation, by whatever means, of a work corresponding to the requirements specified
  by the contracting authority (Article 1(2) (b), Directive 2004/18/EC),
- ‘Public works concession’ is a contract of the same type as a public works contract
  except for the fact that the consideration for the works to be carried out consists
  either solely in the right to exploit the work or in this right together with payment

24 In this regard see the Commission Working Paper “Report on the Public Consultation on the Green Paper on
Public Private Partnerships and Community Law on Public Contracts and Concessions” – SEC/2005/629 -
http://ec.europa.eu/internal_market/publicprocurement/docs/ppp/ppp-report_en.pdf (last consultation
date: December 2012).

25 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004L0018:en:NOT (last consultation date:
December 2012).

This European Directive on public procurement and the European Directive 2004/17/CE - http://eur-
lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:134:0001:0113:fr:PDF (last consultation date:
December 2012) introduce a new procedure of awarding contracts: the competitive dialogue. This procedure,
gives a legal basis to some forms of PPP that are very complex contracts “where the contracting body
is objectively unable to define the technical means that would best satisfy its needs and objectives, or in cases
where it is objectively unable to define the legal and/or financial form of a project” (Green Paper on PPP: Par.
2.1.25). “Furthermore looks for the best solution among economic actors. At European level, the concessions
come up partially from the scope of the European Directives on public procurement, and even totally in the
case of services concessions” A good reference in this regard is represented by Unità Tecnica Finanza di
Progetto (Technical Unit of the Project Financing) - EPEC, European PPP Expertise Centre – EPEC,
“L’aggiudicazione di un PPP e l’utilizzo del dialogo competitivo in Europa. Un’indagine sulle pratiche nell’UE”
(The adjudication of a PPP and the use of the competitive dialogue in Europe. An investigation on the
practices in EU), Italian version, December 2011.
http://www.eib.org/epec/resources/epec_procurement_ppp_competitive_dialogue_it.pdf (last consultation
date: December 2012).
In general, the lack of Community provisions means that legal arrangements for these partnerships are defined by the national law that should be in line with the superior provisions of the EC Treaty. It should be noticed that on the issue of predominance of the Community law versus the National law, the jurisprudence of the CE Court of Justice is rather ample.

PPP contracts should in any case comply with the following requirements (Green Paper on PPP: Par. 1.2.8):

- transparency: it aims to uphold the principle of equal treatment and requires that public authorities ensure “a degree of advertising sufficient to enable the services market to be opened up to competition and the impartiality of procurement procedures to be reviewed” (Green Paper on PPP: Par. 2.1.2.29),
- equality of treatment: linked to the non-discrimination principle which is one of the fundamental principles of Community law. It requires that comparable situations should not be treated in a different manner unless such a distinction can be objectively justified,
- proportionality: any measure adopted by public authorities should be both necessary and appropriate in the light of the objective sought,
- mutual recognition: implies that a State in which will be provided the performance has to recognise and accept the products and services supplied by economical operators of other countries as long as these products and services correspond appropriately to its needs.

Taking into consideration that these principles are intertwined and it is difficult to infringe one without infringing the other, it must be borne in mind that any solution must uphold not only the interests of the economical operators but also the fundamental rights of citizens. This means, therefore, that rejection measures imposed by public authorities must be justified as well as be subject to judicial review initiated by the beneficiaries.

Obviously, one of the main controversial points about PPPs involves the debate over the establishment of a uniform Community-based legislative framework, the lack of which is considered by many as a dissuasive to PPPs development, given the complexity and diversity of national frameworks (Green Paper on PPP: Par. 1.1.14 and 2.1.1.32). The debate focus mainly on service concessions: in fact, legislative provisions impose no obligation for coordination in this sector and Member States seem reluctant to introduce governing provisions.

In practice, this entails considerable legal uncertainty and poses the risk of failing to guarantee fair competition to the satisfaction of demand in terms of time, price and quality of service provision, running counter to the pursuit of public interest.

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26 In Italy, on the bases of the yearbook CRESME Europe 2012 “Opere Pubbliche e PPP”, (Public Works and PPP) - http://www.cresme.it/doc/Opere-pubbliche-e-Partenariato-Pubblico-Privato.pdf (last consultation date: October 2013) in the period 2002 – 2011 the PPP is strongly increased and well-established, as well as is increased the number of the actors. In Italy the PPP is mainly disciplined by the Code of Public Contracts related to works, services and supplies (D.Lgs. 12 April 2006, n. 163) and by the Single Text of the Local Authorities (“Testo Unico degli Enti Locali” - D.Lgs. 18 August 2000, n. 267).
In general, it may be said that difficulties related to public finance and budgetary constraints imposed by adhesion to the Monetary Union have certainly helped to promote the search for alternative and more efficient forms of financing, than the exclusive retrieval of resources for the State budget, resulting in the PPP.

The use of this instrument is closely linked to a set of factors from both sides that go beyond the budget constraints and the cuts to public spending and that are also related to the establishment of a market that is increasingly competitive and a growing demand by citizens and firms for infrastructure and services always connected to the development of a country.

All of these factors have contributed to put more attention at European level to this type of instrument, given also the necessity to improve the effectiveness of interventions programming, of the quality of infrastructures and delivered services as well as to introduce effective competition on execution and operation costs and more innovation.

In the last decade, PPPs market a strong growth and today more than ever - at a time when the cuts in the public sector are huge - could really help amidst a financial crisis that is stifling the European countries sustain the economic activity\(^{27}\) and favouring the enterprise of a growing sustainable economy.\(^{28}\)

It can be affirmed there is a widespread use of PPPs, especially for the construction of public works but in general, it is worth noting that the use of these instruments is not always carried out appropriately and with full knowledge of the different operating tools.

For this reason, some Member States and acceding countries have in fact created co-ordination and promotion instruments, aimed to spread good practices (Green Paper on PPP: Par. 1.1.6) and - even though, as already mentioned, the use of this tool is expanding - the dissertation found the need on the part of the operators of both sectors to know and better understand the potential use of this tool, also in view of a greater and better use of EU funds; PPP, ultimately, should be an important instrument to help to cope with the actual crisis in Europe and beyond.

At the same time, this process should be accompanied by reinforced and consolidated knowledge and expertise on public procurement and tendering procedures in general, and enhanced of negotiating skills of public authorities in the member states and in candidate and potential candidate countries, as well as in the so-called ‘neighbouring’ countries.

\(^{27}\) In this regard see also the Annual Report of the Italian portal on PPP: “Il partenariato Pubblico-Privato in Italia nel 2012. Una strada obbligatoria per il rilancio del Paese”, (the Public-Private Partnership in Italy in 2012. An obliged way to re-launch the country) - www.infopieffe.it (last consultation date: October 2013).

It should be noted that even if the public and private sectors are driven by different interests and potentially in contrast, both have the interest to safeguard the principles of transparency and fair competition.

Obviously, the advantages of resorting to PPP are multiple for both partners, but also for the beneficiaries of interventions. In particular, the public authorities find PPP attractive because this type of partnership allows them to benefit from the technical knowledge and the expertise of the private sector and to roll-out projects comprising all stages, moving from the role of direct economic actor to one of organiser, regulator and controller (particularly active in the definition of goals in terms of collective interest, quality of services to be provided and the pricing policy, thus having control over the achievement of these goals) (Green Paper on PPP: Par. 1.1.3 and Franchini 2007).

1.4 PPP IN INTERNATIONAL AND CROSS-BORDER COOPERATION AND THE NEW WAY OF COOPERATION

In international cooperation and in particular in the cross-border cooperation, more and more public administrations in beneficiary and donor countries are acknowledging the subsidiary role of civil society and private sector in the activities of general interest, and therefore, also in the delivery of public functions and services. Through PPP, public administrations promote and support the autonomous ability to action of individuals and social organisations. In addition, there are the same donor countries “that make appeal to the private sector, to the foundation and even to the academic institutions to contribute themselves with financial support and with operational experience” (Kobla 2007: 269).

Furthermore, PPP is becoming more and more important also within International Organizations and Development Banks which are increasingly adopting this instrument in their operations in the framework of international cooperation, even to the aim of obtaining a greater performance and visibility, through the implementation of joint projects as well as through the implementation of single project activity such as awareness campaign or even only through co-financing, seeking to contextualize it adequately to the country in which they operate.29 In general, it may be said that the goal of encouraging dialogue with private operators drives efforts to develop and test ideas and ultimately adopt innovative practices in

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29 See for example the Global Compact Initiative, launched by Kofi Annan in ’99, at the web site www.unglobalcompact.org (last consultation date: October 2013) - in the fifth Chapter the dissertation will provide more details related to this initiative -. See also a pilot initiative of the United Nations Interregional Crime and Justice Research Institute (UNICRI) in Lisbon to enhance PPP for the protection of vulnerable targets and security at major events - http://lab.unicri.it/lab_offices.html (last consultation date: October 2013) and the web site of the International Labour Organization (ILO) - http://www.ilo.org (last consultation date: October 2013). Indeed, ILO started to develop in the world several PPP initiatives in 2001, such as the “Better Work” Programme or the “Education and Skill Training (EAST)” Project.
Various sectors. The dialogue between the public and private sector should also serve to know and recognize the reciprocity of the two sectors, thus optimizing the division of tasks, obligations and risks.

Benefits are mutual; for private operators include reinforced influence in policy-making processes and reinforce reputation in the market, through greater corporate social responsibility and greater knowledge of the territory of public administrations; for public entities include received strong expertise in some areas such as management, research and innovation, etc.

Besides community benefits in terms of management efficiency, quality of works and services rendered, PPPs lead to refined impact assessment methods for projects and estimation of benefits for the public operator through partnership solutions as an alternative to the traditional financing under the State budget (generally reduced time and costs as well as increased technology innovation) as well as provide the possibility to transfer part of the project risks to the private sector, in a transparent, proportionate and targeted manner.

It could be affirmed that, if in the developed countries the PPP is used mainly to help cope with difficulties due to budget cuts, the less developed ones see PPP primarily as an accelerated response to the needs of the citizens that hardly would otherwise be fulfilled, especially in cases where public administrations suffer from deficit of technical and managerial nature, as well as of shortage of financial resources available.

The PPP, which contributes in a general manner also to the Community debate on services of general interest (SGIs), at the European level also contributes to the achievement of A European initiative for growth - Investing in Networks and Knowledge for Growth and Jobs (COM//2003/0690/def.), an initiative that explains in substance what is necessary to reactive investments in networks and knowledge throughout the European Union.

Developed in close cooperation with the European Investment Bank (EIB), this Initiative aims essentially to accelerate investment in priority projects of Trans-European Transport Networks and to connect the EU to the vanguard innovation and technologies precisely though the launch of Pan-European projects in these sectors.

In fact, strengthening the broader structural reform programme of the European Union, launched at the Lisbon European Council in March 2000, - which will be analysed in depth in the fourth Chapter - this initiative for growth includes a ‘Quick-start’ programme for 56 projects, all with a strong cross-border impact to produce positive results in terms of growth, jobs and environmental protection, whose total investment cost must be covered by public and private sources.

32 http://www.europarl.europa.eu/summits/lis1_en.htm (last consultation date: December 2012)
33 In this regard see also http://www.spaceref.com/news/viewpr.html?pid=13033 (last consultation date: October 2013).
Therefore, PPP is seen as innovative and complementary to other instruments used so far to promote development, create new approaches and reforms, as well as to accelerate and develop investments, policies and good practices in various sectors, even at cross-border level.

To quote an example that shows how PPP is being increasingly recognised as an innovative instrument in different areas, in 2012 the European Commission announces that will implement the bio-economy strategy and will promote markets for bio-based products, by speeding up the elaboration of standards and their international recognition, by promoting the certification and green public procurement, through collaboration with the industry to “establish a research and innovation PPP for bio-based industries at European level (by 2013)” (Communication by Commission - Innovating for Sustainable Growth: A Bioeconomy for Europe COM/2012/060/final: 2.3.10).34

Another scope will be the sustainable industrial policy, construction and raw materials in which the PPP - especially relative to the energy efficiency of buildings - can accelerate the transition from research to market. In addition, on the basis of consultations with the industry, the European Commission will evaluate detailed proposals for PPP on hydrogen, fuel cells and green vehicles.

As observed in the first part of this chapter, this instrument was initially viewed by public actors as a viable means for major and complex public infrastructure works that needed highly specialised know-how (sometimes of many countries), in addition to a large outlay of money, but over time it was recognized as a valid support even in the delivery of public utility services.

It is important to reaffirm that in recent years, as mentioned above, not only the public administrations of many developed countries, but also those of many developing countries, have introduced forms of collaboration with the private sector for the construction and/or the management of public works.

Although PPPs are more developed in the Anglo-Saxon countries, where the weight of public intervention is traditionally less relevant and legal system more pragmatic, the dissertation has been able to verify that not only other Western countries are gradually expanding these forms of collaboration; but also many developing countries consider PPPs useful for the purpose of coping with both the infrastructure deficit and the insufficient and inefficient delivery of services to citizens.

Different in these countries are also the cases in which the public sector delegates responsibility for the delivery of services or infrastructure management to non-governmental organizations (also non-profit), including voluntary and/or informal cooperation between the public and private sector.

As a matter of fact, the aim of PPP is also to increase and improve the living conditions of the population starting “from two focal points: the economic democracy in the development cooperation for poverty reduction and the social impact in promoting the private sector” (Kobla 2007: 263) in a partnership based on a mutual responsibility. This for promoting the

sustainable development by supporting these countries in their internal reforms aiming to achieve good governance and democratic systems in which fundamental human rights are protected (Kobla 2007: 269).

Although the first part of this chapter did not explore in depth the methods employed in the use of the PPP and its various forms, as above all pertaining on relevant legal aspects of the issue, it is an opportunity to dwell briefly on cooperation between local authorities, a proper expression of local self-government guaranteed both nationally and at European level (see for instance Article 5 of EC Treaty and Articles 2 and 4 of the European Charter for Local Self-Government), which allows for introduction of dissertation in Inter-Municipal cooperation and serves as an instrument of international and cross-border cooperation and a potential instrument for PPP.

In effect, noting that the same Treaty establishing a Constitution for Europe, explicitly recognizes local and regional self-government, as well as the legal-organisational State bodies related to them, and that the Green Paper on PPP recognizes as public partners the national, regional and local entities firstly. It is worth referring to the judgement of the Court of Justice of European Community of 13 January 2005 on cooperation agreements in Spain.

This judgment indicates that the agreements within the organization of the State may not be excluded en bloc from the scope of EC procurement rules. Hence, procurement rules should be respected whenever two entities with distinct legal personalities, regardless of their status, conclude a contract for pecuniary interests.

Obviously, this Court judgement provoked a fervent debate in the EU, given the growing importance of the Inter-Municipal Cooperation (IMC) instrument in the international cooperation and the perceived need for more flexible and simple procedures.

1.4.1 THE INTER-MUNICIPAL COOPERATION.

The Inter-Municipal Cooperation (IMC) means that two or more local government entities make agreements/arrangements for the provision of services that they are tasked to perform under the law. Similar to the forms of PPPs, this is important to minimize costs, to provide services more effectively (economy of scale), to ensure fairer cost distribution and risk, to increase capacity via sharing of best practices and combining expertise, and growing scope of powers. IMC is even more important in countries engaged in international cooperation, where municipalities are often small and lack adequate resources (human and financial) to deal with

35 For more information about these aspects, refer to the Green Paper on PPP and subsequent EC communications.
37 https://wcd.coe.int/ViewDoc.jsp?id=1133903 (last consultation date: December 2012).

In this regard see also the report “Good Practices in Intermunicipal Co-operation in Europe” - http://www.comunis.eu/downloads/methodology/Good%20practices%20in%20intermunicipal%20co-operation%20in%20Europe.pdf/view (last consultation date: December 2012).
their problem and answer to the various needs of the population. Reinforcing solidarity and cooperation through the creation of an IMC, they can strengthen each-other and find shared solutions to improve the living conditions of their communities. IMC also empowers them to apply for donor funds. In addition, they can establish municipal enterprises - should the law allow it - or become associates in a PPP. They can also sub-contract a private company or create an IMC entity, thus opening the doors to a viable market attractive to private investors (CoE, UNDP, & LGPSRI, 2010).

In essence, IMC is a useful tool to assist in bridging the gap among municipalities, but we should keep in mind that this type of initiative is not always easy to undertake, especially in countries where local development is a rather new concept and the culture of self-government and PPPs is still limited and not supported by national policy and legislation (the case of Albania will be investigated below as an example).

Considering what the dissertation mentioned until now, although it could be said that PPP is a development tool used in different modes, in different degrees of application and in countries with a different degree of development, it can be affirmed that the private sector (profit and non-profit) has become an actor in international development cooperation to all intent and purposes.

Obviously, the private sector orients its choices based on profit, while the public places with human beings at the centre, and the economic activity remain purely functional tools in obtaining the well-being of individuals. The offer and application of this strong valorisation model enabled the non-profit private sector (or cooperative) to become the main private actor in international cooperation.

Practice shows us that although the end goal of for profit private sector is not by definition the creation of ethical business and the diffusion of a social inclusion model for economic development based on democratic principles and mutuality, this does not mean it cannot be involved in international and trans-national cooperation initiatives. On the contrary, it was possible to involve private entities in projects and activities having as an end goal the transfer of their knowledge, skills and good practices at both central and local level.

In general, the focus of non-profit activities is to provide technical assistance and training, transfer expertise and deliver capacity-building events also through partnerships with local organizations, both public and private, as mentioned above.

1.5 SUMMING UP

Summarizing the main points presented in this first chapter, it may be affirmed that PPP was born in the ‘30s mostly linked to the energetic and mining sectors to expand then in other sectors of industrial investments and different infrastructures from the energy to the supply of public services. From the ‘90 and on Europe has demonstrated an increasing interest in PPP,
following the restraint of the public expenditures and leading the European Commission to draw up the Green Paper on PPP in 2004. However, as it was seen, there is not a Community normative neither any common definition of this form of partnership. The Green Paper presents two principal typologies of PPP and four principal categories of trust related to them. It explains their principal characteristics and opens a public consultation/debate at European level on the question-marks regarding different topics aiming to improve their use.

It can be affirmed that PPPs are in strong growth and are seen more and more as an important instrument of economic and social development. The importance of this partnership is recognized also in the international and trans-border cooperation. In fact, the public administrations, both beneficiaries of the interventions and donor countries, as well as international organizations believe in this kind of instrument.

Generally it can be affirmed that the reference to PPP is used to contribute in solving difficulties caused from public balance cuts but also to overcome the scarcity of technical and management competencies of the public administration and also related to bureaucratic constrains.

It is seen afterwards that an instrument which opens the way to potential PPPs is the IMC instrument, in other words, the instrument which permits to bridge the gaps in the municipalities and makes them stronger also in applying for donor funds. They can establish municipal enterprises and/or associate with it in a PPP; they can sub-contract a private company or creating an IMC entity constitutes a viable market attracting private investors as established by CoE.

The PPP is therefore an actual subject as long as it is considered as an innovative and complementary instrument to promote development and reforms as well as investments, policies and good practices in different sectors also at trans-border level especially considering the crisis situation of the public finances. Therefore, thanks to PPP it can be affirmed that the private sector also has become at all its effects a potential actor of the international development cooperation.

In conclusion, it is possible to affirm that what was a prerogative of the non-profit sector in the recent past - to propose an enterprise model capable of combining economic and social objectives (social responsibility) and reinforcing competitiveness, social cohesion and environmental protection - is now increasingly becoming an objective of the private sector for profit. By pooling and combining activities of international cooperation and economic activities, both perform solidarity actions and a new model of entrepreneurship based on international and trans-national co-operation.

After the analysis of when and how PPP emerged in Europe as well as of what are its goals and what the EU means by PPP, in the next chapter the dissertation will analyse the European policies and the related instruments intersecting PPP and CBC, in particular the EU Cohesion Policy, the EU Enlargement Policy and the European Neighbourhood Policy as well as how CBC became more explicit in the EU context and in particular in the context of the stabilisation and association processes.
The role of PPP in CBC as strategic practice in the EU policies and cooperation tools for 2014-2020

In the previous chapter the dissertation showed that, at European level, it was recognized over time that the use of PPPs can lead to a reduction of the regional economic imbalances in Europe, especially through the establishment of trans-European transport networks. So far, in fact, the PPP is a form of partnership used mainly in infrastructure projects, but more and more also in the fields of health, public safety, and education.

It is possible to state that PPPs in the services sector are somewhat rare and unknown, and if this dissertation will demonstrate the validity of its hypothesis, it will be demonstrated that PPPs are still scarcely used in the cross-border cooperation, at least regarding Albania in the framework of IPA programme, CBC component. This lack of PPPs is attributed to various reasons, but the main reason is that the model presented by the EU seems to be hardly applicable, efficient, effective and sustainable.

2.1 EUROPEAN COHESION POLICY (OR REGIONAL POLICY) AND RELATED INSTRUMENTS

The Shuman Declaration in 1950 urged European states to engage in forms of cooperation that would later be set. “The famous declaration …. was clear as to step by step approach to be followed for European integration” (Guide to European Policies: 441).

Afterwards, the Treaty establishing the European Economic Community (EEC) (Rome, 25 March 1957), called framework treaty (Daniele 2010: pg. 12), included in its premises a provision to allow the accession of other states and had as one of its objectives the need to reduce the economic and regional disparities in Europe, “… differences existing between the various regions and the backwardness of the less-favoured regions …”, thus addressing since then current action of the European Union that, through the Community Regional Policy or Cohesion Policy, aims to strengthen economic, social and territorial cohesion in order to enhance growth, competitiveness and employment in Europe.

It should important to note that the Article 2 of this Treaty states that the goal of the European Economic Community is to promote the balanced and sustainable development of the Community. In addition the Community shall promote economic and social cohesion and solidarity among all Member States. This demonstrate that the EU, since then, sought to...
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\(^{38}\) http://europa.eu/about-eu/basic-information/symbols/europe-day/schuman-declaration/index_en.htm (last consultation: December 2012).


reduce the development gaps between various regions and to support the less developed and poorer regions, such as the rural areas.

2.1.1 IMBALANCES BETWEEN REGIONS AND MEMBER STATES

There are many possible causes attributed to the existing imbalances between the various regions and Member States. Although they are not the object of this dissertation, however, it is still important to mention them briefly.

The causes derive mainly from:

- the result of long historical processes;
- imbalanced physical capital, human and natural resources;
- disparity in innovation capacity;
- efficiency and effectiveness of institutions and policies;
- value systems, characteristics of the social structure;
- opening and insertion in the global economy, etc.

In general, it may be affirmed that all these causes reflect the major differences as regards the presence of the factors of competitiveness, which lead progressively to asymmetric distribution of physical and human capital, as stated in 2004 interim report on territorial cohesion (Preliminary results of ESPON and EU Commission studies) of the DG Regional Policy.41

In brief, the cohesion policy or regional policy employ European and national public resources, with the aim to help close the gap between regions and Member States, to increase opportunities for growth and social inclusion as well as to promote the economic cohesion among territories (Moussis 2000).

In other words, it is possible to said that the EU economic and social cohesion policy is needed for social justice reasons and seeks to promote a resources distribution more balanced (Nugent 2008: pg. 29), as well as an harmonious and sustainable development in the Community, by reducing inequalities among European regions and investing in their endogenous potential, in order to enhance their competitiveness and foster the recovery of the most marginalised and backward areas.

Therefore, it is an expression of solidarity among Member States and the engine towards greater competitiveness over the entire European territory with the scope of making European regions more attractive, innovative and competitive place to live and work in.42

2.1.2 VARIOUS STEPS OF THE EU REGIONAL POLICY.

Consequently, although the EEC Treaty did not explicitly provide for a regional policy, it is possible to affirm that it considers somehow the achievement of the above-mentioned objectives and contains provisions on:

- coordination of economic policies, implementation of Community policies,
- particularly regarding the single market,
- use of existing Funds, which will be analysed later on.

As it has been affirmed so far, the need to ensure a harmonious development of the Community territory was already provided for in the Rome Treaty of 1957 which provided not only for these mentioned provisions, but also for three common policies (agriculture, trade and transport) and for the creation of important mechanisms of solidarity that is the European Social Fund (ESF) (Article 123) and the possibility to set up one or more agricultural guidance and guarantee funds (Article 40.4).

The first regional policy was launched only after the first EU enlargement in 1973 and precisely with the creation of the European Regional Development Fund (ERDF) in 1975 (Viesti and Prota 2004: pg. 17).

Only later, with the Single European Act in 1986, the economic and social cohesion became expressly an objective of the Community (Sub section IV, Pg.13: “In particular the Community shall aim at reducing disparities between the various regions and the backwardness of the least-favoured regions”) to finally be recognized as a policy by the Maastricht Treaty of 1992 (Art. 2), which will be analysed later on.

But it is possible to affirm that the Single European Act of February 17, 1986 provided a sort of the first reform of ‘regional policy’ that must be carried out through the Structural Funds.  

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43 Pursuant to this Article, it was adopted the Regulation No. 25 of 1962 on the European Agricultural Guidance and Guarantee Fund (EAGGF) that was replaced in 2005 by the European Agricultural Guarantee Fund (EAGF) intended to finance market measures and other measures, and by the European Agricultural Fund for Rural Development (EAFRD) intended to finance rural development programmes (Council Regulation (EC) No 1290/2005 of 21 June 2005).


45 http://en.wikipedia.org/wiki/European_Agricultural_Guarantee_Fund (last consultation date: December 2012),


47 Pursuant to this Article, it was adopted the Regulation No. 25 of 1962 on the European Agricultural Guidance and Guarantee Fund (EAGGF) that was replaced in 2005 by the European Agricultural Guarantee Fund (EAGF) intended to finance market measures and other measures, and by the European Agricultural Fund for Rural Development (EAFRD) intended to finance rural development programmes (Council Regulation (EC) No 1290/2005 of 21 June 2005) -
Therefore, it is important to look at the general principles of this Act that entered into force in July 1987.

It stipulates principles fundamental to the cohesion policy and stemming from the principle of subsidiarity which stipulates that the European Commission can take action in areas of its exclusive competence only if and to the extent that the objectives of the proposed action cannot be sufficiently accomplished by the Member States themselves. These may be listed:\(^{47}\):

- Concentration Principle,
- Partnership Principle,
- Programming Principle,\(^{48}\)
- Additionality Principle.

These principles will be dealt with in this dissertation later, but here it is important to note that they were developed in the framework of the cohesion policy in order to implement the more specific structural policy which establishes that the Structural Funds are the main financial tool for the achievement of its objectives\(^{49}\) such as “the promotion of the development and the structural adjustment of the regions with a weak development ...” (Martinelli 2013: p. 123).

The 3 Structural Funds established under Article 130b of the Maastricht Treaty are:

1. European Regional Development Fund (ERDF),
2. European Social Fund (ESF),
3. European Agricultural Guidance and Guarantee Fund (FEAOG).

So, the Single European Act has provided the Community with new and greater competence in economic and social cohesion and has defined its objectives as well as the instruments to be used for their attainment.

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\(^{48}\) This principle incorporated later the principle of evaluation, initially ex ante and ex post, with the Council Regulation (EEC) No 2052/88 (Article 6.2).

The 3 Structural Funds established under Article 130b of the Maastricht Treaty are:

- Structural adjustment of the regions with a weak development.
- Employment creation and employment protection.
- Social protection.

These new rules accompanied an increase of funds in financial terms, with the Council’s approval in 1988 of a series of economic measures known as ‘Delors 1 package’. So, the Maastricht Treaty in 1992 marked a new stage in European integration since it put in place the integration policy and it is possible to affirm that the reform of the cohesion policy began with the Delors 1 package above mentioned (Mammarella and Cacace 2013: pp. 235 and 217).

It is also important to mention that the Maastricht Treaty redefined the Community objectives, and introduced the Cohesion Fund (Articles 129.c.1 and 130.d) to finance activities in the environment and transport sectors in the poorest countries of the EU (Viesti and Prota 2004: p. 26), the Committee of the Regions involved in regional policies and, above all, a balance is sought between cohesion, employment and competitiveness (Martinelli 2013: p. 121).

The Maastricht Treaty stipulates, inter alia, the obligation of the European Commission to submit every three years, to the Council and the Parliament, a status report on the progress and work in achieving the economic and social cohesion in Europe (EU Report on the Economic and Social Cohesion in Europe).

After the signing of the Treaty, the European Commission relatively over 1994-1999 proposed a significant increase in the availability of funds for regional policy, industrial and external aid through the ‘Delors II’ (Mammarella et al. 2013: p. 370); more than half of the overall increase goes to support the Structural Funds and the Cohesion Fund (Viesti and Prota 2004: p. 27). We can deduce that from February 1992 the objective of cohesion - geared to the reduction of socio-economic gaps existing within the territory of the Community - became one of the EU fundamental objectives even if since the ‘80s the cohesion policy became important more and more (Nugent 2008: p. 29). This objective was seen as an integrated action requiring active involvement of territories covered by the intervention, through forms of technical-financial co-participation. The same structural funds, part of the Community budget, are spent on the basis of a system of shared responsibility between the European Commission and the Member States.

Indeed, in practice, the European Commission negotiates, approves and finances development programmes proposed by the Member States, as well as monitors and checks their control.

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50 Regarding to this set of reform proposals including economic and social cohesion see: http://www-3.unipv.it/cdepv/ause1-01.pdf (last consultation date: December 2012).

This package aimed to improve external relations with so-called developing countries, strengthen the internal social and economic cohesion inside and create a more conducive environment to the competitiveness of the European industry, Commission Recommendation No 92/1992 that is COM (92) 2000 of the 7 February 1992. To know more about this, it should be read the third relation on cohesion-convergence, competitiveness and cooperation of 2004. http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion3/cohesion3_en.htm (last consultation date: December 2012).
systems. The Member States and the Regions manage and implement the programmes, select the projects, control and assess them. Structural Funds developed notably following the Treaty of '92, mainly due to the accession of Eastern countries into the EU, which were less developed than the existing member states; then this urgent the need for a reform and strengthening of these funds.


As a result, this reform continued with the Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1784/1999. Basically, it redefined the previously set objectives, seeking the convergence of the Member States and the regions, regional competitiveness and employment and European territorial cooperation (Point 9).

It placed further focus on aid, emphasised the additionally principle and simplified and decentralized the implementation of the funds themselves, simultaneously increasing the efficiency through better monitoring and evaluation.

56 In fact, the title is indicative of the growing importance attached to this instrument; it is worth mentioning that for the programming period 2000-2006, the financial framework approved by the European Council of Luxembourg in December 1997 was 213 billion Euros, of which 195 billion for the Structural Funds (ESF, ERDF, FEAOG and FIFG) (Article 7.1) and 18 billion to the Cohesion Fund (Article 7.2) (of which 7 billion Euro were then transferred to the new IPA instrument in 2006 created by the Council Regulation (EC) No 1085/2006 - http://eur-lex.europa.eu/LexUriServ/site/it/oj/2006/l_210/l_21020060731it00820093.pdf (last consultation date: December 2012).
“EU Funds can be combined with PPPs in a variety of ways, of which co-financing is only one. The European Commission has made three different groups of instruments available to PPPs:

- Financial engineering instruments that leverage private finance – in other words, enabling private finance to be used where it would not otherwise have been the case;
- Sectors focused grants that incentives promoters to undertake projects in the pan-European interest;
- Grants that support the cohesion policy of the Union and individual EU Member States.

These instruments address different needs, and are directed at different authorities.”

For the purpose of this dissertation, the third instrument is the important one but all of these worth to be developed a little bit more:

“... The main reason for the Commission to offer financial engineering instruments for PPP projects is to support the provision of important infrastructure and the need to bridge certain market gaps, which are not yet addressed by other parties. The funds for financial engineering are targeted at the private sector and are of potential interest to public sector authorities involved in the procurement of PPPs. They apply where a PPP project encounters difficulties in establishing an acceptable financing scheme. In this case, certain clearly-defined project risks associated with PPP projects are assumed by EU Funds from different EU programmes. An example is the Loan Guarantee for TEN-T projects (LGTT), which is a loan guarantee product specifically designed and administered by the EIB for TEN-Ts. The Commission and the EIB jointly fund it. It mitigates the traffic risk in the early stage of a transportation project when user-generated revenues experience significant fluctuations that can hamper access to competitively-priced private funding. By removing one of the major obstacles to the financing of such project, the EU Funds help to bridge a financing gap and thus facilitate the execution of a project. Project examples include the A5 motorway in Germany, the C25 in Spain and the EP4 in Portugal.

The Commission provides a number of grants to incentivise projects of pan-European importance, e.g. trans-European networks, environment and climate change mitigation, European competitiveness. The grants for trans-European transport networks provide a good example for the mechanics of these grants. The EU grants to promote investments in TEN-T are of potential interest to public sector authorities involved in the financial planning of TEN-T projects. The majority

of available TEN-T grants are offered to support studies or works, which contribute to the TEN-T programme priorities such as cross border linkages, environmentally friendly transport, removing bottlenecks and pan-European traffic management systems. TEN-T funding opportunities are open to all EU Member States and, with the agreement of the Member States concerned, explicitly also to joint undertakings and PPPs.

The Commission makes EU Structural Funds available to support the cohesion policies of the Union and individual Member States. The respective Managing Authority of the Member State processes these grants. In most cases, the public entity is interested in combining such grants with PPPs because it wishes to source the necessary co-financing from private funds and/or it sees value in an off-balance sheet treatment of the underlying asset. When assessing the mechanics of combining the grants with PPPs the respective Managing Authority would normally work in cooperation with the public sector entities involved in the procurement of PPPs. The Structural Funds grants offer the largest amount of funding that is potentially available to PPPs, both as a whole and on a project basis. They can come either as a defined percentage of construction costs of non-revenue generating projects (e.g. un-tolled roads) or a variable grant to bridge the funding gap in revenue-generating projects (e.g. waste incinerator, toll road).

Where an economically worthwhile project which generates some revenue is, nevertheless, unable to meet the whole of its costs from user charges, it can apply for EU grants. The maximum grant is the amount that is sufficient to make the project financially viable. This is known as the ‘funding gap’. The beneficiary of the grant has to be a public sector entity but the funding can subsequently be made available to private partners in a PPP provided certain key principles are observed (i.e. mainly procurement and state aid rules). This instrument does not necessarily reduce the credit risk of the underlying project, but without such a grant, the project would not be feasible as PPP. A good example would be the Greek Rion Antirion Bridge. Structural Funds grants are also made available as non-repayable contributions, but the rules that allow applying them in PPPs are very different from TEN-T funds and they are managed by different counterparts on both sides of the application process.

As it possible to understand, the application of Structural Funds grants for PPPs, which is also by far the largest amount of potential funding available, requires attention. The complexity varies according to the nature of the funding, the ownership of the assets, the time necessary to implement the investment, etc., but in general, the combination of EU Structural Funds and PPPs is not easy and it should change and be facilitated in the future. The main areas of difficulties encountered until now are: Planning, Funding gap analysis, timing grant application and PPP procurement. ...”.

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58 This is at least established practice, although the rules do not seem to prohibit explicitly grant applications directly by the private sector.
It is important to underline that the European Commission has furnished also some guidelines regarding the juridical and methodological issues related to the association of the community funds with the PPP, particularly in the frame of JASPERS initiative, to facilitate and increase the presence of PPP in projects funded under structural funds. Among the main issues that have been come across in the aforementioned guidelines are:

1) The understanding of the criteria to be fulfilled for obtaining EU funds and of the determinant modalities that would lead to a full financing of a specific PPP. It must be emphasized that the EU contribution can cover up to 85% of the expenses. However, the participation of public administration (in at least 15% of the tenders) must be guaranteed;
2) The understanding of the procedures (including the timing) for the presentation of the documents and for the approval of the financing. Two alternatives are possible: either before the phase of the presentation of the proposals for the PPP (preferred by many), or after having chosen the private Partner;
3) The structuring of a PPP that can include an intermediary funding from the EU in such a way that would not reduce the incentives and the value for money;
4) The determination of the way (or ways) in which the PPP project can make use of EU funds.

In all cases it is essential that the users of this guidelines ask the suitable consulting and discuss about their project with the competent administration/directory (for example, with the authority of national governance or DG REGIO), keeping open the dialogue during the development and competition stages. This actually would allow a definition of the project and the competition procedure, giving to the project maximal guarantees for the receiving of applicable EU funds and avoiding eventual procedural complications.

Finally, there exist also other elements to be considered in the introduction of the EU funds to a PPP. Such elements are: the selection of more convenient/suitable criteria for the evaluation of the proposals; the necessary verifications for making sure that the provision of funds would not be seen as an illegal state aid; the reduction to the minimum (through a close inspection of the PPP contract) of the risk of significant modifications that impose the reimbursement of the

59 To this regard see also the European PPP Expertise Centre document “Using EU Funds in PPPs - Explaining the how and starting the discussion on the future” (May 2011) at: http://www.eib.org/epec/resources/epec-using-EU-funds-in-ppps-public.pdf (last consultation date: December 2012).
60 JASPERS (Joint Assistance to Support Projects in European Regions) provides advice to the 12 countries that joined the European Union in 2004 and 2007 (Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovak and Slovenia) as well as to Croatia, Greece, the former Yugoslav Republic of Macedonia, Montenegro and Serbia during project preparation, to help improve the quality of the major projects to be submitted for grant financing under the Structural and Cohesion Funds. The assistance is provided free of charge and is geared towards accelerating the absorption of the available funds. JASPERS is managed by the European Investment Bank (EIB) and co-sponsored by the European Commission, the European Bank for Reconstruction and Development (EBRD) and KfW. http://jaspers-europa-info.org/index.php/about-us.html (last consultation date: December 2012).
fund; the measure in which the incompletion of the project leads to the obligation to return the acquired funds.61

2.2 EUROPEAN ENLARGEMENT POLICY (OR PRE-ACCESSION POLICY) AND RELATIVE INSTRUMENTS

Enlargement is part of the EU’s foreign policy and it is the process/the course through which new countries join the EU and which provides a strong contribution to economic, political and social integration; it can therefore be considered the engine of the cohesion policy. Two are the bigger benefits linked with enlargement:

1) economic benefit, due to the fact that a wider single internal market creates more opportunities for the companies of the existing Member States,
2) political and security benefit, due to the fact that the stability of the liberal-democratic systems of the neighbouring countries as well as the respect of the human rights are priorities of the EU’s foreign policy (Nugent 2008: p. 73).

Generally speaking, the political and economic process that constitutes the European integration is open to all the countries of Europe willing to adhere to the founding treaties and to implement the whole of Community acquis; and in fact, even though Article 3 of the Treaty of Rome cited above62 does not contemplate the enlargement policy among the Community policies, under Article 237,63 any European State may apply to become a Community member.

Any European State may submit an application for membership if it respects the EU democratic values and commits to promoting them and, especially following applications from the former communist countries to join the Union, since 1993, if it meets the three fundamental sets of membership criteria laid down by the European Council in Copenhagen (The Copenhagen Criteria) (Nugent Vol. I 2008: p. 65; Letta 2006: pp. 48 – 51).64

In other words, as established in Copenhagen, new members must have met the following sets of criteria upon accession:

- political criteria: stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.

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Generally speaking, the political and economic process that constitutes the European Union’s enlargement is a result of the criteria outlined in the Treaty of Rome. This treaty, which came into effect in 1957, did not contemplate the enlargement policy among the Community Member States. However, it paved the way for future discussions on expansion and the inclusion of new members. This process, known as the Copenhagen Criteria (Nugent Vol. I 2008: p. 65; Letta 2006: pp. 48), was established to guide the process of enlargement. The criteria were designed to ensure that new members would be able to fit into the European Union’s system and contribute to its development.

The criteria set by Copenhagen for new members to join the Union, since 1993, include meeting the three democratic values and committing to promoting them. Additionally, any European State may submit an application for membership if it respects the EU’s foreign policy priorities (Nugent 2008: p. 73). This process is part of the EU’s foreign policy and is crucial in determining the future directions of the Union’s expansion. It is the process through which new members are welcomed, and it affects various aspects such as the commercial and cultural cooperation as well as security policy. The main aim of this process is the promotion of reforms and assisted internal developments, which in turn leads to the attainment of EU political, economic and monetary aims (Moussis 2007: p. 427).

Furthermore, there are some basic eligibility criteria that must be met by the aspiring countries, in addition to the democratic principles. So, candidate countries must (Daniele 2010: p. 155):

- be European countries where for European country there is not a proper definition, but commonly intended as sharing the rules, principles and values of the EU,
- be parliamentary democracies where human rights are respected as well as have a market-based economy,
- be willing to accept the Community acquis (rules and policies), i.e. the EU legislative corpus and incorporate it into national law,
- have the endorsement of all EU member states.

In the late ‘90s were two kinds of collaboration instruments: Association Agreement (known as European Agreement) and accession partnerships (Nugent 2008 Vol. I: p. 77). In the case of Central and Eastern EU countries (PECO countries) these Agreement were signed between 1993 and 1997. In the case of Western Balkan countries, the process started in 1999 and affects various aspects such as the commercial and cultural cooperation as well as security policy. The main aim of this process is the promotion of reforms and assisted internal developments. (Nugent 2008 Vol. III: p. 141). For these countries the criteria relate to the accomplishment of obligations arising from the Stabilisation and Association Agreement (SAA), and the EU takes note of this performance when examining the application for membership. The first SAAs were signed with Republic of Macedonia and Croatia in 2001. These kind of Agreement are a bilateral instrument with the aim of helping the countries to reach socio-economical European standards and to allow them to full integrate in Europe through a free trade area. SAA is an instrument to support these countries in the transition period also through regional cooperation in the Balkan area aiming to create stability in the region (Simone 2013: p. 242).

In addition, the EU absorbing capacity is another key element in any new enlargement, in other words, any Union enlargement or expansion must provide for deeper integration through functioning institutions and policies to welcome new Member States, which, on their part, must be well prepared to obtain public support both domestically and that of the EU Member States.

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65 IBIDEM.
Under Article O of the Treaty on EU\textsuperscript{66} (TEU) or Maastricht Treaty, any European country wishing to join the EU shall apply to the Council; the accession process has three stages and all three subject to approval by all EU member state:

- the country is offered the membership perspective. This means that it should be accorded the candidate status when ready,
- the country becomes a candidate country for EU membership – but this does not mean that formal negotiations are launched,
- the candidate country goes through the formal accession negotiations, a process that involves only the reforms to be adopted. When the negotiations and the accompanying reforms are completed to the satisfaction of both parties, the country may join the EU.\textsuperscript{67}

This EU process intends to prepare and assist candidate countries in assuming their membership obligations and is usually preceded by the Stabilisation and Association process that has the purpose of gradually approaching the potential candidate countries to the EU (Nugent 2008 Vol. I: p. 77).

Both stages are based on rather rigid requirements, fixed and applied to each country within the framework of instruments defined for this purpose and in compliance with the conditions that the aspiring State must meet.

The EU enlargement policy - derived from the process described above - designates specifically the set of conditions posed by the EU to prepare and assist the third state to become a full member of the Union, once the accession is completed.\textsuperscript{68}

The EU had multiple enlargement processes. From 1957 when the EU was founded, membership grew from 6 to 27 member countries in 2007, with the accession of Romania and Bulgaria (following 5 enlargements)\textsuperscript{69} (Mammarella et al. 2013: p. 376). Another enlargement is due to the accession of Croatia in July 2013, which completed the accession negotiations in 2011, after six years. However, Croatia must make further efforts in the areas of respect for and protection of fundamental rights, justice and competition.\textsuperscript{70}

It should be affirmed that for the first time in history, the EU joined the western and eastern parts of Europe, representing a continent that goes from the Atlantic to the Black Sea.

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\textsuperscript{68} Although the EU Treaty uses the term “admission”, this phenomenon is commonly referred to as enlargement or accession.

\textsuperscript{69} It must be noted that the 2004 enlargement had an unprecedented scope and impact, with 10 states joining the European Union. The accession of this 10 countries and the accession of the other two in 2007 is called the enlargement to Eastern Europe or Eastern and Central Europe (Nuglet 2008 Vol. I: p. 63).

\textsuperscript{70} http://europa.eu/about-eu/eu-history/index_en.htm (last consultation date: September 2013) and http://en.wikipedia.org/wiki/Enlargement_of_the_European_Union (last consultation date: September 2013).
As it is mentioned above, the reason why the European Union promotes enlargement is mainly that of spreading democracy, peace and security, as well as political stability and economic prosperity in other countries, by expanding at the same time the European market to accelerate economic growth in the whole continent and of improving the quality of life of all citizens.

Similarly, the reason why the third countries chose democracy and a market economy system to join the EU is attributed essentially to their aspiration to become part of the great European internal market and to influence the Community policies. Another reason is to enhance their political and economic stability and security, as well as to benefit from the financial aid available under the cohesion policy.

Therefore it is possible to affirm that the enlargement process, seen under whatever angle, contributes to stability and security in Europe, and constitutes a strong incentive in the countries concerned for the implementation of important political and economic reforms.

It is in the mutual interest of the EU and the various enlargement countries, in fact, to face the main challenges in the first stages of the negotiations, such as the preserving of freedom of expression, enhancing good governance and rule of law as well as implementing economic and political reforms. The aim of this process is to ensure that the aspiring country complies with the EU standards in all the sectors contemplated by the European Union.71

And the same EU is assisted to achieve its primary objectives that actually consist of crisis management and economic governance, employment promotion through the 2020 reform programme (Simone 2013: p. 224) – which will be mentioned later - and to become a place of greater weight in the world stage.

In the future prospective, other countries may join the EU; actually, the Union has offered the membership perspective to 9 other countries: Albania, Turkey, Iceland, Kosovo, Serbia, Macedonia, Montenegro, Ukraine and Bosnia and Herzegovina.

Iceland, Turkey, Macedonia, Serbia and Montenegro have obtained candidate status, while Albania, Bosnia and Herzegovina, Ukraine and Kosovo are still potential candidates.72

Under the Enlargement Strategy and Main Challenges 2013-201473 and particularly in the annual progress reports, the European Commission renewed the intention to direct enlargement through the Western Balkans, and particularly Albania,74 which, provided it completes some necessary reforms in the area of justice, public administration and parliamentary rules, could be granted candidate country, thus preceding Serbia, Turkey and Bosnia and Herzegovina which have some more important obstacles to overcome.

In a nutshell, Serbia can move on with the integration process faster if it makes significant progress in relations with Kosovo; whereas for Turkey, remain the concerns for the respect of fundamental freedoms; as for Bosnia and Herzegovina, further progress must be achieved in certain political criteria.\textsuperscript{75}

Kosovo, that didn’t signed the SAA due to the fact that there is a territorial dispute between the Republic of Serbia and the Republic of Kosovo regarding its independence, is also considered under membership perspective once it fulfils the essential requirements, also those under the resolution 1244 of the UN Security Council.\textsuperscript{76}

The mechanisms that played a central role in the enlargement process, i.e. the strategies used to promote the objectives of democratisation, stability and growth, are essentially embodied in the conditionality, that is to say, benefits depend on good behaviour\textsuperscript{77} and, although at a lesser extent, on the socialisation, i.e. the influence of the positive example of the European model that springs from relationships or cooperation among countries.\textsuperscript{78}

Briefly, it will be mentioned here how the accession process is developed. The process basically follows this pattern: the accession negotiations are carried out between the candidate country and the European Commission, which represents the European Union.

During the negotiation years, the EU grants aid to the candidate country intended to facilitate economic recovery. Once the negotiations are completed, the candidate countries submits a requests to the Council, which decides unanimously after consulting the European Commission and upon receiving the consent of the European Parliament, which acts through the assent procedure by an absolute majority or unanimity of its member States. Criteria for accession to Treaties arising from the membership are however laid down in an accession treaty. These treaties must be ratified by the Member States and the country that adheres to the Union in accordance with the constitutional rules of each country (Daniele 2010: p. 154).\textsuperscript{79}

In practice, the European Commission prepares and adopts an opinion regarding the candidacy of a specific country and assesses the situation of each country against the membership criteria. Then, to formulate its evaluation, the Commission takes into account the data and

Commission Communication of 10 December 2012 no 200 (last consultation date: December 2012). It is interesting to note that the last two were considered part of the enlargement process since the European Council of Thessaloniki in October 2003 which confirmed that the future of the Western Balkans is in the European Union - http://ue.eu.int/ueDocs/cms_Data/docs/pressData/it/ec/76289.pdf (last consultation date: December 2012).

\textsuperscript{76} http://europa.eu/about-eu/countries/index_en.htm (last consultation date: September 2013). For more information related to Ukraine see: eea.europa.eu/ukraine/index_en.htm (last consultation date: January 2014).

\textsuperscript{77} http://ec.europa.eu/enlargement/policy/conditions-membership/index_en.htm (last consultation date: December 2012).

\textsuperscript{78} http://www.sicilianplus.it/allegati/Sviluppo%20aree%20rurali/INTEGRAZIONE%20EUROPEA%20E%20POLITICHE.pdf (last consultation date: December 2012).

\textsuperscript{79} For more information related to the condition for membership and steps towards joining see respectively ec.europa.eu/enlargement/policy/conditions-membership/index_en.htm (last consultation date: December 2012) and http://ec.europa.eu/enlargement/policy/steps-towards-joining/index_en.htm (last consultation date: December 2012).
information provided by the candidate country itself, the assessments of Member States, reports and resolutions of the European Parliament, the analyses of other organizations and international financial institutions, and keeps stock of the progress made in the framework of association agreements.

The Commission opinion comprises an analysis of expected results, on the basis of which issues a recommendation on the possible opening of accession negotiations with the aspiring country.

So far, negotiations were led essentially by two principles:

1) a single framework for the negotiations,
2) separate negotiations with each candidate country adopting an adequate specific to its peculiarities.80

In this framework, the pre-accession strategy81 comprises two instruments:

1) accession partnership, which defines and rounds up into a single framework all the forms of Community technical and financial assistance as well as indicates the programming modalities for financial resources, in order to implement national programmes intended to prepare the candidate country for accession in the Union,
2) community financial aid, that is PHARE programme, IPSA (in the area of transport and environment) and SAPARD (agriculture and rural development) (Letta 2006: p. 51), as well as the assistance instrument for Turkey and Community Assistance for Reconstruction, Development and Stabilization (CARDS) programme for the Western Balkans. In 2007 IPA (Instrument for Pre-accession Assistance) replaced all these instruments.82

82 http://ec.europa.eu/enlargement/archives/how-does-it-works/financial-assistance/index_en.htm (last consultation date: December 2012) and http://ec.europa.eu/enlargement/instruments/overview/index_en.htm (last consultation date: December 2012). It is considered important to mention that there is IPA instrument included also the IPA Adriatic programme, which will not explained in this dissertation except for briefly saying that the IPA Adriatic program provides financial resources for the entire admissible Adriatic area (ERDF and IPA). Apart from Albania also Italian Adriatic provinces and territories of Slovenia, Greece as well as Croatia, Bosnia and Herzegovina, Montenegro and Serbia (only for institutional cooperation projects) are considered eligible for this programme. It is the prosecution of the PIC INTERREG II A Transfrontalier Adriatic 2000-2006 and of the NNPA INTERREG/CARDS/PHARE. Its objective is to strengthen cooperation and sustainable development in the Adriatic region through the implementation initiatives related to 3 priority areas: economic, social and institutional cooperation; natural and cultural resources and risk prevention; accessibility and networks. For more information on this program, see the following website: www.adriaticipa.cb.org (last consultation date: December 2012) and www.regione.abruzzo.it/xEuropa/docs/ipaAdriatico/IpaAdriatico.pdf (last consultation date: December 2012).
Normally, the tools mentioned have changed and evolved over time, but it must be noted that the PHARE\textsuperscript{83} programme during 1994-2006 represented the key financial instrument for pre-accession and alignment with the \textit{acquis communautaire}.

The PHARE programme - to which ISPA and SAPARD components were added, as above mentioned, respectively for infrastructure and rural development - was addressed to all Eastern European countries that became EU members between 2004 and 2007.

For the Balkans, on the other hand, there was first the Obnova programme (1996-1999) that financed cooperation projects, programmes and actions in the reconstruction and the return of refugees and displaced persons; later on, in the programming period 2000-2006, a specific financial instrument, the CARDS programme, was established for Bosnia and Herzegovina, Croatia, Yugoslavia (later Serbia and Montenegro), Albania and Macedonia. Since the first January 2007, the programme changed and became IPA which through its five components (rural development, human resources development, regional development, support for transition and institution-building and cross-border cooperation including IPA Adriatic) assists the Western Balkans countries towards the European Union. IPA instrument, in particular the new IPA, will be dealt with specifically in the fourth Chapter.

\subsection*{2.3 EUROPEAN NEIGHBOURHOOD POLICY (OR PROXIMITY POLICY) AND THE RELATED INSTRUMENTS}

European Neighbourhood Policy (ENP), like the enlargement policy, falls short of a specific provision in the founding treaties. We could say that it was outlined in the Commission Communication 'Wider Europe'\textsuperscript{84} of March 2003 to assist in the 2004 enlargement, with the scope of intensifying the relations with the EU neighbouring countries (initially especially with its new neighbours Georgia, Ukraine and Moldova thanks to the accession of Bulgaria and Romania) to improve the stability, the cooperation and the relations of this area with the EU.

So, we can say that the neighbourhood policy and the EU action towards its external borders (land and maritime border, at the East and the Mediterranean) is in essence a common commercial and development policy, but also a security policy, intended to prevent any possible division between the EU and its adjacent countries.

It is in essence a strategic objective of the EU to build up existing relations with the so-called partners, based on the commitment to shared values such as democracy, human rights, good governance and sustainable development (Simone 2013: p. 224).


\textsuperscript{83} http://ec.europa.eu/enlargement/archives/how-does-it-works/financial-assistance/index_en.htm (last consultation date: December 2012).

\textsuperscript{84} http://ec.europa.eu/world/enp/pdf/com03_104_en.pdf (last consultation date: December 2012).
and Partnership Instrument, the countries involved are geographically neighbouring countries or with historic and economic links and are mainly located on the Mediterranean coasts. These countries are: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia to the south (ex MEDA countries), while to the east: Belarus, Moldova and Ukraine, and in the South Caucasus region: Armenia, Azerbaijan and Georgia (both ex TACIS countries). The aim is to build a zone of stability, security and well-being through the implementation of comprehensive reforms. At present, not all the countries listed here have agreed to implement these reforms (e.g. Libya and Syria) and with Russian Federation, there is a particular procedure of relationship through a specific instrument of cooperation called strategic partnership (Simone 2013: p. 224).

Through this policy, the EU wants to spread its shared values and extend the area of peace and stability, security by strengthening the prosperity and welfare of all the peoples involved and beyond.

In fact, the European Union’s external actions are aimed at the development of democratic processes and the promotion of economic and political cooperation structures that the EU itself has adopted for its own internal policies and that are proposed to third countries as a strategy to achieve security, stability and prosperity; but they are also aimed at strengthening trade relations with the partners to remove possible barriers to trade in goods, capital and services, thus reinforcing the European economic integration and also preventing contrasts within and outside the EU (Simone 2013: p. 245).

The underlying idea is that of stability, security and peace, but it accompanies the aim to integrate partner countries into the European single market by harmonizing and regulating the free trade, by implementing monitoring tools on different action plans, in order to reduce poverty, facilitate structural reforms and improve the macroeconomic framework.

The European Union thus provides the partner countries with financial and technical assistance necessary to the achievement of these objectives, through specific bilateral action plans designed with each individual country (Simone 2013: p. 223).

Besides, there are incentives in place for countries that are unable to demonstrate the progress achieved.

Such action plans are the basis for this policy and consist of documents outlining the strategic objectives of the cooperation between the EU and the so-called ‘neighbouring’ countries, by establishing shared priorities that must be implemented jointly. The absolute priority is, generally, the improvement of the investment climate and productivity.

In short, the other strategic objectives could be listed as follows:

- achieve and maintain macroeconomic stability,
• improve access to credit, insurance services and other financial services important to enterprises,
• foster establishment and development of enterprises,
• improve the competition policy and trade liberalisation,
• remove restrictions on capital flows,
• implement institutional and judicial reforms,
• support research and development,
• improve education quality,
• combat corruption.  

Therefore, the primary objective of the EU policy is democratic and economic stability with the ‘neighbouring’ countries, as well as with third countries not having any future accession plans.

In other words, enlargement is no longer considered an indispensable step for the partner countries and, indeed, there is growing affirmation for the ‘neighbourhood policy’ implemented through partnership and cooperation agreements and mainly through free trade, which - albeit seeking to create within partner countries all the necessary conditions for convergence with Community principles and values – does not include accession.

It is rather interesting the Commission Communication to the European Parliament and Council of 12 May 2010 “Taking stock of the European Neighbourhood Policy (COM 2010 207 final)” which assesses the progress made in its implementation over the 5 years from its launch, with the purpose of steering towards next developments.

This serves to note that all partner countries had drawn some advantage by the neighbourhood policy, but not all had implemented the necessary political and legislative reforms. In fact, much progress remains to be made in various fields, including democratic governance, respect for human rights and the functioning of the judiciary and electoral systems.

Another interesting thing about this Communication is that it highlights the need for reinforced cooperation between the EU and its partners in the area of environment, by mainstreaming climate changes in all the policies, increasing energy efficiency, encouraging the use of renewable energy and adapting some sectors to the evolved climate conditions.  

89 In addition, the goals of ENP are reaffirmed in the Communication European Parliament Resolution of 23 October 2013 on the European Neighbourhood Policy: towards a strengthening of the partnership. Position of the European Parliament on 2012 progress reports (P7_TA-PROV(2013)0446) . It is important to mention that the European Parliament, with this Resolution, highlight the importance to enhance and full develop good-neighbourly relations and regional cooperation in Eastern and Southern partnership countries. For more details see: http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2013-0446&format=XML&language=EN (last consultation date: November 2013).
Almost a year after the ‘Arab Spring’ and at the background described above, the European Parliament approved a resolution on April 7, 2011 that revised the EU neighbourhood policy and introduced a new political approach, particularly with reference to the southern countries. Consequently, on May 25, 2011, this new policy was launched by the EU High Representative for Foreign Affairs and Security Policy, Catherine Ashton, and the Commissioner for Enlargement and Neighbourhood Policy, Stefan Fule.

In terms of financial resources, the European Council accepted the proposal to increase of 1 billion euros the EIB loans (European Investment Bank) for the period 2011-2013 in favour of the south Mediterranean countries; besides, EBRD (European Bank for Reconstruction and Development) supported the request to extend its range of action to the countries of North Africa, starting from Egypt.

The approach adopted for the new “European Neighbourhood Policy’ is a progressive approach contextualised to any single country.

Each State, in fact, will develop its own relations with the EU on the basis of their aspirations and skills, as well as to their own needs; the EU support will be directly proportional to the sustained progress by each country in terms of democratic processes and economic reforms.

In the wake of the changes in North Africa and the Middle East, the European Commission and the High Representative for Foreign Affairs, in the report following the May 25, 2011, which is a follow-up to the previous report mentioned above, launch a new and ambitious European neighbourhood policy supported by new funds for the 2012 and 2013, also in the context of university cooperation and mobility.

This new policy, recognizing the importance of diversification and contextualization, includes new forms of support for the democratization process already initiated by these countries following the ‘Arab spring’.

In 2014 will begin the next 7-year programming period of the European Union. Over this period, the EU will strive to achieve the Europe 2020 goals through its internal and external policies. These goals, as well as the Europe 2020 strategy, will be explained in the fourth Chapter. Here it is important just to say that, in this context, even the new Neighbourhood Policy will present interesting novelties compared to 2007-2013 programming. Also this comparison between the two policies will be laid out in the fifth Chapter which will place particular emphasis to the novelties introduced by the new programming.

95 http://ec.europa.eu/europe2020/index_en.htm (last consultation date: December 2012).
Now, it is worth making a short history of the neighbourhood policy instruments that have not been lacking in variety over the years.

As regards the Mediterranean, in the Barcelona Euro-Mediterranean Ministerial Conference of 27 and 28 November 1995\(^\text{96}\) and the ensuing declaration\(^\text{97}\) (Moussis 2007: p. 432), the European Union shows the need to broaden its radius of action also to the south and proposes to include the entire Mediterranean coast in the context of its privileged relations, thereby promoting economic and political integration between both sides.

It thus constituted the Euro-Mediterranean Partnership, which involves all the members of the EU then and the following Mediterranean countries: Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey and the Palestinian Authority. Libya is excluded being under the UN embargo; while the Arab League and Mauritania were invited as attend, as observers. The objective of the partnership is to promote a common area of peace and stability in the Mediterranean, to be attained through multilateral cooperation actions developed under three dimensions:

1) political and security partnership to respect human rights and fundamental freedoms, the territorial integrity and sovereignty of States, and to combat terrorism and organised crime and promote regional security,
2) economic and financial partnership which pools 90% of European Commission funds, in order to create a Free Trade Area without customs duties and other trade barriers that hamper free movement of goods and capital,
3) social, cultural and human partnership that fosters multicultural dialogue, mutual recognition and involvement of civil society organisations (Simone 2013: pp. 248 – 249).

In addition, it is important to note that later, the Council Regulation (EC) No 1488/1996 introduced the programme on financial and technical measures to accompany the reform of economic and social structures in the framework of the Euro-Mediterranean partnership (MEDA).\(^\text{98}\)

MEDA (MEDA I from 1996 to 1999 and then modifications aimed to increase the efficiency and effectiveness of initiatives, and MEDA II\(^\text{99}\) from 2000 to 2006) was the main instrument through which the European Commission funded the operations of financial and economic cooperation under the Euro-Mediterranean partnership.

MEDA was built on the basis of other instruments such as TACIS through which the EU has been providing aid to some former republics of the Soviet Union after the fall of the bipolar system, in order to avoid the invasion of other subjects and assist them in their transition toward a market economy, as well as to promote the democratization and consolidation of the rule of law. Over ten years, MEDA supported projects aimed at promoting the attainment of the objectives of the Euro-Mediterranean partnership.

In the MEDA programme it was foresaw that the Community contribution had to be no more than 80% of the total project costs and beneficiaries were not only central authorities, but also communes, associations, NGOs, consortia of producers, associations and foundations. MEDA budget was 4.6 billion euros, brought to 5.35 billion for the programming period 2000-2006.

According to Point 5 of Regulation (EC) No 1638/2006, in the framework of the reform of Community assistance instruments, MEDA and TACIS programmes were replaced in 2007 by a single instrument, ENPI (European Neighbourhood and Partnership Instrument), covering the period 2007-2013, which the fourth Chapter will probe in detail.

With the goal of reviving the strategy of this partnership, this initiative urged the establishment of the Union for the Mediterranean in 2008. It focuses on six macro objectives corresponding to as many large projects:

1) de-pollution of the Mediterranean,
2) maritime and land highways,
3) civil protection,
4) alternative energies: Mediterranean solar plan,
5) higher education and research: Euro-Mediterranean University,
6) Mediterranean Business Initiative.

Its primary goal was to develop:

- political cooperation,
- the principle of co-ownership in multilateral relations,
• regional and sub-regional projects that are more concrete and visible to the citizens of the region.\textsuperscript{104}

Regarding other financial instruments, it should be mentioned the establishment of the Euro-Mediterranean Investment and Partnership (FEMIP)\textsuperscript{105} created following the Barcelona European Council (2002) and strengthened by the Council in Brussels (2003), in order to give further support - including financial one – to cooperation initiatives in the Mediterranean Partner Countries (MPC). This financial instrument is managed by EIB with the goal to attain the objectives outlined in the European Neighbourhood Policy (ENP) and by the Union for the Mediterranean.

It unified all instruments previously used by EIB to operate in the Mediterranean and has contributed to the implementation of projects worth billions of euros, especially in the field of energy, telecommunications, SMEs and waste management, in all 9 beneficiary countries, but especially in Turkey, Tunisia, Algeria, Egypt and Morocco, ensuring support to the private sector through the local initiative or foreign direct investment, and promoting in general an investment conducive climate.

Furthermore, it is important to note that in 2010, EIB jointly with the Italian ‘Cassa Depositi e Prestiti’, the French ‘Caisse des Dépôts’ and two North-African financial institutions: ‘Caisse de Dépôt et de Gestion’ in Morocco and EFG Hermes in Egypt, established the InfraMed Infrastructure Fund\textsuperscript{106} “dedicated to investments in infrastructure in the Southern and Eastern Mediterranean region” and predominantly targeting PPP. It is important to highlight this fund, because it is EU’s first financial instrument of the Union for the Mediterranean managed by the Barcelona Secretariat where two EIB managers are seconded as well as because in 2011 this fund “put the private sector first. Examples are the key partnerships with Spain for co-investments and risk capital; Luxembourg for microfinance development; and the Arab Financing Facility for Infrastructure for promoting public-private partnerships (PPP) in the

\begin{footnotesize}
\begin{enumerate}
\item \textsuperscript{104} http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/mediterranean_partner_countries/rx0001_en.htm (last consultation date: December 2012) and http://enpi-info.eu/medportal/content/341/Union\%20for\%20the\%20Mediterranea (last consultation date: December 2012).
\item \textsuperscript{105} http://ec.europa.eu/economy_finance/financial_operations/coordination/femip/index_en.htm (last consultation date: December 2012), http://www.eib.org/projects/regions/med/index.htm (last consultation date: December 2012) and http://www.eib.org/projects/regions/med/instruments/index.htm (last consultation date: December 2012). It is interesting to mention that the FEMIP annual report 2012 mentioned that in the period 2014–2020 “… the main priority... will be to deliver stability and socioeconomic development. The crucial issue will be how to foster sufficient growth and growing population. Productive investments in the private sector and infrastructure will therefore represent key areas in need of support…” http://www.eib.org/attachments/country/femip_annual_report_2012_en.pdf (last consultation date: February 2013).
\item \textsuperscript{106} http://europa.eu/rapid/press-release_BEI-10-78_en.htm (last consultation date: December 2012).
\end{enumerate}
\end{footnotesize}
region. In addition to this fund, there are two other regional investment funds, InfraEgypt and InfraMaroc dedicated to small projects.

From the programming point of view, we can define the following standard programming documents:

- Country Strategy Paper which outlines priority actions and the general objectives of the Community assistance in a given period of time (generally corresponding to the 7-year cycle), on the basis of a thorough examination of the economic, social and institutional situation of the beneficiary country or region,
- National Indicative Programmes (NIP) or National Regional Programmes (NRP) define the areas of intervention, the assistance measures and expected results. They also provided an indicative allocation of financial resources to priority areas, over a 2 or 3 years period,
- Annual Action Plan arranged on the basis of Indicative Plans, which contain a pipeline of the projects to be financed with the funds committed to the reference year.

Programming is performed in agreement with the beneficiary countries. All the above-mentioned documents are then formally adopted in Brussels, in the managing committees chaired by the European Commission, whose members are representatives of the individual Member States.

In conclusion, it is possible to affirm that the European Union employs two parallel policies to manage its relations with neighbour countries, regardless whether the latter are candidate countries or not:

- the enlargement policy under which the EU concludes Stabilisation and Association Agreements that offer certain countries the possibility to apply for EU membership at the end of a negotiation process,
- proximity or neighbourhood policy under which the EU concludes trade and cooperation agreements with the South Mediterranean countries, the South Caucasus and Eastern Europe countries which are actually deemed ineligible for candidate status.

2.4 THE INTERSECTION BETWEEN THE EU POLICIES AND PPP

Drawing from what was showed above, we can say that there seems to be a clear intersection between the EU policies and the CBC, while regarding the intersection between the EU policies and PPP it is perceived the need for some more explanation.

As it was previously seen, among the presented policies the regional policy has explicit provisions for the use of the EU funds through PPP instrument, on which there have been carried out numerous studies and issued many publications. This policy clearly delineates that PPP is a useful instrument for reducing the existing imbalances within the community. As already mentioned, the EU Funds can be combined with PPPs in a variety of ways. The European Commission made available three different groups of instruments to PPPs, one of which instruments includes grants that support the cohesion policy of the Union and individual EU Member States. Par excellence it is exactly the cohesion policy with its various evolution phases and modifications which has the objective, among all others, of reducing the imbalances and pushing for a levelled-out and sustainable development in the European Community. The imbalances can be caused from various reasons, among which the lack of human and financial resources, lack of capacities for innovation as well as the inefficiency and ineffectiveness of the institutions. All these reasons lead to the argument that PPP can be a valid instrument prone to contributing to the overcoming of such difficulties and to respond to one of the key objectives of the European regional policy or to the reduction of various socio-economic problems existing within the EU. The end objective, thus, appears to contribute to having more attractive and competitive European regions.

Moreover, the objectives of structural Funds have been re-identified in 2006 aiming at, among others, regional competitiveness and growth of employment, for the achievement of which PPP can prove to be a valid and successful instrument.

As far as the enlargement policy is concerned, the engine of cohesion policy, it is important to underline that PPP would be a very useful instrument to the candidate and potential candidate states for joining EU. Actually, PPP is an instrument that has full potential to help this group of countries reach the objectives that the EU has outlined for each of them individually, among which economic recovery always makes one of the general objectives. Central role in the enlargement process have both the strategy employed for promoting democratization and stability and economic growth. It has been already observed how IPA has served as a helpful functioning instrument for the pre-accession strategy, and it will be further seen how much potential of application PPP can have with the IPA funds.

While, regarding the neighbouring policy it should be underlined that in the programming documents are defined intervention frameworks and measures as priority actions, which would serve as technical and financial assistance to the partner countries. The aim is to use these priority actions for achieving various objectives, among which sustainable development, economic and political stability, poverty reduction, and more generally the improvement of
the macro-economic landscape, thus advancing the favorable conditions for investments and for research and development. It is exactly in these documents as well as in the Partnership and Cooperation Agreements, also taking into consideration the InfraMed Infrastructure Fund and the several examples of promoting PPP in the Mediterranean region, that this dissertation sees the link, though not explicitly, with PPP instrument, which has been recognised and strongly recommended by the EU in other contexts as observed in the first Chapter. It is considered that this relatively new instrument can provide a notable development especially to pilot sectors - for example the environment sector, where it is seen the need to strengthen the cooperation (for increasing energy efficiency, increasing the use of renewable sources of energy, etc.) - because:

- it provides a sustainable framework for enhancing the available funds,
- it increases the ownership of actions among a wider array of stakeholders,
- it seeks multipliers effects in terms of available resources in the private sectors.

### 2.5 SUMMING UP

In this chapter the EU policies and the relevant instruments of those policies have been analysed. Starting from the 1950 Schuman Declaration, in which the European states were called to participate in cooperation frameworks that would later be harmonised, the dissertation passed on to analyse the founding EEC Treaty which, since that time, aimed at reducing the imbalances between the development levels of the various regions and at helping the poorer regions. Then, the dissertation comes closer to recent times by examining the Single European Act, which makes economic and social cohesion an explicit EC objective that would be eventually recognised as a policy in the Maastricht Treaty. From this it was followed with analysing the outstanding countries that have contributed to the cohesion or regional policy, to then continue with analysing the policy itself and verify how the European funds foreseen for these policies can be combined with PPPs. After this, the dissertation went into viewing the enlargement and pre-accession policy, analysing the three membership criteria established during the Copenhagen European Council in 1993, the various stages of the membership process and the reasons for further enlargement. Then, further to the analysis were considered the stages of the enlargement process, which, as observed, have been different, the future challenges of enlargement, to follow with the analysis of the negotiations framework and the envisaged instruments in the frame of the pre-accession strategy.

The neighbouring policy was taken into analysis, including the historic enlargement of 2004. In that part of the dissertation, there have been analysed the relevant instruments of this enlargement, the different strategic objectives involved in it and its new approach in view of the so-called Arab spring.
Lastly, after understanding how these policies intersect with CBC, it has been analysed the intersection of those policies with PPP, coming to the eventual finding that even where those policies do not provide explicitly the adoption of PPP instrument, it is however not excluded. This means that the policies at issue give valuable support to the adoption and use of PPP. Based on this affirmation, in the following chapter there will be analysed the European regional policy as an adequate context of PPP application, as well as the relevant programming for the period 2014-2020.

The instruments aimed to the realisation of CBC will be further analysed in the following chapter. Actually, what this dissertation is more interested in is to give evidence of the strong points of PPP application, and it will show that when there is a lack of applied PPP framework, as it is the case of the country cases of (Albania and Macedonia) analysed further below, the CBC component of IPA programme may not give the envisaged results and may not achieve its objectives.
Lastly, after understanding how these policies intersect with CBC, it has been analysed the intersection of those policies with PPP, coming to the eventual finding that even where those policies do not provide explicitly the adoption of PPP instrument, it is however not excluded. This means that the policies at issue give valuable support to the adoption and use of PPP. Based on this affirmation, in the following chapter there will be analysed the European regional policy as an adequate context of PPP application, as well as the relevant programming for the period 2014-2020.

The instruments aimed to the realisation of CBC will be further analysed in the following chapter. Actually, what this dissertation is more interested in is to give evidence of the strong points of PPP application, and it will show that when there is a lack of applied PPP framework, as it is the case of the country cases of (Albania and Macedonia) analysed further below, the CBC component of IPA programme may not give the envisaged results and may not achieve its objectives.
The previous chapter analysed the EU policies that concern to cross-border cooperation which can be a fertile ground for public-private partnerships. Therefore, it seems useful to look at the legal framework governing cross-border cooperation.

This chapter, after a presentation of the concept of border, the related theory and concepts linked with the CBC, and after an analysis of the concept of the CBC presented by various sociologists, will study the main legal instruments that regulate cross-border cooperation and key ad hoc instruments created to facilitate this type of cooperation.

3.1 THE BORDER CONCEPT

At first glance, the boundary concept usually implies what is used to divide (limes) or what is used to connect (limen), but in reality it includes a phenomenon with many significations and approaches. The study of the boundary concept appears in various social sciences, among which psychology, urban planning, ethnology and anthropology, ethology and socio-biology, history, political science, international relations and (political, human, social and economic) geography. Strassoldo (Strassoldo 1987: pp. 499, 508, 509) considers the latter field of study as the most important and most useful to the elaboration of a theory of boundaries as well as to the theory of systems, which, though not considered as an actual social science, will be considered later in this section.

The first boundaries have arisen from the idea of the affiliation to a group with common interests and needs, and served to delimit such groups. According to Turner, it is only when the societies see the need to expand that the (static) boundary concept takes the meaning of the frontier (flexible and dynamic), to then turn to the boundary concept at the stage of the birth of the modern State. Today, by frontier it can be indicated not only what for Strassoldo is the area where a social system is actively confronted with another system or with a certain set-up through various modes, the main ones being political-military and economic and cultural-symbolic, but, more generally, the frontier can be indicated to as a legally-defined boundary line, established from international agreements defining the area where the norms of the system can be applied. While, by boundary can be understood both the spatial aspects and those not related to space, which are identifiable with rules, norms and principles that regulate the acknowledgment of the members, the roles and the behaviours appurtenant to the system and make the difference between members and non-members.

Referring to Strassoldo’s seminal test, it is interesting to underline here that by boundary it is understood a distinction line between being and not being, or a bandage that encloses one something, but that in the case of the living systems, this evolves into a structure, an organ, a complex of functions. The boundary concept, then, can have at least 7 types of understandings:
understandings: complex of functions. The boundary concept, then, can have at least 7 types of something, but that in the case of the living systems, this evolves into a structure, an organ, a understood a distinction line between being and not being, or a bandage that encloses one by boundary it is the system and make the difference between members and non-members. regulate the acknowledgment of the members, the roles and the behaviours appurtenant to and those not related to space, which are identifiable with rules, norms and principles that boundary line, established from international agreements defining the area where the norms cultural-symbolic, but, more generally, the frontier can be indicated as a legally-defined the area where a social system is actively confronted with another system or with a certain birth of the modern State. Today, by frontier it can be indicated not only what for Strassoldo is the frontier (flexible and dynamic), to then turn to the boundary concept at the stage of the the societies see the need to expand that the (static) boundary concept takes the meaning of interests and needs, and served to delimit such groups. According to Turner, it is only when The first boundaries have arisen from the idea of the affiliation to a group with common the theory of systems, which, though not considered as an actual social science, will be used to connect (limen), but in reality it includes a phenomenon with many significations and approaches. The study of the boundary concept appears in various social sciences, among psychology, urban planning, ethnology and anthropology, ethology and socio-biology, 3.1 THE BORDER CONCEPT

Strassoldo’s approach, which has just been considered above, refers to the general theory of the systems (Mayhew 1971; Gubert 1972; Luhmann 1990), whose attention to the interactions between the social systems, the set-up and boundaries offers at the same time an interrelation between complementarity and primacy, different from the other theoretical approaches of the boundary studies. In this way, the analysis of the boundary excludes the reasoning that its existence is merely spatial, instead interpreting it as related to, and integral of, a social system, elevating it as an analytical as much as an ecological instrument (putting attention to the physical, spatial and territorial dimensions of the social phenomena), a global one (which refuses to identify the society with the nation-state, and which affirms to see one global society and one global system, where all the other structures are sub-systems), and systemic (adherent to the general theory of the open systems) (Strassoldo 1987: p. 500).

The systemic character of the boundary captures the determinative difficulties in spatial, temporal and processing terms implicit precisely in open social systems, which are based on the exchange with other systems and which are able to manage and use feedback gained from the received inputs (Berrien 1968). Thus, the notion of the system foresees the inclusion of the parts, mechanisms or organisms interrelated with one another in a confined set-up. The sociologic specificity of the notion of the system envisions the introduction of the role concept at the heart of a community structured in a frame of norms which regulate the variety of the actions and relations. It follows that the structure of the system derives from the entwinement of stable relations that exclude the identities of individuals or the communities of a given social system at a certain point in time and space. The spreading of the concept of the social system elaborates on the disposition to observe the society as a unitary system, at the heart of which all the parts are functionally connected between one another, and derives from the examination of specific paradigms of mechanics (Pareto) and of human physiology (Saint Simon, Compte and Spencer). According to Parsons and the functionalist approach, there are psychological, ethnical, cultural, military, juridical-political, geographic, economic, key ad hoc instruments created to facilitate this type of cooperation. The previous chapter analysed the EU policies that concern to cross-border cooperation which can be a fertile ground for public-private partnerships. Therefore, it seems useful to look at the legal framework governing cross-border cooperation.

All what was just mentioned above leads to apprehending the complexity and the importance of the boundary concept, both for the technical-scientific debate and for the political and civil societies.

3.1.1 THE GENERAL THEORY OF THE SYSTEMS IN THE GENERAL THEORY OF BOUNDARIES.

1) geographic,
2) juridical-political,
3) economic,
4) military,
5) cultural,
6) ethnical,
7) psychological.
some mechanisms of boundary maintenance that enmesh the capacity of a system to keep intact certain characteristics or forms in the relations with its set-up. There exist social processes that serve to maintain both the boundaries and the equilibrium of the system relative to the presence of other systems that constitute its environment. But, the general theory of the systems elaborates this further by claiming that the survival of a certain society is closely related to the capacity of exchanging resources with the others across their boundaries, thus to the processes of *morphostasis* as opposed to the processes of morphogenesis. This is where the interpretation of a substantially open social system derives from, given the necessity for continuous exchange of information and resources with the external, physical and social environment. Nonetheless, a distinctive feature of social systems is the presence of identifiable boundaries, inside of which are carried out and fulfilled constitutional interactions that are relatively autonomous and usually having different characteristics from the other systems. It can be purported that the theory of the systems gives the additional possibility to analyse the boundary both as a point of delimitation or point of contact between two or more systems and as a model of system or sub-system. Thus, the analysis of the boundary concept envisages a complex togetherness of variables (i.e. number of components, ethnical-cultural basis, differences between social classes or professional groups), in which is often present the difference between internal and external border and their inter-penetrability, their maintenance and change. There is, then, a certain ambiguity in the boundary concept deriving from its binary role with respect to the relation between the interior and the exterior that make it necessary both and the same for differentiating a system from the environment/set-up and for connecting the system and the environment. This results to be especially evident if there are considered the following functional types defined by Strassoldo (1987): filter/selection, closure/disclosure, barrier/connector, exclusion/contact, projection/attack, disassociation/association, separation/joining. The first terms of these pairs indicate that boundaries are necessary for the sake of existence and system identity, for the distinguishing of the environment; while, the second terms indicate the fact that the boundaries are necessary to the relation between the system and the environment (two distinct conditions of necessity).

Usually the boundaries of the systems combine a variety of characteristics. They have barrier effects when interaction costs are high, but, when structured in a way to facilitate the exchanges and flows, they have connector effect; the boundaries have different levels of closure and disclosure, different variables in time and space and in relation to different categories of flows. Typically, a boundary alternates closed lines with occasional disclosures. Some of the main terms relative to the problematic of the societal systems’ boundaries can be organized in a simple table with double entries, as shown below (taxonomy or classification of confinement situation), in which the first dimension is that of firmness or the movement of the boundary within the territory, while the other dimension is that of functionality, or the disclosure or closure of the boundary towards the environment and particularly towards the other systems. Below are shown the four typical situations:
TABLE 1 - THE TAXONOMY OF CONFINEMENT SITUATIONS (STRASSOLDO 1987: P. 501)

<table>
<thead>
<tr>
<th>Dynamic</th>
<th>Static</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosed System</td>
<td>Frontier</td>
</tr>
<tr>
<td>Closed System</td>
<td>Burned soil</td>
</tr>
</tbody>
</table>

1) in the case when there is mobility of the boundary and a relation of exchange and openness with the environment, even when it is unevenly distributed, it can be said that there is a case of a frontier where the centre is relatively important (relative loss of power) and the resources and the focus of the system tend toward the boundary (from the centre to the periphery). It should be noted that Parsons has maintained that particularly active boundaries provoke a hollowing out effect, or otherwise an emptying of the central areas. Here, introducing the centre-periphery dimension, instead of talking about emptying, it would be better to purport that the periphery exploits the resources it holds, increasing the dimensional and qualitative value by engaging in filtered and selective exchanges with the peripheral areas of the neighbouring system. Here, the relational dimension of the system is overbalanced towards the internal part, or privileges the existing relations of centrality of its own as in the three cases, excluding the case of the bridge,

2) while, if the boundary is static and closed (opposite situation to what has just been mentioned), it is created a situation of periphery (marginality), in which the resources tend to abandon the peripheral areas and flow towards the centre. Thus, the system tends to be polarized as it gets divided into a centre and a periphery. This occurs according to a general law formulated by Spencer as the law of concentration of substance-energy, by the cybernetics as the law of the bonds hierarchy in the communication networks, and by the human geographers as the law of the central localities. While, according to Boulding, this movement tendency has more to do with the optimization principle, with the second law of thermodynamics (entropy principle) and with the law of minimal strain.

Following, there are the two intermediary cases when the boundary acts as a filter:

3) the first is that in which the contact and exchange points perform the functions of the bridge, connector and intersection; this if the boundary is static, but open towards a comparable system with which there is collaboration. Here, fire is unbalanced towards the external part, or better say to the interactions of two systems that can willingly create a new and autonomous sub-system of transition between the two initial systems. In this case the flow of resources will be linked to a new polycentric configuration,

4) the second case includes that when the boundary is mobile but closed to all kind of relations of exchange and cooperation with the other systems. This is the case of the burned soil so-called no-one's soil (buffer zone), which divides the societies in war.
It is important to mention here that the disclosure level of a systemic boundary will depend from the density of the overlay of the boundaries perceived for the single sub-systems. The perception of these boundaries derives from the delineation of the proportion between dimensions, diffusion and density based on the criteria mentioned above. In addition, it is important to cite that the taxonomy presented by Strassoldo suggests a spatial application of the boundary concept, which introduces its territorial valence, or, differently said, not only the spatial relations between the different systems, but also the relation between the centre and periphery within the system.

Thus, it can be affirmed that there exist two fundamental categories of boundaries: the spatial one (physical and territorial), or, differently said, the area that surrounds the physical elements of the system; and the analytic-functional boundary, which derives from the value that the variables can assume without getting out of the system.

From what was just said it derives that, considering a given social, cultural and territorial system, it can be identified a large confined area - part of the system - that surrounds the centre, in the inside of which co-exist the above mentioned objective and subjective boundaries (geographic, normative, economic, military, cultural, ethnical, psychological, etc.) (Strassoldo 2005: p. 50).

At this point it is interesting to note that from the for possible combinations proposed by Strassoldo, it is possible to elaborate on other combinations, which represent not only the relation between the centre and periphery at the inside of a system, but also the spatial relations between distinct systems:

- if the boundary is static and closed, the boundary becomes marginal and peripheral resulting in an opposite movement of resources, from the boundary to the centre,
- if the boundary is mobile but closed, there occurs a similar shift of the resources from the peripheral areas to the centre, but in this case this shift occurs in a more radical and exacerbated spatial and temporal modality.

In general it can be affirmed that while the bridge boundary represents a recognized instrument that uses the boundary theory as an important approach strategy for the study of the relations between single human societies, and for the understanding of some crucial processes and structures that characterise them, the frontier refers to the society luhmanniana (and that of Toynbee), which has a maximal social formation, culture and civilisation. This is followed by the concept of a frontier, whose area of expansion is active, aggressive and armed, where a civilization is outspread in territories which are uninhabited or populated by primitive societies. Thus, the limitation function of a frontier it is not so much oriented towards the reciprocal exchange as it towards the acquisition of resources and of power, which, once possessed, do not seem to change the structure of the system (relation between centre and periphery) (Turner 1893). On the other hand, when the boundary is configured as a bridge, there are identified cultural and social areas such as in civilisations that are different but comparable. However, it is not said that the co-presence of various systems...
can bring only to clashes for the purpose of establishing one’s supremacy of a system over another, from which results only one winner, as some history theorists sustain (i.e. Spencer).

In fact, according to Spencer, the exchange between systems can occur only in a mechanic, contaminant and corrupted way, and the co-existence between two systems is an indicator of the weakness of both co-existing systems. But according to other authors, such as Toynbee for example, maintain that the co-presence of different systems can, actually, bring also to meetings and exchanges as well as it can be a motor of history, the place where intense creativeness of new civilisations takes place.

It should be emphasized that a great part of modern nations have been unified by starting from the coagulating nucleus placed at the margins of a cultural area. Also, it is important to underline how Toynbee formulates a historical universal law for the so-called ‘progressive switch of the power from the centre to the periphery’. According to him, it is exactly in the marginal areas that the civilisations are confronted with the most arduous environmental challenges, which brings to their development of organizational and military capacities; here takes place the permeation between different systems, where new centres of irradiation and expansion can be synthesized and imposed in the areas of the preceding tired and decadent civilisations.

3.1.2. PERIPHERY AND ITS LINK WITH THE SYSTEM AND THE BOUNDARY

In order to understand better the importance of the theme treated above for the dissertation at hand, it is important to introduce here the term ‘periphery’, which is generally used from a geographic point of view for the purpose of indicating to a marginal area, particularly referring to an urban agglomerate. Such term can be used also to refer to an area, whose condition of marginality is determined from the presence of a centre of values and power that serves to all as a point of reference and from which stem standards/norms and information. Whereas the system, as already discussed, representing the organized part of the society with well delineated boundaries, by which it is meant the togetherness of subjects and collectives that are present in a given territory. In the internal part of the system the concept of marginality serves to indicate the status of those subjects, or those collectives, which, more or less consciously (and more or less voluntarily), are collocated in the borderline of the social system (a single person or group which is not ‘absorbed’ by the system). Then, the centre-periphery binomial, deals with the social and the geographic level of distance from the central axis of a society taking into account specific social groups and territorial areas.

The peripheral areas just outside of the state boundaries take both the characteristics of marginality and ghettoization because of the tendency of homogenization towards a national identity, the typical characteristics of which are found in the continuity of the language, religion, ethnicity, history, culture, etc., as opposed to the concept of political nationality, linked to the coagulating power, typical of the modern nation state. From this it follows that the peripheries represent areas that are dependent from a given central authority, and their
power of preserving the local peculiarities is given, on one hand, from the relation with the central authority, and on the other hand, it is given from the nature, from the intensity and from the organization level of the external forces of the system (in other words, the forces coming from the adjacent/neighbouring systems). Even though the peripheral areas are often characterised by poor economic development and a marginal cultural environment, (Buffon 2002: p. 56), their peripheral characteristics may not be manifested in all the sectors.

The definition of the role of the bridge-boundary territory becomes in this way introductory to the definition of the nature of the peripheries. One possibility in this sense is giving by the conceptualisation of border which result from the fractures between and within systems grouped together by the aim of solving the limits imposed to social and economic development of the border area.

3.1.3 CROSS-BORDER COOPERATION

It is here that comes up into the stage cross-boundary cooperation (CBC), a very complex phenomenon that varies in relation to space and time, and for which there exist different definitions from different authors, who put the accent on its characteristics. Several times, authors like Strassoldo, Delli Zotti, etc. have referred to cross-border cooperation as being a new and real instrument of international relations in Europe from the fifties and after. Generally it can be affirmed that the birth of this type of cooperation at the European level coincides with the endogenous and parallel understanding of neighbouring communities and that the political-administrative border which divides them is the cause of their low level of development. This understanding makes the neighbouring communities to focus on what unites them and what makes them similar than on their differences and diversities, encouraging them, starting from cultural and economic approaches, to search for joint solutions to the common problems that pertain more to fields like the protection of the environment or territory planning (Ferrara 2001).

In its first conceptualization, the cross-border cooperation is interpreted in a highly local dimension and through a bottom-up approach. This interpretation is developed in an autonomous and endogenous way to the cross-border system, which is based on the awareness that using the cultural and/or economic resources in synergy it would multiply the efficiency. To this one just mentioned it is added another perspective (Gasparini 2003a) which sees CBC as an application of instruments of subsidiarity of regionalism and integration, putting the accent to a complementary relation between the local and supranational level. The use and the exchange of the resources depends, as already said above, from the nature of the interpenetration of the relational areas divided from a boundary and, depending on the level of complementariness of the different sectors in which they are developed, the actions in the frame of CBC will project the cross-border area towards a differentiated integration (rational nature of CBC in accordance to structural cooperation - Gasparini 2000b: p. 273).
The CBC aims at the diminution of the deviance of the border areas, retrieving the functionality of the bridge-boundary, and the capacity to conceive such function of the boundaries as places which can express significant levels of integration.

The cross-boundary area is characterised by two dimensions: the local ambit and regionalization (Giddens 1984). This means that the CBC not only triggers off a regionalization process through which time and space are redefined on the basis of the functional relations to systemic exchange, but it also defines a specific relational frame/ambit that is structured in a local society; in other words the types of the possible structure of a society in specific territories, not amenable to characters and trends of the general society.

Two are the main motivations for openness and cooperation between neighbouring areas: first is the cultural motivation (expressive, emotive, psychological) for establishing the good neighbouring relations based on reciprocal knowledge and on the need to fill the gaps created by the existent boundary; the second motivation is the economic one (functional and instrumental), the necessity for a cross-border region to promote the management of the territory, the harmonization of its infrastructure and of the politico-economic, social and environmental policies. But, in these motivations the CBC, seen as an instrument of building new centricities loses power as both the motivations will be always less strong with the passing of time respectively because of the economic internationalization and the routine of the everyday life and the dialectics of European integration.

Here are defined, as part of these motivations (Gasparini, Del Bianco 2005), the principal phases of the CBC. These are: the political phase, by which it is understood the joint dialogue at a cross-border level on the problems that are needed to be faced; the organizational phase; and the operative phase.

Here it is important to note that the CBC continues to have an essential importance even when the borders between the states become pure territorial demarcations, or even when they disappear by virtue of processes such as the EU enlargement. Thus, the CBC, understood as a process that creates centres of development of an area across the border, becomes a means of economic promotion in a community of people that share one culture and set of institutions (social and organizational). According to the literature on the cultural or systemic social capital, the aptitude towards collaboration would be determined from the presence of a shared/common culture that would be able to generate another level of shared of reciprocal trust (Putnam 1993; Fukuiama 1995). Whereas, according to the literature on the interactive or relational social capital, it is the capacity of a defined social organization, and its relational typology, that can put specific relations, understood as resources for cooperative action, at disposal (Coleman 1990).

The CBC intensifies the interactions between local actors operating at the edge of the boundaries, increasing the level of the structuring of the local cross-border societies, both through actions that are directly aimed for this purpose (i.e. actions in the cultural sector), and through actions that are oriented towards the sphere of economy or the territorial planning in the broader sense. Because in the majority of cases it is about actions directed towards the reciprocal knowledge, to the social pacification and to define a CBC identity, the CBC actions
that appear in the first typology (culture) can be defined in relation to a purpose directly identifiable with the intensification of the relations between local actors. Concerning the other typology (economic and spatial), the intensification of the interactions between the subjects in the inside of the cross-border territory is more a result of process than it is a direct aim. It can be affirmed that the capacity of the CBC to remodel a bordering area into a new configuration of centrality depends on the one hand on the level of functional integration of the cooperation activities in the field of culture and in the economic ambit, and on the other hand it depends on the typology of the interaction between the involved actors. Moreover, this will be generated in a context of reciprocal recognition and trust (linked to the presence of direct interactions) and will be able to generate multi-purpose networks (typical of the indirect relations). Furthermore, the CBC will furnish that base of sharing of culture and institutions (social and organizational) that is necessary for the ‘re-centering’ of the cross-border area. Therefore it is important to underline that, at least at a theoretical level, from the relation between the field of action of the CBC and the typology of interrelations that characterise it, it is possible to determine if and how much can the cooperative phenomenon between two areas separated from a borderline bring a reorientation of the centre-periphery relations in the area as well as if and how much can it be an motor for local development. In addition, is possible to determine how it performs in an integrated way between the objectives of economic and cultural development based on knowledge and mutual trust, derived from diffuse direct interactions between local actors, through which to use in an efficient and effective relational systems activated through networks spatially widespread and characterized from a more high degree of indirect relationships. Said this, there can now be deduced from evidence other four alternative situations that likewise reflect functional specificities of the CBC:

1) a CBC mainly focused on actions pertaining to the cultural mainly carried out by local actors who have developed a deep network of relationships and direct relationships actively engaging in the promotion of mutual knowledge and cultural autochthony of the border. This situation generally corresponds to the initial phases of CBC, as we have seen above, and is manifested in the organization of meetings, conferences, joint cultural events to highlight the aspects of historical, artistic, ethnical and linguistical as well as gastronomical (wine and food) continuity. Often, ethnic or linguistic minorities in the area may represent the push-agent of these meetings,

2) a CBC for mutual understanding intended to recognize an economic specialization (i.e. the early stages of INTERREG programming) which is manifested in certain activities intended to stimulate mutual knowledge when the local economic actors are involved by the promoters of culture and the local administrators in the ‘limits’ of the border,

3) a CBC for the institutional organization in which case cooperative action in the field of culture are developed through larger relational networks than in the cases presented above. In this case, the actors are local administrators who contact through their networks their respective national institutional systems of reference (direct interaction) to assess and develop an institutional framework operating in a wide area. This is realized through consultations, through organizational cross-border experimentation with specific working groups, through the joint proposal of specific
requests to the competent national authorities, but also, and especially, to the responsible supranational organizations created for this purpose (for e.g. the European Commission, the Committee of the Regions or the CoE). The objectives that characterize this type of cooperation are determined by the recognition of the limits imposed to the cross-border area by institutional structures of the respective nation states and refer, for example, to excessive centralization of the problems, the need to design the institutions operating in both sides of the border with functions and powers similar to one another, as well as avoiding problems of double-taxation and create harmonized education systems,

4) a CBC for the economic organization when the CBC actions are related primarily to the economic sphere and are managed through specific functional networks. In this case, more than direct cooperation between the two areas separated by the border are the synergies of the economic, institutional and social actors aimed at strengthening the competitive position of the area in terms of structural variables such as joint participation in fairs and promotional events in other regions and/or continents. In this case too, the economic operators on both sides of the border, between which there are direct relationships, use their networks for the purpose of pursuing more effective strategies, triggering in this way a multiplier effect (of indirect relations).

The interpretation of CBC, as simply a promoter of local development of the bordering areas, which defines a relationship between its two typical functions (cultural and economic), brings out that such type of action seems to inevitably wane in medium and long term, especially within the confines of the EU. Instead, it persists the necessity for the border regions to cooperate with the aim to define the existing models of their social development, so that they can re-establish their assets in order to adapt to the EU enlargement context; this includes a sight on the roots of the actors in a given cultural context, a possible multiplier effect of their ability to use the networks to take advantage of the global flows of interaction by selecting them and channeling them according to their needs.

Finally, pointing to the systemic need of an organization to adopt boundaries, some observers note that CBC, especially when it is highly organized as in the case of the Euroregion, has the distorted effect of creating boundaries, or that of thickening the administrative boundaries between internal areas of a nation-state in the process of overcoming the border between bordering states; but it must be taken into account that such boundaries are thinner or more elusive, because they are closely related to the functionality of the networks of the actors that activate this kind of cooperation.
3.2 THE OUTLINE ON TRANSFRONTIER CO-OPERATION BETWEEN TERRITORIAL COMMUNITIES OR AUTHORITIES (MADRID CONVENTION 1980) AND ITS THREE PROTOCOLS.

The Council of Europe (CoE), based in Strasbourg, was the first international organization having a general character of finalization born in the European context in the second part of the World War II aftermath (5 May 1949). The intention of the promoters was that the CoE would create an ever greater unity between its member countries through debates on issues of common interest, agreements, joint political, cultural, economic and social actions, with the ultimate aim to ensure the safeguard of the ideals of political and civil freedom by placing them under the auspices of an international organization (Simone 2013: p. 236). Thus, in the frame of the CoE - in line with its mandate and based on the experience gained over several decades - there have been developed, negotiated and elaborated various legal frameworks including that relating to cross-border cooperation that led to the emergence of important and innovative studies, which will be analyzed below.

Actually, the main instrument of action of the CoE is to arrange for and to help in concluding international agreements between the Member States, and often also open such processes to third countries. These are acts whose entry into force is subject to ratification by the various Member States, which take actions according to the constitutional provisions of each. The agreements concluded in the framework of the CoE are numerous and affect many different areas, including cross-border cooperation as mentioned above (Daniele 2010: p. 5).

3.2.1 THE EUROPEAN OUTLINE CONVENTION ON TRANSFRONTIER CO-OPERATION BETWEEN TERRITORIAL COMMUNITIES OR AUTHORITIES, OR THE MADRID CONVENTION

The European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities, or the Madrid Convention,\(^\text{112}\) drawn up by the Council of Europe and signed in Madrid on May 21, 1980, seeks to increase economic and social progress of frontier regions by reinforcing and developing transfrontier co-operation which Article 2.1 defines as “any concerted action designed to reinforce and foster neighbourly relations between territorial communities or authorities within the jurisdiction of two or more

Contracting Parties and the conclusion of any agreement and arrangement necessary for this purpose”.

This Convention is very important because for the first time at international level introduced the possibility for entities in different countries to cooperate and to conclude agreements, provided that they are geographically contiguous.

By providing a legal framework for sub-national cooperation in different areas such as regional development, environmental protection, infrastructure development and upgrading, as well as disaster assistance, the Convention promotes and facilitates cross-border cooperation. However, such cooperation is to take place only within the scope of powers of local communities or authorities as defined by their national law (Article. 2.1) as regards international relations and general policy, as well as within the administrative supervision they may be subject to (Article. 3.4). Such authorities and communities are defined in Article 2.2 as communities, authorities or bodies exercising local and regional functions and regarded as such under the domestic law of each State. It also stipulates (Article 3.2) that, in case of interstate agreements, each State may designate these entities as well as the sectors subject to intervention and cooperation modalities, to which this Convention may apply.

As can be inferred by an analysis of the Madrid Convention, the States that ratified the Convention have to commit to facilitate and promote transfrontier cooperation and, in this view, should remove legal, administrative and technical barriers that may slow down or inhibit smooth cooperation.

The Convention provides model agreements and arrangements for this purpose, but simply as guidance (Article 3.1). Agreements may range from a mutual sharing of information to well-defined and binding provisions. Therefore, the parties that signed the Convention have the opportunity to participate actively in the shaping of shared principles and in the search for more efficient and effective solutions to common problems, without losing any of the advantages they would have enjoyed in the absence of such Convention, at national level.

Relative to this Convention there are three protocols that enabled member states to sign and ratify them independently from one another.

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113 For example, Italy ratified the Madrid Convention through Law No 948 of 19 November 1984 on ratification and implementation of the European Convention on Transfrontier Cooperation between Territorial Communities or Authorities - http://www.normativa.it/uri-res/N2Ls?urn:nir:stato:legge:1984-11-19:948~art3 (last consultation date: December 2012).

114 Del Bianco D., (cur), Cooperazione transfrontaliera e interterritoriale in Europa (Cross-border and inter-territorial cooperation in Europe) - Moduli di formazione, Modulo N. 2, ISIG, CoE, Grafica Goriziana, Gorizia 2010.

115 Based on the Madrid Convention, various State negotiated and signed bilateral or multilateral international agreements. Examples on that, such as Karlsruhe Treaty, Anholt Treaty etc., can be found on Del Bianco D., Jackson J., The Cross-Border Co-operation Toolkit – Prepared by Centre of Expertise for Local Government Reform, Council of Europe, CoE, 2012.

116 To see which Member States have signed and ratified the Outline Convention see: http://www.conventions.coe.int/Treaty/Commun/ChercheSig.asp?NT=106&CM=7&DF=29/01/2014&CL=ENG (last consultation date: December 2012).
3.2.2 THE ADDITIONAL PROTOCOL TO THE MADRID CONVENTION

The additional protocol of 9 November 1995, in force since 1 December 1998, aims to sustain and complete the Convention itself and explicitly grants territorial communities or authorities the right to conclude transfrontier cooperation agreements (Article 1.1) under some conditions, i.e. in common fields of responsibility and in conformity with national law. In other words, it aims at reinforcing cooperation among European countries.

According to the articles following it, on the base of such agreements it is possible to setting up a territorial agency dedicated to such cooperation, that is a body of cross-border cooperation, both under public and private law, in compliance with the national legislation. The legal personality of this body is governed by the contracting State where it has its registered office, while it is simultaneously recognized by all states to which the participating local bodies belong to, in accordance with their national law.

Article 5 stipulates that obviously only the contracting parties may grant public-law status to the transfrontier cooperation body; in addition, any contracting parties may stipulate that this body shall not adopt measures of general application, nor shall restrict the rights, freedoms and interests of individuals.

This is how the Euroregions were built; it will be discussed later in this chapter.

3.2.3 THE SECOND PROTOCOL (PROTOCOL NO 2) TO THE MADRID CONVENTION

The second protocol (Protocol no 2 to the Madrid Convention, signed on 5.05.1998, in force from 1 February 2002) was inspired by the growing cooperation between States and territorial

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118 However, the right of local communities to conclude agreements was a principle also provided for by the European Charter of Local Self-Government of October 15, 1985. Primary objective of this Charter is to establish common basic principles in terms of local autonomy, principles that served as reference for the local democracy reforms in the countries of Central and Eastern Europe.

119 To see the Member States that have signed and ratified the Additional Protocol to the Outline Convention see: http://www.conventions.coe.int/Treaty/Commun/ChercheSig.asp?NT=159&CM=7&DF=29/01/2014&CL=ENG (last consultation date: December 2012).

120 It is worth noting that in Italy, the law laying down the modalities regions must observe in the negotiation and conclusion of international treaties (Law n. 131 of 5 June 2003, the so-called "Loggia" law), nothing is stipulated about the creation of Euroregions by the regions.

communities and authorities of bordering States, through transfrontier cooperation, but also with non-bordering territorial communities which presented common interests (territorial cooperation). Hence, the protocol aimed to promote this second type of cooperation.\footnote{122}

This Protocol gives transfrontier cooperation its broader sense: that of inter-territorial dimension, seen as any form of concerted action between local authorities not geographically close, (Article 1). Moreover it also serves as legal framework for inter-territorial cooperation between the parties.

In fact, according to Article 2, the parties may sign cooperation agreements of inter-regional nature within fields of common responsibility and this right must be recognized and respected by the States that sign the Protocol. Under the same Article, territorial communities and authorities engaged in cooperation agreements may not obtain competences that are not theirs, and must comply with both the national law and the international obligations.

It is important to note that for the purpose of this Protocol, both in the Protocol and in the Madrid Convention, the term ‘transfrontier co-operation’ should be understood as ‘interterritorial co-operation’ (Article 5).\footnote{123}

\subsection*{3.2.4 THE THIRD PROTOCOL (PROTOCOL NO 3) TO THE MADRID CONVENTION}

The third protocol (Protocol no 3) to the Convention concerning Euroregional Co-operation Groupings (ECGs), signed in Utrecht on November 16, 2009 and in force since March 1, 2013, considering that the transfrontier and inter-territorial cooperation is still limited by the absence of one legal instrument, stipulates that local and regional communities of various European countries that shall adhere may set up transfrontier co-operation bodies in the form of Euroregional co-operation groupings (ECGs).\footnote{124}

Generally, we can say that this Protocol lays down the legal status, the constitution and operation of these Groups, thus giving the Euroregions and local and regional authorities an adequate legal framework for the structure of their cooperation.

A more-in-depth analysis of this Protocol and its articles relating to the constitution of the ECGs will be addressed made in the next paragraph. In essence, the purpose of an ECG - which is composed of local authorities and other public authorities of the contracting parties - is to

\footnote{122} To see the Member States that have signed and ratified the Protocol no 2 to the Outline Convention see: http://www.conventions.coe.int/Treaty/Commun/ChercheSig.asp?NT=169&CM=7&DF=29/01/2014&CL=ENG (last consultation date: December 2012).

\footnote{123} In fact, Italy has not either signed or ratified the two Protocols analysed so far.

\footnote{124} To see the Member States that have signed and ratified the Protocol no 3 to the Outline Convention see: http://www.conventions.coe.int/Treaty/Commun/ChercheSig.asp?NT=206&CM=7&DF=29/01/2014&CL=ENG (last consultation date: December 2012).
put in place the transfrontier and inter-territorial cooperation for its members, within the limits of their powers and prerogatives.

For the purposes of this Protocol, the Council of Europe may develop models of national laws designed to facilitate the adoption by contracting parties of appropriate national laws appropriate in order to enable ECGs to function effectively.

Therefore, it may be stated that as from the Madrid Convention of 1980 - which has fostered the path of integration and unification of Europe - the Council of Europe is committed to facilitate and encourage transfrontier and inter-territorial cooperation between territorial communities and authorities, as well as to promote the conclusion of agreements and arrangements in respect of the constitutional rules of each country.\(^{125}\)

### 3.2.5 THE RECOMMENDATION REC(2005)2 OF THE COMMITTEE OF MINISTERS TO MEMBER STATES ON GOOD PRACTICES IN AND REDUCING OBSTACLES TO TRANSFRONTIER AND INTERTERRITORIAL COOPERATION BETWEEN TERRITORIAL COMMUNITIES OR AUTHORITIES

Summarizing what has been explicitly stated in the Recommendation\(^ {126}\) and considering the Madrid Convention and its first two protocols, as well as the declarations adopted over the years concerning transfrontier, regional and interterritorial cooperation,\(^ {127}\) and taking into account that cooperation between European local and regional authorities is essential to good neighbourly relations among Member States and contributes to the strengthening of democracy, and noting numerous good practices, the Council of Ministers aiming to remove legal, administrative, economic and political barriers to territorial communities and authorities in the scope of their activity adopted in 2005 the Recommendation on good practices in and reducing obstacles to transfrontier and interterritorial cooperation between territorial communities or authorities - Rec (2005)2.\(^ {128}\)

This Recommendation was adopted in order to facilitate the ratification of the Madrid Convention and its two Protocols by the States that have not yet done so, and to foster preparation of new legal instruments or inter-state agreements.

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126 https://wcd.coe.int/ViewDoc.jsp?id=812155&Site=COE (last consultation date: December 2012).

127 Declaration of the Committee of Ministers of 6 October 1989 on transfrontier cooperation in Europe; Vilnius Declaration on Regional Co-operation and the Consolidation of Democratic Stability in Greater Europe; Chişinău Political Declaration on Transfrontier and Interterritorial Co-operation between the states of South-Eastern Europe.

128 https://wcd.coe.int/ViewDoc.jsp?id=812155&Site=COE (last consultation date: December 2012).
The Recommendation basically aims to improve transfrontier and interterritorial cooperation and remove or at least reduce the obstacles encountered by their territorial communities or authorities. It is addressed to all the Member States and consists essentially in recommending to the central authorities to adopt a series of measures.

The adoption and implementation of these measures must be carried out by involving the territorial communities and authorities.

Specifically, these measures concern:

- a legal framework for transfrontier and interterritorial cooperation,
- information, training and institutional dialogue,
- transfrontier development.\(^{129}\)

### 3.2.6 EUROREGIONAL COOPERATION GROUPINGS (ECG)

Taking a step back, before the 3rd Protocol to the Madrid Convention, it may be noted that the term Euroregion is used to identify the first forms of transfrontier cooperation, mainly to identify a cooperation structure without political powers, whose activity is exercised within the scope and responsibilities of local authorities that established such structures.

So, we can infer that there is no typical model, nor any adequate definition with a legal significance. Actually, there are different definitions of Euroregions and even that many of these present common characteristics, there are different legal and operational to establish Euroregions.

Here we will highlight two definitions of Euroregion.

The first definition is provided by the Association of European Border Regions (AEBR)\(^{130}\) founded in 1971 as a labour community among transfrontier regions of the Rhine axis, i.e. the Netherlands, Belgium, Germany, France and Switzerland. It sets these criteria for the identification of Euroregions:

- an association of local authorities from two neighboring countries, each of which having their own resources and an autonomous administration and possibly and sometime an assembly,
- an association having private law nature, with a configuration similar to the statutes of non-profit entities, in accordance with the laws of the countries the participating local authorities belong to,
- an association having a public law nature, which is recognized by the respective states.

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\(^{129}\) Del Bianco D., (cur), Cooperazione Transfrontaliera e Interterritoriale in Europa (Cross-border and interterritorial cooperation in Europe), Moduli di formazione, Materiali, Stampa: Grafica Goriziana, Gorizia 2010.

\(^{130}\) http://www.coe.int/t/dg4/localdemocracy/areas_of_work/transfrontier_cooperation/euroregions/what_is_EN.asp (last consultation date: December 2012).
The second alternative definition is comes from the Institute of International Sociology of Gorizia (ISIG) which refers to key notions of border, region, bordering area and transfrontier cooperation.\(^{131}\)

This interesting definition sees the Euroregion as the most institutionalised form of transfrontier cooperation, being institutionalised in an association which, whatever its legal nature, serve as interface mainly for the coordination of activities in the area of transfrontier cooperation.

With this vision, ISIG elaborates three types of Euroregions:

1) cross-border: one that is completely devoted to fostering cooperation between bordering areas with a strong participation of the population,
2) functional networks: one that promotes links between private actors and institutions within a cross-border area allowing for synergies,
3) macro-infrastructure: one aiming to establish transport infrastructure or political treaties (strategies) for the cross-border cooperation and for linking such area with international hinterland.\(^{132}\)

Transition from Euroregions to ECGs, which were born to provide a comprehensive legal framework for the establishment of the so-called Euroregions and designed as additional tool to EGTC - which we already mentioned - comes with the 3rd protocol to the Madrid Convention.

This Protocol, as mentioned in the previous paragraph, laid down basic rules for the constitution, duties and responsibilities of ECGs and allow the establishment of transfrontier entities with or without legal personality.

In this last case, the protocol connects the legal personality to the applicable law in the state in which the ECG has its institutional headquarters (Article 2).

According to Article 3, ECGs may be composed of territorial communities or authorities and by member states provided that one or more of their communities or authorities are members already. Even other entities may become part of ECGs, provided that they do not have industrial and/or commercial purposes and that their activity is financed mainly by the State, a territorial community or authority or similar body; or their management is subject to the control of these entities; or half the members of their administrative, managerial or supervisory organ are appointed by the state or other public territorial body.

\(^{131}\) Del Bianco D., (cur), Cooperazione Transfrontaliera e Interterritoriale in Europa (Cross-border and inter-territorial cooperation in Europe)- Moduli di formazione, Modulo n. 3, Stampa: Grafica Goriziana, Gorizia 2010.

It is important to point out that the same Article states that ECGs are also open to territorial communities and authorities of a State that have not yet signed this Protocol, only if they belong to a State adjacent to the one in which the ECG headquarters are to be established.\textsuperscript{133}

Moreover, as mentioned above, it underlines that the ECG should have legal personality and be subject to the law in which it has its headquarters (Article 2). The agreement for the establishment of the ECG must specify the list of members, the name, address of its headquarters, the duration, object and tasks of the ECG, as well as its geographical scope (Article 4). Article 4 also stipulates that territorial communities or authorities wishing to establish an ECG or join an ECG must notify or obtain authorisation from their national authorities. On the basis of such notification, the central authorities can check the legality or constitutionality of the draft statute of the ECG they want to establish or to join. The Statute is written in the language of the State in which the ECG has its headquarters and in the languages of its member, all versions being equally authentic.

The Statute must also contain, inter alia, the rules on membership and the operational structure of the ECG (Article 5).

Article 7, on the other hand, stresses that ECG functions include the creation of territorial cooperation programmes co-financed by the EU, namely the Structural Fund, as well as the management of any financial resources committed to ECG by its members or by third parties. The same Article provides for flexibility regarding legal acts that may be adopted for the exercise of functions by ECG, but which must be subject to the national law of the State where ECG has its headquarters. In addition, based on the subsidiarity principle, members must facilitate the execution of ECG decisions where there is a lack of executive power or the legal mechanisms required.

At the time of ratification, each State may indicate the communities, local authorities and public-law entities it wants to exclude from the scope of the Protocol (Article 16).

The comparison of the two instruments makes it clearer that, as mentioned earlier, through the third Protocol and mainly the introduction of the new ECG instrument, the Council of Europe aimed to give a new impetus to the Madrid Convention.

We can therefore conclude that while EGTC\textsuperscript{134} has a legal personality and is defined in terms that are clearer and univocal then for the Euroregions and, as demonstrated, it is independent in terms of budget, policies and staff and activity management, the Euroregion remains a more flexible instrument, even though the latter needs the ratification of the Madrid Convention.

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and the additional protocol by the State; on the other hand, EGTC is born out of a Community Regulation and is directly applicable.

In essence, we can say that the two instruments are complementary to one-another and, indeed, as seen in practice, the ECG is functional to EGTC.

3.3 THE EUROPEAN GROUPING OF TERRITORIAL COOPERATION (EGTC)

Continuing on an historical excursus on the steps taken at European level in the implementation of the territorial cooperation, it is important illustrate in more detail what is the European Grouping of Territorial Cooperation (EGTC).

EGTC was formally established by the Regulation (EC) No 1082/2006 of the European Parliament and of the Council which defines the characteristics, modes of operation and scope of application for EGTC. It aims to overcome the difficulties encountered by the Member States, in particular by the regional and local authorities, in the implementation of territorial cooperation, because the existing instruments until then proved to be hardly suitable for this purpose, mainly because of the differing legal orders of the States (Points (2) and (4) of the Regulation 1082/2006).

For ratification of treaties and protocols having reference to local and regional authorities, see: http://www.conventions.coe.int/Treaty/Commun/ListeTraites.asp?MA=7&CM=7&CL=ENG (last consultation date: December 2012).

The term is placed in quotation marks because it is a rather abnormal regulation whose applicability is linked in part to the domestic law of each Member State: http://www.conventions.coe.int/Treaty/Commun/ListeTraites.asp?MA=7&CM=7&CL=ENG (last consultation date: December 2012).

The term is placed in quotation marks because it is a rather abnormal regulation whose applicability is linked in part to the domestic law of each Member State: http://www.conventions.coe.int/Treaty/Commun/ListeTraites.asp?MA=7&CM=7&CL=ENG (last consultation date: December 2012).


For easier reading and understanding, it should be mentioned the EC regulations (listed by date) mainly analysed in this dissertation:

Underlining only those aspects that are most relevant to the purpose of this dissertation, it is worth noting that EGTC is a new legal/financial instrument that integrates the Madrid Convention and enables regional and local authorities to establish a public-law partnership body to facilitate and support the transfrontier, transnational and interregional cooperation (Simone 2013: p. 131), in other words, all three components of the European Territorial Cooperation (ETC) which will be explored later. This demonstrates how territorial cooperation obtains increasing importance within the European Union and the desire to make territorial cooperation in all member countries more homogeneous.

This structure was intended to strengthen economic and social cohesion (Article 1.2 of the Regulation 1082/2006) and make cooperation more stable over time through the presence of a more solid legal framework and more and better participation of local entities.

It is possible to affirm that the EGTC - which has legal personality and capacity and can therefore buy and sell goods as well as employ personnel and be a party to legal proceedings. (Article 1.4) - is a new European legal instrument with the principle aim of supervising the implementation of projects under the ETC (Simone 2013: p. 132). An EGTC should be made up of at least two Member States, i.e. at least two local or regional authorities, associations or any other body of public law (Article 3).

An EGTC may include also non-EU country, provided that their legislation or the agreements between Member States and the third countries would permit it (Point 16); but, in practice, most existing EGTCs are of cross-border nature.

Besides this, it is important to note that this is the first time that an EU Regulation attributes specific and substantive rights to local, regional and national public authorities in order to constitute a joint structure with the purpose of promoting cooperation processes.

It is relevant to highlight that an EGTC allows association of entities of different Member States without the need to subscribe first to an international agreement, ratified by national parliaments.

However, Member States should agree to the participation to an EGTC of prospective members in their respective territory or justify, on the basis of the EU regulation, any refusals.

As a general rule, the Member State shall decide within three months from receipt of the request notification for the institution of an EGTC (Article 4.3).

Regarding the interpretation and application of the founding convention of an EGTC, “... the law applicable ... shall be the law of the Member State where the EGTC has its registered

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139 Del Bianco D., (cur), Cooperazione Transfrontaliera e Interterritoriale in Europa (Cross-border and interterritorial cooperation in Europe), Moduli di formazione, Moduli n. 2 e n. 3, Stampa: Grafica Goriziana, Gorizia 2010.
office…” (Article 8.2e) and that Member State must adopt specific legislation for the implementation of the EGTC.140

Still according to Article 8 of the present Regulation, such convention shall specify in particular the:

- name of the EGTC and its registered office,
- list of EGTC’s members,
- extent of the territory applicable,
- specific objective,
- mission,
- duration.

Finally, for the purposes of this dissertation, it is useful to keep in mind also that an EGTC can implement territorial cooperation programmes and projects co-financed by the European Community, namely by the European Regional Development Fund, the European Social Fund and/or the Cohesion Fund; it can also implement territorial cooperation programmes and projects only on the initiative of the Member States or of their regional and local authorities without any funding from the European Union (Simone 2013: p. 132).

EGTC powers do not include legal activities related to police and regulatory powers, justice and foreign policy (Article 7).

### 3.3.1 THE INTERACT PROGRAMME

From the analyses so far, it is noted that the Council of Europe has worked very hard to define clear and precise rules and instruments intended for the realization of cross-border cooperation. This falls in contrast to the European Union, which is more dedicated to the realisation of such cooperation by providing substantial financial instruments, such as for example the INTERACT Programme (INTERREG Animation, Cooperation and Transfer).

It can be affirmed that this Programme is the framework programme of the European Territorial Cooperation (ETC) programmes of the Union.

Approved by the European Commission previously to the EGTC, specifically on 16 December 2002, it offers a range of information and training services by supporting studies, consulting, workshops, seminars and networking of existing ETC programmes.

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For example, Italy adopted Law No 88 of July 7, 2009 "Arrangements for the fulfilment of obligations arising from Italy’s membership to the European Communities - Community Law 2008”. For further information, see the website of the Italian Parliament: www.parlamento.it/home (last consultation date: December 2012).
In particular, it was designed to accompany the INTERREG Community Initiative\textsuperscript{141}, the greater far-reaching funding from the European Union that has stimulated the cross-border cooperation, in order to valorise experiences and capitalise on lessons learned; actually it is in phase IV C (interregional cooperation)\textsuperscript{142} of Programming 2007-2013 (Objective 3 or Territorial Cooperation Objective).

Hence, the main objective of INTERACT is to create communication networks aimed at encouraging flows of information in the context of INTERREG and build the context where such information is developed and integrated.

In fact, the main activity developed within the INTERACT programme is dissemination of information\textsuperscript{143} relating to good practices that INTERREG has built up in the course of regional, cross-border, transnational and interregional cooperation in order to stimulate exchanges between Member States and, thereby, strengthen the cooperation itself.

In this way, ETC actors have greater incentives to undertake new development actions, to design new approaches and tools, as well as services and products that are useful to good governance and territorial cooperation. It is a tool that helps to improve the efficiency and effectiveness of the ETC, as well as to the improvement of its own quality and knowledge.

The programme is developed according to these three priorities of action:

- support for the management of INTERREG Programmes,
- development of INTERREG Programmes – Local and Regional initiatives,
- cooperation and management of transition in the neighbouring regions and between the new Member States.

The Managing Authority of the INTERACT programme is located in Bratislava, and four INTERACT Points were established to better assist the working groups involved in cross-border, transnational and interregional programmes. These points are in the cities of Vienna in Austria, Valencia in Spain, Viborg in Denmark and Turku in Finland.

This dissertation cites this programme especially because INTERACT developed a handbook in 2008 that is considered extremely useful by ETC actors; this handbook elaborates the technical aspects of EGTC, presents some successful EGTCs, and explains also the main stages of their

\textsuperscript{141} http://www.interreg.net (last consultation date: December 2012).

This initiative is contemplated in the Regulation 1260/1999 on the Structural Funds and the Regulation 1783/1999 on the European Regional Development Fund (ERDF), as well as in several EC Communications. It aims to increase the economic and social cohesion, as well as regional development in Europe, ensure peace and security and respect for human rights and democracy.

\textsuperscript{142} http://www.interreg4c.eu/about_programme.html (last consultation date: December 2012).

\textsuperscript{143} Several tools are employed, for example: workshops and e-workshops, seminars, training, consulting services, creation of public data bases, studies and research, etc.

\textsuperscript{143} http://www.interact-eu.net (last consultation date: December 2012).
creation\textsuperscript{144} and implementation, which of course depend from their objectives and tasks that they want to achieve.

3.4 THE PROPOSAL FOR A NEW EGTC

The European Commission proposed a separate regulation on EGTCs,\textsuperscript{145} through which it introduces substantial amendments relating to many aspects of the current EGTC regulation (No 1082/2006) on the basis of some key words: flexibility, clarity, simplification, continuity and improvement (Simone 2013: p. 132). According to Point 5 of the Explanatory Memorandum of the regulation, the Commission may adopt amendments related to the EGTC Membership, “the content of the Convention and Statutes of an EGTC, its purpose, the process of approval by national authorities, applicable law for employment and for procurement, approach for EGTCs whose members have different liability for their actions and more transparent procedures for communication”.

As for Membership, “new legal bases are employed to permit regions and bodies in third countries to be members of an EGTC, whether the other members are from one or many Member States. The eligibility of membership of bodies under private law is also clarified” (Point [8] of the regulation).

Summing up the content of the regulation, which contains specific and systematic references about the role that can be assumed by EGTCs in the context of cooperation, the amendments can be synthesised as follows:

- easier establishment,
- examination of the framework of the activity,
- opening of EGTCs to non-EU members,
- clearer operating rules for staff recruitment, expenses and creditors protection,
- practical cooperation in providing public services,
- simplified rules,
- criteria for approval or rejection by national authorities,

\textsuperscript{144} Del Bianco D., (cur), Cooperazione Transfrontaliera e Interterritoriale in Europa (Cross-border and inter-territorial cooperation in Europe), Moduli di formazione, Modulo n. 3, Stampa Grafica Goriziana, Gorizia 2010 and http://portal.cor.europa.eu/egtc/en-US/discovertheegtc/Pages/Publications.aspx (last consultation date: December 2012).

It is important to point out how INTERACT website allows for a detailed search within the various EU promotion programmes. It is possible to obtain information and to download various documents, such as for example those relating to programmes management, financial matters, capitalization and knowledge management, project management, IPA (Instrument for Pre-accession Assistance) and EGTC (European Grouping of Territorial Cooperation) etc. - http://www.interact-eu.net (last consultation date: December 2012).

The role of PPP in CBC as strategic practice in the EU policies and cooperation tools for 2014-2020

- limited period of time for the evaluation and for taking the decision.

What seems to be really important is precisely the possibility of the opening of the EGTC towards the non-EU members and therefore, more generally, the greater flexibility of adhering in this instrument. Article 3.1-bis that should be included in the Regulation 1082/2006\textsuperscript{146} stipulates that one EGTC may be composed of members from the territories of at least two Member States and one or more third country or overseas territory, provided that they advance territorial cooperation initiatives or implement the programmes funded by the European Union. The same Article, point 2, provides that an EGTC may be composed of members from the territory of a sole Member State and a sole third country or overseas territory, provided that such a Member State considers the EGTC so composed coherent with the objectives of its territorial cooperation or bilateral relations with third countries or overseas territories.

This derives from the proposal of the EGTCs themselves which have long called for the inclusion of non-EU states. The proposed regulation meets this request, thus establishing that such inclusion is possible, but only under certain conditions. However, if these EGTC include members of a single Member State and a third country, there will be needed an additional legal basis in the Treaty governing the cooperation with third countries.

It can therefore be stated that the proposal for a regulation that focuses on the participation of third countries, serves to better reflect the realities of cooperation.\textsuperscript{147}

3.5 EUROPEAN MACRO-REGIONAL STRATEGY

The Macro-Region is a fairly new concept and it can be stated that there is no official definition of the EU Macro-Regional strategy.\textsuperscript{148}


\textsuperscript{147} To this regard it is important to stress the approval of the EU Regulation No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending the EC Regulation No 1082/2006 on an EGTC as regards the clarification, simplification and improvement of the establishment and functioning of such groupings, in which most of the proposals above mentioned were approved.

3.5.1 LEGISLATIVE FRAMEWORK

The concept of the Macro-Region first emerges on the occasion of an initiative of Baltic countries, specifically the Commission Communication of 10 June, 2009 concerning the European Union strategy for the Baltic Sea region.149

In this context, it is defined as an integrated framework that enables the European Union and its Member States to identify needs and allocate resources available through the coordination of appropriate policies, in order to allow a territory to benefit from a sustainable environment and optimised economic and social development.

The Macro-Region can therefore be defined as an area that includes territory from several countries or regions that have in common one or more characteristics and/or challenges.150 Hence, a territory may fall within many Macro-Regions.

The Macro-Regional Strategy requires neither legislation nor institutions created ad hoc and can be defined as an instrument to implement the existing Community policies that has opened a new field for the development of the territory of a large area and is able to coordinate the use of the funds available for the realisation of some well-defined projects.151

In particular, it helps achieve the third objective of the cohesion policy (ETC).

It should be noted that territorial cooperation came into the spotlight only with the 2007-2013 programming period. It is realized in three forms:

1) cross-border which aims to remove existing barriers between the EU’s internal borders and covers the adjacent areas of the internal borders and the areas of cross-border cooperation with those in the external part of the borders. Cross-border cooperation is limited in the borders areas with those countries that do not receive financial assistance from EU, such as Switzerland,

2) transnational, where cooperation is enacted on a wider scale, not necessarily cross-border, which present common features, structures and issues that affect more Member States, or parts of them, the growth of which can be pursued through a cooperative approach,

3) inter-regional or Pan-European level of cooperation, involving the EU member states aiming to a greater exchange of experience, ideas and solutions, in order to create an

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area of territorial cooperation that is able to involve all the territories of the Union in a way to further encourage the process of cohesion within them.152

For ETC, a specific regulation was introduced in the 2014-2020 programming about which we will discuss widely in the next chapter.

The Commission indicates the Macro-Regional strategy as a strategy of functional areas because it is defined in function to the common transnational challenges and opportunities, thus favouring the development of the inter-sectorial cooperation within the same territory.

The main objective of this strategy is to ensure more effective and efficient use of existing (financial and non-financial, European and national) resources - ad hoc funds are not allocated - converging them in a synergistic manner to respond to common problems through an integrated approach.

The idea is to find better solutions than the ones that every single state or region could find individually.

The base principle is to create an added value to the interventions of both the EU, the national, regional and private actors, as well as of those of the third sectors.153

Of course the strategy is based closely on the needs of the target area, it focuses on a few sectors and/or themes considered a priority by all the parties, i.e. common challenges, and defines for each of these sectors and/or themes some cooperation projects that are regarded as priority ones to be implemented, the so-called ‘flagship projects’.

Preparation and implementation of such projects involves national and sub-national actors and the civil society.

In order to institute a Macro-Region, there should be solid consensus about the identification of common challenges among the various States involved.

Once consensus is in place, at the request of the States urged by the interested regional and local territories, the European Council puts Macro-Regional strategy in its agenda and recommends to the Commission to draw up the strategy documents.

152 Del Bianco D., (cur), Cooperazione Transfrontaliera e Interterritoriale in Europa (Cross-border and inter-territorial cooperation in Europe), Moduli di formazione, Modulo n. 4, Stampa Grafica Goriziana, Gorizia 2010.

153 The site http://www.interact-eu.net/macro_regional_strategies/macro_regional_strategies/283/3921 (last consultation date: December 2012) indicates that the concept of Macro-Regional Strategy derives from the idea "... to add value to interventions, whether by the EU, national or regional authorities or the third or private sectors, in a way that significantly strengthens the functioning of the Macro-Region. Moreover, by resolving issues in a relatively small group of countries and regions the way may be cleared for better cohesion at the level of the Union. Working together can become a habit and a skill. In addition, overall coordination of actions across policy areas will very likely result in better results than individual initiatives".
From this moment, a consultation and cooperation process starts between the States proposing the Macro-Regional strategy and the Commission for the elaboration of the Strategy and its Action Plan.\textsuperscript{154}

The Commission draws up these documents and prepares the Communication on the Strategy; then the final step is the formal adoption by the European Council of both the Communication on the Strategy and the Plan of Action.

Therefore, the Commission has a central role for several reasons:

- assesses the impact of the Strategy, which must be clear, visible and directed to create added value for the whole Union as compared with individual actions that could be taken individually by the countries or regions (community approach),
- prepares the Strategy documents,
- during implementation, ensures monitoring of the Strategy and coordination of the actors involved,
- ensures follow-up.

It is undeniably the fact that this Strategy can be seen as a new tool to involve various actors of different levels ranging from the Community up to local realities, and capable of infusing effectiveness to public policies between the different actors at transnational level; however, some argue that it is difficult that a different approach – but with the same actors, particularly national governments - may have greater efficacy than the already existing inter-governmental organizations.\textsuperscript{155}

\textbf{\textsuperscript{154}It is interesting how in theory States should consult local actors in order to jointly prepare these documents, so there should be a bottom-down approach. But many scholars and territorial cooperation actors doubt this is truly happening in practice. Is it true that the State are the only real protagonists, as proven in the Baltic region, and the local authorities are merely consulted without having an impact on the decision-making? See A. Stocchiero, “Macro-regioni Europee: del vino vecchio in una botta nuova?” (European Macro-Regions: old wine in a new barrel?), Background Paper April 2010, CeSPI, MED GOVERNANCE, Med – L’Europe en Méditerranée – Europe in the Mediterranean, Project co-financed by the European Regional Development Fund, Working Papers 65/2010 http://www.cespi.it/GOVMED/Macro-Regional\%20Strategies.pdf (last consultation date: December 2012) as well as Jean-Claude Tourret and Vincent Wallaert in “3 scenarios for a Mediterranean Macro-region approach”, Medgovernance project, 7/9/2010, Institute de la Méditerranée: http://www.ins-med.org/wp-content/uploads/2010/11/Medgov_macro-region_FINAL.pdf (last consultation date: December 2012).}

There is no doubt that certain difficulties may arise during the implementation of the strategy, as for example coordination of various levels of governance\textsuperscript{156} and various existing tools, management of funds are absorbed by very high administrative costs, so as to redirect - in the course of work - funds already earmarked for the implementation of existing programmes.

What is mentioned above, has not prevented the creation of the Danube Macro-Region, following the pilot Baltic one, and in addition, of the new Adriatic – Ionian Macro-Region.

Here it is worth to spend some more words on these three Macro-Regions.\textsuperscript{157}

3.5.2 THE BALTIC MACRO-REGION

The first EU Macro-Regional strategy has been the one for the Baltic Sea Region (EUSBSR). At the core of the strategy was the objective to strengthen the cooperation as a way of facing the common challenges and promote sustainable development within this large area.

The population of Baltic Sea Region spread in the eight neighboring (Sweden, Denmark, Germany, Poland, Estonia, Finland, Latvia, Lithuania and) is about 85 million people which constitutes approximately 17% of the European Union inhabitants. Considering the common features and challenges it is still necessary to cooperate and join efforts for the common benefit. Under this context this Macro-Region Strategy aims to boost the prosperity, accessibility, safety and security including environmental protection.

The European Council approved this Strategy in the year 2009\textsuperscript{158} in pursue of a European Commission communication.\textsuperscript{159} To this regard, the Strategy comes as comprehensive framework to enhance the common maritime environment, transport issues, energy interconnections along with enlargement of cross-border markets as well as strengthening of cooperation in innovation and research areas.

\textsuperscript{156} In this context, there are interesting opinions by some analysts like Schmitt, Sterling and Dubois who argue that the conflict between different institutional actors could relate to the ownership and the management of the Macro-Regional strategy as well as to the regulatory, financial and communicative power. See Laura Berioni, La strategia macroregionale come nuova modalità di cooperazione territoriale (The macroregional strategy as new modality of cooperation), in La razionalizzazione del sistema locale in Italia e in Europa, Istituzioni del Federalismo, Rivista di studi giuridici e politici, N. 3/2012, Anno XXXIII, luglio/settembre on the web-site: http://www.regione.emilia_romagna.it/affari_ist/federalismo/ (last consultation date: December 2012).

\textsuperscript{157} To be thorough it is important to mention that the European Council has invited the European Commission to prepare an other EU strategy and precisely, a European Strategy for the Alpine Region (EUSAR) jointly with the Member States by June 2015 - http://www.balticsea-region.eu/pages/eu-strategy-for-the-alpine-region (last consultation date: December 2013).


The concrete commitment of partners is evidenced at different levels into the implementation of the cycle of the Strategy. The EU assessment reveals ‘the Strategy is already contributing positively to enhance cooperation in the Region’.

The Strategy aims at promoting cooperation among stakeholders in the Baltic Region through an integrated approach for the sectors’ initiatives such as growth, sustainable development etc.

Flagship Projects and contributing projects funded in the Baltic Sea Region are encouraged by the Strategy. The joint “initiatives involving partnership from different countries” is the approach ensuring a Macro-Regional impact of these projects.

### 3.5.3 THE DANUBE MACRO-REGION

The European Union drafted the strategy for the Danube Region (EUSDR) as an integrated response to challenges touching an area including 14 countries with over 100 million persons expanding from the Black Forest to the Black Sea. Among the region’s problems knowing no borders and requiring a common response were: flooding; transport and energy links; environmental protection and to security. Due to the support provided by the European Commission, the countries of the region are cooperating to develop projects and actions to face these challenges and build prosperity in the Danube region.

The Macro-Regional strategy for the Danube Region (EUSDR) was developed jointly by the EU Commission, the Danube Region states and stakeholders and aimed to address mutual challenges and to enhance development of this region.

The implementation of this strategy was enabled by the EU through the Communication - COM(2010) 715 - 08/12/2010 followed by the Action Plan - SEC(2010) issued on 8th of December 2010. The document was officially endorsed by the European Council on 24th of June 2011.

The strategy aims to produce synergies and harmonization between current policies and initiatives throughout Danube Region. The core aim of the Strategy is about creating closer cooperation and not about funding. It promotes actions, responsibilities and joint efforts with the final goal of getting results for the common benefit of all Danubian citizens.

The geographic area this strategy it covers includes 8 EU countries (Germany, Austria, Hungary, Czech Republic, Slovak Republic, Slovenia, Bulgaria and Romania) and 6 non-EU countries (Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Ukraine and Moldova).

The Action Plan addresses 4 main Pillars and 11 Priority Areas:

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1) the first pillar aims at connecting the region and includes priority areas to improve and promote mobility and intermodality (inland waterways, rail, road and air), sustainable energy, culture and tourism and people to people contacts,

2) the second pillar aims at protecting the environment and covers priorities as: restore and conserve the quality of waters; manage environmental risks; preserve biodiversity, landscapes and the quality of air and soils,

3) the third pillar is related at building prosperity in the Danube Region including: development of the knowledge society (research, education and ICT); supporting the competitiveness of enterprises as well as investments in people and skills,

4) The forth pillar aim at strengthening the Danube Region with the last priority areas focusing on increasing institutional capacity and cooperation, and working together to face security issues and to fight organised crime.162

3.5.4 THE ADRIATIC - IONIAN MACRO-REGION

During the European Commission meeting of December 13 and 14, 2012, the Council decided to grant the Commission the mandate to develop a strategy for the Adriatic - Ionian Macro-Region and its Action Plan. The Commission will be assisted by the newly established Adriatic - Ionian inter-regional group of the Committee of the Regions; this approval represents a political signal of renewed attention towards the Western Balkans.

The Macro-Region can be seen as an instrument capable of ensuring a greater political coordination between actors already operating, in the context of existing standards and financing instruments available.

The added value of the Macro-Regional strategy is the integrated approach of actors, policies and financial instruments, directed to specific goals around which the Macro-Region is built: a collective action to tackle common problems.

The Adriatic - Ionian strategy, which should become operational in the autumn 2014, is conceived on the model of the Baltic region and is designed as an innovative form of interregional and transnational cooperation, with the aim of strengthening democratic processes and the acceleration of the EU integration efforts of the Balkan countries.

The initial strengths of the 2014 time horizon derive from the fact that the strategy priorities may be aligned to 2014-2020 programming priorities163 and consequently to the financial


163 Priorities of the 2014-2020 programming period will be dealt with in the fourth Chapter.
resources of the new programming period as well as to those of Strategy 2020. The launch of the Strategy could be favoured by the EU presidencies of Italy and Greece in 2014.

The eligible States include Albania, Bosnia and Herzegovina, Croatia, Italy, Slovenia, Serbia and Montenegro.

It can be affirmed that the new instrument aims to promote peace, security, development and cooperation in Southeast Europe.

More specifically the objectives are: to contribute to the preparation, definition and harmonization of a common governance and strategy for economic development with particular attention to the sectors of environment, energy and transport, tourism and culture, fisheries and coastal management, agriculture and rural development, university cooperation, SME and civil protection; to provide tools for high-level education to public officials and stimulate the exchange of best practices between public administrations; to propose solutions to issues relating to transport and infrastructure, as well as to the preservation of cultural heritage; and to ensure the conditions for effective participation in EU programmes and better access to EU funds dedicated to this area. The existing Adriatic Euroregion will be one of the operational entities of the Macro-Region.

3.5.5 MAIN DIFFERENCES BETWEEN EGTS AND MACRO-REGIONS

For the purposes of a greater understanding of what is written above, it is now considered important to describe the substantial differences between the EGTCs that the dissertation has analysed before the Macro-Regions and between Macro-Regions themselves mentioned above. It is possible to mention that both of them are instruments between internal and external cooperation as well as different tools that can and should cohabit.

Effective implementation of a Macro-Region poses much less application and implementation problems of legal type than the EGTCs. EGTC in fact, although having a legal personality, is

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164 http://www.oics.it (last consultation date: December 2012), http://www.regione.emilia-romagna.it (last consultation date: December 2012), http://www.regione.abruzzo.it/portale/index.asp (last consultation date: December 2012).


This Euroregion is an association of local authorities of regional and municipal levels of 6 countries along the coast of the Adriatic sea and involves NGOs and European institutions that operate in the Adriatic Sea. It must be noted that even at Baltic region level, there was already a Euroregion before the introduction of the Macro-Regional strategy. Born in Termoli on November 9, 2004 with the primary objective to facilitate the integration and stabilisation process in the Western Balkans, it aimed to bring them closer to the European Union. In particular, the aim is to foster development in many sectors, such as the economy, but also cultural and social development, through the sharing of information and experience, development of common interests and strategies, etc.
configured as a direct operator which, in order to be established, needs a plurality of approvals that presumably have hindered its diffusion. Also due to this reason, EGTC is subject to revision within 2014-2020 programming that will be addressed by this study in the next chapter.

In contrast, the Macro-Region is a new legal entity and not a new operator which is entrusted with the management of funds or programmes; in other words, it is not an operational tool like EGTC, but rather a way of cooperation that was born from and is based on a strategic document and that aims to the integration of the actions of the EU institutions, States and sub-State bodies around problems jointly identified as priorities and that are thought to be tackled better under a common approach.\textsuperscript{166}

Therefore, there are no new institutions, nor new bodies, as there are no funds directed specifically to one Macro-Region or another.

So, as stated before, it is a new way of operation with already existing resources.

### 3.6 SUMMING UP

In conclusion, it can be affirmed that the birth of the concept of cross-border cooperation and to its practical application can be anticipated only by starting from the analysis of the boundary concept and from that of border and peripheral area, and by continuing to the general theory of the systems applied to the general theory of boundaries.

And it is for this reason that in the first part of this chapter there was the need for the explanation of the above mentioned concepts and of the data of the various scholars/sociologists and historians, based on which are presented the main legal instruments that regulate precisely the cross-border cooperation at the European level and its ad hoc mechanisms that are used to apply such cooperation.

Particularly, after having introduced the acts that have been brought into life from the CoE, among which Madrid Convention - a central instrument for the type of cooperation that is subject of study in this dissertation - there have been introduced its 3 protocols. The additional Protocol essentially gives the possibility to create an organism for cross-border cooperation; the second Protocol (no 2) provides above all a legal framework for the inter-territorial cooperation between the parties; and the third Protocol (no 3) concerns the possibility of forming the ECG by creating the legal status, the institution and the functioning of such Groups. Following this, in view of how cross-border cooperation has acquired more importance through time, it has come useful to explain the functioning of EGTC institution, its

modality of action and its fields of applications. It was eventually created to facilitate the cross-border cooperation and to overcome the obstacles that had been encountered at that time (the same can be said for the Recommendation Rec(2005)2 which has been already analysed). The EGTC has come to be a new legal/financial instrument that integrates the Madrid Convention and the relevant Protocols. In addition, it has also been regarded as appropriate to consider the steps that have been taken from the EU with regard to this type of cooperation, which, more particularly, have consisted of making available important financial instruments such as INTERREG. This instrument supports from the top to the bottom the Strategy of Macro-Regions, which, in spite of not having its own official definition in the sphere of the EU, has come to be really useful in contributing to the realization of the cohesion policy, and more specifically in fulfilling its objective no 3 (of the ETC).

As already mentioned the seven-year plan is an integral part of this policy. For this reason, in the following chapter it will be presented the just terminated seven-year plan of this policy (2007-2013) and the new one (2014-2020). By viewing the new policy, it will be shed light especially on its link to the PPP.
CHAPTER IV - THE NEW EUROPEAN REGIONAL PROGRAMMING PERIOD 2014-2020 AS THE CONTEXT TO APPLY THE PPP
After probing into the main EU cooperation policies beyond the borders of the EU (i.e. those same policies that can be a good background for the application of the PPP instrument), this chapter will deal with the new European regional policy and 2014-2020 programming period. A brief introduction about 2013-2014 programming serves to better understand the main drivers of change between the two. These factors will be analyzed at a rather generic level, but will be probed in depth for those instruments that are useful to making CBC happen.

4.1 WHAT WILL CHANGE IN THE NEW EUROPEAN REGIONAL/COHESION POLICY? THE NEW EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF).

As mentioned above, in order to understand the changes introduced in the new regional policy, there is a need to refer to the regional policy that outlined the 2007-2013 programming period.\(^{167}\)

2007 marked the start of a new 7-year European programming which formalised the directions proposed by the Commission in its Communication to the Council and Parliament ‘Wider Europe - Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours’ in March 2003. So, it is not any more about different external cooperation programmes, each with its own characteristics and aimed at geographical area (CARDS for the Balkans, TACIS for Russia and the former Soviet Republics, PHARE for the pre-accession countries and MEDA for the Southern and Eastern shores of the Mediterranean), but it is about ENPI (European Neighbourhood Policy Instrument) countries\(^{168}\) - those to which it is addressed the European Neighbourhood Policy (ENP) - or about the countries with which the EU intends to maintain privileged relations and strong and build a solid and reliable partnerships, even for geo-political, strategic and security reasons.

The changes that occur during this seven-year period leading to the rethinking of regional policy are different: for example, the establishment of the Union for the Mediterranean\(^{169}\) in 2008 and consequently its affirmation, the Arab spring which began at the end of 2010, the reinforcement of the Euro-Mediterranean partnership, as well as the identified need for a regional cooperation strategy in the Black Sea region in 2007,\(^{170}\) the inauguration of the Eastern Partnership in May 2009 with the aim of bringing Europe closer to Armenia,


\(^{168}\) Specifically, Eastern Europe, the Caucasus and the South Mediterranean countries.

\(^{169}\) http://www.enpi-info.eu/medportal/content/341/Union%20for%20the%20Mediterranean (last consultation date: December 2012).

\(^{170}\) Such partnership is based mainly on bilateral relations between the EU and each of its partners, but it also presents a multilateral dimension to promote cooperation, political dialogue, sharing experience and good practice. See Commission Regulation (EC) No 160/2007 of 11 April 2007.
Azerbaijan, Georgia, Moldova, Ukraine and Belarus\textsuperscript{171} and further develop the economic integration between the EU and the Eastern partners, etc.

In terms of funds, the 2007-2013 programming period - as seen in the second Chapter - entailed the following European funds:

- the European Regional Development Fund (ERDF) and the European Social Fund (ESF),
- the Development and Cohesion Fund, already the Underutilised Areas Fund, at national level.

In this dissertation, with respect to the funds listed above, it will be essentially dealt with ERDF, as all the other tools do not affect the CBC. In fact, as it has been mentioned in the second Chapter, part of the ERDF can be utilized for the achievement of the Objective 3 (CTE), inside of which it is identified also cross-border cooperation. Actually, based on the Council Regulation 1083/2006,\textsuperscript{172} the European Regional Development Fund (ERDF) contributes to the financing of interventions which are focused at strengthening economic and social cohesion in two ways:

1. eliminating the main regional imbalances through support for the development and structural adjustment of regional economies, including the restructuring of declining industrial regions and those which are lagging behind,
2. supporting cross-border, transnational and inter-regional cooperation.

Therefore, ERDF contributes (Article 3.2) to the achievement of three primary objectives:

1. ‘Convergence’ which supports sustainable and integrated economic development at regional and local level, and to employment, mobilizing and strengthening local capacity through operational programmes aimed at modernization and diversification of economic structures and the creation and maintenance of stable jobs,
2. ‘Regional competitiveness and employment’ which focuses on 3 priority actions: innovation and the knowledge economy with the creation and strengthening of effective economic regional innovation systems, systemic relations between the public and private sectors, universities and technological centres which take account of local needs; environment and risk prevention; and accessibility to transport and telecommunications services of general economic interest,
3. ‘European territorial cooperation (ETC)’\textsuperscript{173} which is an exclusivity of ERDF (Article 4.3) and in turn, focuses on 3 three other priority actions corresponding to different types of programmes:

\textsuperscript{171} ec.europa.eu/news/external_relations (last consultation date: December 2012).
\textsuperscript{173} Unlike previous programming, in this programming period 2007-2013, the European Union replaced the Community INTERREG initiative with this tool called Objective 3 or European territorial cooperation -
- cross-border cooperation (53 programmes along the internal EU borders and in maritime area 10 programmes under the Instrument for Pre-Accession Assistance (IPA), ERDF contribution amounting to 5,6 billion Euros),
- transnational cooperation (13 programmes in the Baltic Sea, Alpine and Mediterranean regions, ERDF contribution amounting to 1,8 billion Euros),
- inter-regional cooperation (INTERREG IVC and 3 networking programmes - URBACT II, Interact II and ESPON - in the Member States, ERDF contribution amounting to 445 million Euros).\textsuperscript{174}

In this regard, the EU territory is divided into 3 types of different areas with a view to creating a network of European programmes specific to each individual area:

1. cross-border areas,
2. transnational areas,
3. inter-regional areas.\textsuperscript{175}

This third objective (ETC), excluding IPA and ENPI instruments, has a total budget of 8.7 billion Euros\textsuperscript{176} and its overall objective is to create a network of contacts and exchanges between the people along the borders, in order to promote joint solutions to common issues between the neighbouring authorities and pursue economic and social cohesion in many different sectors such as infrastructure, culture, tourism, environment and SMEs.

The regions eligible are the Nomenclature of Territorial Units for Statistics (NUTS) III ones, i.e. those with a population between 150,000 to 800,000 people, located along the internal border lands and along some external borders, as well as some adjacent maritime borders, separated by a maximum of 150 kilometres.

4.1.2 EUROPE 2020 STRATEGY

For what has been said so far, generally, all EU policies should contribute to the achievement of Europe 2020 and thus the regional policy. It will see how the review of this policy has been
actualized in order to pursue the new guidelines outlined in the Europe 2020 Strategy. In fact, it is precisely in this strategy that all the planning for 2014–2020 is concretized.

Europe 2020 strategy\(^{177}\) was born on the European Commission’s proposal in 2010, at the moment when the decade of the Lisbon Strategy\(^{178}\) was coming to an end. Europe 2020, taking into consideration the results achieved by the Lisbon Strategy, set out the EU objectives in the following decade and tools to attain them.

Through this Strategy, the European Union essentially aims to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with new and better jobs and greater social cohesion, thus improving the quality of life and departing from the economic crisis that hit and continues to hit many European countries.

So, it set out three interlinked priorities that are able to reinforce one-another:\(^{179}\)

1. smart, aiming at the development of an economy based on knowledge and innovation,
2. sustainable, aiming at the promotion of a greener economy, a more efficient and competitive one in terms of resources,
3. inclusive, aiming at the promotion of an economy with an high employment rate able to support social and territorial cohesion.

These three priorities are then broken down in five targets and seven priority initiatives designed to catalyze the progress in each priority theme.

The five targets\(^{180}\), relate to various sectors in which innovation seems to be a cross-cutting strategy, are:

1. 75% of the population between 20 and 64 year old must be employed (employment),
2. 3% of the EU’s GDP must be invested in research and technological development (research and development - R&D),
3. achieve the ‘20/20/20’ objectives for renewable energy, energy efficiency and greenhouse gas emissions (the latter as compared to 1990) (climate change and energy sustainability),
4. early school leaving must be reduced to under 10%, and at least 40% of 30-34 year olds must obtain a higher education diploma (education),

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\(^{178}\) The Lisbon Strategy launched in 2000 on the proposal of the European Council with the goal of making a series of reforms in Europe to make it the most competitive knowledge-based economy in the world, able to provide sustainable economic growth and new and better jobs, as well as better social cohesion (Presidency conclusions - item , Lisbon European Council, 23 and 24 March 2000) [http://www.europarl.europa.eu/summits/lis1_en.htm#](http://www.europarl.europa.eu/summits/lis1_en.htm#) (last consultation date: December 2012).


\(^{180}\) IBIDEM.
5. reduce poverty, bring at least 20 million out of the risk of poverty and social exclusion (fighting poverty and social exclusion).

In short, the identified seven flagship initiatives are divided according to the priorities; as regards the smart growth, they are:

- creating a single digital market based on fast/ultrafast internet and interoperable applications,
- innovation Union,
- youth on the move. 

For the sustainable growth, the priorities are:

- an efficient Europe in terms of resources,
- an industrial policy for the globalisation area.

Finally, as regards the innovation policy, priorities are:

- an agenda for new skills and jobs,
- a European platform against poverty.

It is relevant for this dissertation to say that, for the purpose of implementation of such an ambitious strategy, the partnership instrument is considered an essential tool; indeed, on 24 December 2012, the Commission staff elaborated the working document: The partnership principle in the implementation of the Common Strategic Framework Funds - elements for a European Code of Conduct on Partnership (SWD (2012) 106 final).

It is important to refer to this document, because partnership comprises also the private sector. In fact, the introduction of this working document defines partnership as “a close cooperation between public authorities at national, regional and local levels in the Member States and with the private and third sectors”. It calls for the active involvement of partners “throughout the whole programme cycle: from preparation and implementation, to monitoring and evaluation”. It also states that partnership must be correlated to the multilevel governance approach, where “multilevel governance means coordinated action by the


For further information, see: http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/priorities/smart-growth/index_en.htm (last consultation date: December 2012).


European Union, Member States and regional and local authorities, based on partnership and aimed at drawing up and implementing EU policies”.

4.1.3 TOWARDS NEW COHESION POLICY

The new cohesion policy is oriented to investments in smart, sustainable and inclusive growth and, more generally on the long-term objectives on growth and employment set out by the EU and reconciled to the Strategy mentioned above. As a consequence, even the use of the resources provided in the 2014-2020 programming is oriented towards the same goals.

In fact, in October 2011 the European Commission officially presented its proposals for the new 2014-2020 programming, which were subjected to discussion and consultation with the view of introducing modifications in the course of the time and currently approved.

Regional policy has been subject to remarkable changes and the focus on the priorities of the 2020 strategy of the cohesion policy - as mentioned above - is just one of the modifications that can be observed with respect to the previous programming.

Actually, there occur changes of also other aspects and implementation modalities of this policy, and in general it can be affirmed that it is proposed that it grants awards based on results, which get a greater focus through careful monitoring of progress towards agreed objectives. In addition, it supports the integrated programming and an increase of proportionality, it is aimed at strengthening territorial cohesion, at a reduction in administrative costs and at simplifying its management.186

It also aims to give greater flexibility to the process of elaboration of programmes as well as more clarity and certainty in the legal framework for financial instruments which should be strengthened in order to catalyse public and private resources. It is important to state that - in contrast to 2007-2013 programming rules - the rules proposed for 2014-2020 financial instruments are non-prescriptive in regards to sectors, beneficiaries, types of projects and activities to be supported.187

Therefore, the cohesion policy acquires a central role in the realization of the 2020 Strategy188 as reflected by the proposed budget which is 30% higher than the previous programming, equal to 376 billion Euros, including financing of the new mechanism Connecting Europe

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188 See the document: Designing future synergies between Horizon 2020 and Cohesion policy: maximising innovation opportunities at regional level, Dr Dimitri CORPAKIS, Head of Unit, Regional Dimension of Innovation, DG Research and Innovation, European Commission on this site: http://conference.knowledgecities.eu/wp-content/uploads/2012/10/1.CORPAKIS_INNOPOLIS121012.pdf (last consultation date: December 2012).
Facility, designed to strengthen cross-border projects in the sectors of energy, transport and information technology (ICT).\textsuperscript{189}

It is worth noting that on 7 and 8 February 2013, the heads of states and governments of Europe, during a Summit in Brussels, agreed on the Multi-annual Financial Framework (MFF) 2014-2020\textsuperscript{190} from which 325,149 billion Euros are earmarked for the cohesion policy, so less than originally proposed by the European Commission and less of the budget available in the previous programming period. After two and half years of discussion and negotiations, on 2 December 2013 the Council of the European Union adopted the MMF Regulation after the European Parliament’s consent of 19 November 2013. This legislative act that contains a set of rules and provisions related to the mechanism of the MFF to follow as of 1 January 2014, establishes the budget allocation for the cohesion policy for an amount of 351.8 billion Euros, more of what agreed on February 2013 and about 5 billion Euros more of the budget available in the previous programming period.\textsuperscript{191} The legislative package of measures that were proposed with the aim to strengthen the strategic vision of the new cohesion policy and its implementation, and that constitutes the legal framework of the new programming, comprises five regulations dedicated to the individual Funds and a basic regulation (also called horizontal regulation or regulation umbrella) that defines some general criteria for programming. More specifically:

- the basic regulation\textsuperscript{192} that lays down common provisions on the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) and repealing Council Regulation (EC) No 1083/2006. This regulation is divided in three parts. The first part lists the various considerations and definitions, the second (Article 1) lays down the common provisions for the five funds with structural objectives that fall under the Common Strategic Framework (CSF) presented by the Commission\textsuperscript{193} such as those able to


\textsuperscript{193} The Common Strategic Framework for the cohesion, rural development and fisheries fund presented by the Commission is the framework from which all Member States must draw inspiration. According to Point 1.5.4,
ensure efficiency of these funds and their coordination with the other EU instruments. This part particularly outlines the common elements of programming, the objectives and the provisions relating to the CSF and to the partnership contracts with each Member State. Whereas the third part lays down the specific provisions for ERDF, ESF and CF, i.e. the mission and objectives of the cohesion policy, the financial framework, the programming and reporting modalities and the common action plans,

- three specific Regulations, one for ERDF,\textsuperscript{194} one for ESF\textsuperscript{195} and one for CF.\textsuperscript{196} The first repealing Regulation No 1080/2006, the second the Regulation No 1081/2006 and the third the Regulation No 1084/2006 (Article 1). These regulations contain specific provisions especially in relation to the scope of funds and intervention priorities. The principles common to all the funds are: partnership and the multi-level governance, compliance with the applicable Community and national law, promotion of gender equality, non-discrimination and sustainable development,

- two regulations, one on the European Territorial Cooperation (ETC)\textsuperscript{197} objectives and the other concerning the European Grouping of Territorial Cooperation (EGTC) repealing Regulation No 1082/2006\textsuperscript{198} that this dissertation dealt with previously.

That one related to the ETC will be discussed in more details later in this chapter while that one related to EGTC has been discussed in the third Chapter. The Cohesion Fund and ESF will not be analysed since they are not relevant to CBC. Although Albania cannot benefit from ERDF funds devoted to ETC, ERDF is not properly relevant for the purposes of this dissertation. However, there will be explained the novelties introduced by this Fund for that part that aims to attain the objectives set out in the ETC, analysing before the general regulation.

\textsuperscript{194} http://ec.europa.eu/regional_policy/what/future/index_en.cfm#1 (last consultation date: December 2012).
\textsuperscript{195} http://www.ires.piemonte.it/Europa2020/2.Sintesi%20Fondi.pdf (last consultation date: December 2012).

In general, the umbrella regulation seeks to strengthen the strategic dimension of the cohesion policy. In addition, in order to improve its results, the regulation introduces provisions on both the ex-ante conditionality - which are defined for each of the 11 proposed thematic objectives - to ensure that the necessary conditions to secure an efficient support of funds are present, and ex-post conditionality (Points 2.2.2 and 5.1.3 and Article 17) so that the Community funding is perceived as incentive to achieving the objectives identified in the 2020 Strategy. It emphasizes, inter alia, that the failing to meet the conditions would determine the suspension or non-delivering and cancelling of the funding. Furthermore, it is proposed the adoption of a macro-economic condition to ensure that the efficiency of funding is not compromised by inadequate macro-financial policies (Article 18).

It is also foreseen to guide the programming processes towards the results in order to improve the effectiveness of the programmes, as well as to rationalize the financial management and control and manage the data electronically for a greater control of spending and a reduction of administrative burdens (Article 62). In general, as a result of the various public consultations, it is also noted that it is being attempted to simplify the procedures\(^\text{199}\) (Point 5.1.8 and 2.2) in order to harmonize as much as possible the eligibility rules applicable to all funds.

It is important to note that as regards ERDF and ESF beneficiaries, it is proposed that all European regions be supported by these funds on the basis of their GDP per capita. It is precisely on the basis of this criterion that three specific types of regions are distinguished (Point 5.2.1):

1. less developed regions, whose GDP per capita is less than 75% of the average GDP of the EU (the new programming will bring the exit of 20 regions from this category),
2. transition regions which will continue to be the absolute priority of the European policy and will include regions with GDP per capita between 75% and 90% of the average GDP of the EU,
3. more developed regions, whose GDP per capita is above 90% of the average GDP of the EU.

It also stipulates ‘transition regions’ and ‘more developed regions’ with a GDP per capita over 75% and which were eligible for the convergence objective in the period 2007-2013, will receive structural funds equal to at least two thirds of their 2007-2013 allocation.

Another important point in the basic regulation, as already mentioned, is the laying out of eleven thematic objectives (Point 5.1.2) which represent the base of the strategy of the Union for the period 2014-2020 and are in line with the Strategy 2020. These objectives/investment priorities are:

- strengthen research, technological development and innovation,
- enhance ICT access, use and quality,

 promote and enhance the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD), fisheries and aquaculture sector (for EMFF),
• supporting the shift towards a low-carbon economy in all sectors,
• promote climate change adaptation, risk prevention and management,
• protect the environment and promote resource efficiency,
• promote sustainable transport and remove bottlenecks in key network infrastructures,
• promote employment and support labour mobility,
• promote social inclusion and combat poverty,
• invest in education, skills and lifelong learning, upgrading school infrastructure and training,
• enhance institutional capacity, promote an efficient public administration and public services falling under the scope of ERDF, matching relevant actions to ESF support.

Lastly, it is worth noting that under Article 81.2 the three objectives provided for in the 2007-2013 programming become two, specifically:

1) Investment for growth and jobs in Member States and regions, to be supported by all the Funds,
2) European territorial cooperation, to be supported by the ERDF with a commitment of 11.7 billion Euros (Article 84.8) which shall be subject to a specific budget line. Given its peculiarity, a specific regulation is proposed which will be discussed later.

Summing up, with regard to the specific ERDF Regulation, it is worth mentioning that Point 1 provides for a greater financial concentration to a lower number of thematic priorities, a greater focus on results, a progress monitoring, a greater use of conditionality and simplified implementation.

As already said, after a long debate, these proposals are currently adopted and the regions and Member States may develop sooner the new programmes to be implemented during 2014-2020.

4.2 OBJECTIVES OF THE EUROPEAN TERRITORIAL COOPERATION (ETC) 2014-2020

Drawing from what was said from the preceding paragraph, it can be generally assumed that the general objective of cohesion policy is to reduce the gap between the levels of
development of the various regions as well as to contribute to the achievement of the objectives set out in the Europe 2020 Strategy, for a smart, sustainable and inclusive growth.

As already said, given its peculiarity and in order to mainstream the multi-country context of cooperation programmes and actions involving at least two Member States or one Member State and third countries, it has been presented an ad-hoc regulation which will be analysed below. But it is also the result of the recognition of the importance and added value that ETC can provide in pursuit of the objectives of the cohesion policy. Particularly, in point 1 of the Regulation directed to ETC, with particular reference to the cross-border and transnational cooperation, it says that the improvement of governance is also a result of coordination of sector policies, as well as of the actions and investments of the two types of cooperation.

In Point 4 of the regulation it is set out the financial resources planned for territorial cooperation and the criteria for allocation to Member States. These resources would be allocated as follows:

- 73,24% for cross-border cooperation (8.569.000.000 Euros),
- 20,78% for transnational cooperation (2.431.000.000 Euros),
- 5,98% for interregional cooperation (700.000.000 Euros).

In reality, the summit of 7 and 8 February 2013 allocated only:

- 6.627 million Euro for cross-border cooperation,
- 1.822 million Euro for transnational cooperation,
- 500 million Euro for inter-regional cooperation.201

So, the total allocation was 8.949 million Euros.

In Article 5 it is described the concentration of thematic objectives for each of these three cooperation modes. These objectives are selected as follows:

- up to 4 thematic objectives for each cross-border cooperation programme,
- up to 4 thematic objectives for each transnational cooperation programme,
- all thematic objectives for interregional cooperation programmes.

As regards cross-border cooperation, in Article 6 it is stipulated that the ERDF supports the exchange of human resources, of the equipment and cross-border infrastructures in the frame

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In reality, the summit of 7 and 8 February 2013 allocated only sector policies, as well as of the actions and investments of the two types of cooperation. Particularly, in point 1 of the Regulation directed to ETC, with particular reference to the cross-border and transnational cooperation and the criteria for allocation to Member States. These resources would be allocated to the Member States of the Union, to the benefit of the regions of the Member States, with priority being given to regions located in areas of geographical disadvantage.

In Point 4 of the regulation it is set out the financial resources planned for territorial cooperation, it says that the improvement of governance is also a result of coordination of exchange of human resources, of the equipment and cross-border infrastructures in the framework of various cooperation programmes and actions involving at least two Member States or one Member State and third countries.

As regards cross-border cooperation, in Article 6 it is stipulated that the ERDF supports the development of a strong transnational dimension of the territorial area located in land and sea borders with at least one Member State and a third country, or between regions that are bordered with at least one Member State and a third country in the context of the external financing instruments of the Union. The role of PPP in CBC as strategic practice in the EU policies and cooperation tools for 2014-2020

As regards transnational cooperation, Article 6 and Point 5 define an objective which takes account of possible overlapping between Macro-Regions, sea basins and areas of transnational programmes; the defined priority is: the development and implementation of Macro-Regional strategies and programmes concerning sea-basins including those established in the external borders of the European Union (within the thematic objective of enhancing institutional capacity and an efficient public administration).

In the recommendations is then stated that the purpose of cross-border cooperation should be to tackle common challenges identified jointly in border regions and to exploit the untapped potentials in the border areas while enhancing the cooperation process to the benefit of the overall harmonious development of the Union (Point 5). Cross-border cooperation should support region located in land or sea borders (Point 9) where cross-border cooperation is defined (Article 2) as cooperation intended to promote integrated regional development between neighbouring land and maritime border regions from two or more Member States or between regions that are bordered with at least one Member State and a third country in external borders of the UE, different from those which are covered by programmes in the context of the external financing instruments of the Union.

As regards transnational cooperation, Point 10 states that transnational cooperation areas that are defined by the Commission, should be defined having regard to actions needed to promote integrated territorial development. By transnational cooperation is meant the cooperation involving national, regional and local authorities and also maritime cross-border cooperation in cases not covered by cross-border cooperation, with a view to achieving a higher level of territorial integration of those territories, thus contributing to territorial cohesion across the Union (Article 2.2).

Important also is what is said in Point 27 identifies on the need to sustain the ETC with third countries bordering the European Union, where it allows the regions of the Member States confined with third countries to be effectively assisted in their development.
In Article 3 it is stated that with regard to cross-border cooperation, the eligible areas of the EU are those included in the Commission list as NUTS 3 level, which are located in the internal and external land borders, different from those which are covered by programmes in the context of the external financing instruments of the Union, as well as different from all NUTS level 3 regions that lie along maritime borders separated by a maximum distance of 150 km, subject to any adjustments that might be necessary in order to ensure the consistency and continuity of the programme areas of cooperation defined for the programming period 2007-2013.

Hence, it may also include non-Member States to support the development of social and economic activities between neighbouring geographic areas with the aim of overcoming the differences between areas bordering the EU’s internal borders and to the external borders only with countries that do not receive financial assistance from the Union.

According to Article 3.3, with regard to the transnational cooperation, the Commission adopts the list of transnational areas to receive support, distributed by cooperation programme and covering the regions classified at NUTS 2 level while ensuring the continuity of such cooperation in larger coherent areas based on previous programmes, through implementing acts adopted in accordance with the advisory procedure. The same Article stipulates that, when submitting transnational cooperation projects, Member States may request that additional NUTS level 2 regions adjacent to those listed in the decision referred to in the first subparagraph are added to a given transnational cooperation area and shall give reasons for the request.

This list should also specify the regions NUTS 3 level in the Union taken into consideration from the ERDF budget for cross-border cooperation on all internal borders and external borders that fall within the external financial instruments of the Union, such as the neighbourhood and partnership instrument ENI (former ENPI)) and the instrument for pre-accession assistance IPA (which will become IPA II) that be described hereinafter in this chapter.

It is worth noting that Article 11.2 proposes that operations selected under cross-border and transnational cooperation must involve beneficiaries from at least two participating countries, at least one of which must be a Member State. An operation may be also implemented in a single country, provided that it is for the benefit of the programme area.

With regard to ENI and IPA, here it is important to underline the proposal contained in this Regulation, and in particular in Point 13; it says that a mechanism must be established in order to organize support from the ERFD to external policy instruments, such as the ENI and the IPA, which includes those cases in which the programme of external cooperation cannot be adopted or must be suspended.

In addition, Article 3 stipulates that transnational cooperation programmes may also related to areas of third countries affected by the EU’s external financial instruments such as ENI and IPA. Furthermore it is made clear that the annual allocations corresponding to the support of the ENPI and IPA of these programmes will be made available, provided that the programmes adequately address the objectives of the relevant external cooperation. Such regions must be NUTS 2 regions or equivalent ones.
Very interesting is what is defined in Articles 4.4 and 4.5 or that the support of ERDF to the cross-border and sea-basin programmes under ENI and IPA cross-border context is defined by the Commission and the concerned Member States, and that support is granted from ERDF to each cross-border and sea-basin programmes under ENI and IPA instruments, only on condition that at least equivalent amounts to be provided by ENI and IPA. Such equivalence is subject to a maximum amount established by ENI Regulation or the IPA Regulation.

Thus, the collaboration under the European territorial cooperation objectives and programmes financed by external tools will be promoted.

This basic regulation cites also the EGTC instrument. Under Point 28, Member States are encouraged to confer the task of the managing authority to an EGTC, thus making it responsible for the management of the program of cooperation that concerns the territory concerned by the EGTC itself.

It is emphasized that in this Regulation are contained other clarifications on the role the EGTCs can play in this context, clarifications are provided in Articles 8, 10, 11, 21 and 25. EGTCs are the object of a new proposed Regulation, as analysed in the third Chapter.

Here it is sufficient to refer to Article 11 which explicitly states that an EGTC or other legal body established under the laws of one of the participating countries may apply as sole beneficiary for an operation provided that it is set up by public authorities and bodies from at least two participating countries, for cross-border and transnational cooperation, and from at least three participating countries, for interregional cooperation.

4.3 THE EUROPEAN NEIGHBOURHOOD AND PARTNERSHIP INSTRUMENT (ENPI)

As discussed in the third Chapter, the relations between the Balkan countries and south Mediterranean countries are closely connected to the European Territorial Cooperation (ETC). It was already mentioned that the 2007-2013 programming period established new instruments of cooperation for and with the third countries. Under the pre-accession policy, particular attention is given to the instrument for pre-accession assistance (IPA), which replaces the previous instruments adopted until the last enlargement; similarly, importance was given to ENPI under the context of the neighbourhood policy.

It will be shown below that within the new 2014-2020 programming period these two instruments are subject to amendments too. After a short presentation of the ENPI and the ENPI_CBC/Mediterranean See Basin Programme, it will be probed into the new ENPI, in other words ENI (European Neighbourhood Instrument), and then it will be dealt with IPA which is much more relevant to Albania in terms of access to EU funding.

In this territory, and only in some respects, we may distinguish between ENPI South countries (Algeria, Palestinian Authority, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Syria and Tunisia) and ENPI East countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). As described in the second Chapter, Russian Federation, has a status of strategic partner and is a beneficiary of ENPI funds even if relations with the EU are not covered by the European Neighbourhood Policy but are defined by a special Strategic Partnership agreement/instrument (Simone 2013: p. 224).

It is important to note that some of these states are practically excluded from ENPI funding for several reasons: Belarus because it is not a democracy, Syria for political reasons etc.203

ENPI then replaces and unifies the MEDA and TACIS programmes, for the period 2007-2013, and has a budget equal to 11.18 billion Euros, of which 95% is intended for national development programs, multinationals or thematic. The remaining 5% is reserved to the programs of cross-border cooperation (CBC) which may be bilateral (in the Mediterranean there is a program Spain - Morocco and Italy - Tunisia) or multilateral (the Mediterranean Basin).

From the operational standpoint, ENPI provides a complex programming, or rather the preparation of:

- ‘Country Strategy Paper’, the seven-year program document of political-economic framing of the beneficiary country that includes the analysis of the situation and the response strategy,

202 http://ec.europa.eu/world/epn/pdf/oi_3310_en.pdf (last consultation date: December 2012) and http://www.enpicbcmed.eu/documenti/29_38_20090108121213.pdf. It is worth to mention that this Regulation lays down provisions on the rate of co-financing, preparation of joint operational programmes, the designation and functions of the joint authorities, the selection, the role and function of the Selection Committee, Joint Monitoring Committee and Joint Secretariat, eligibility of expenditure, joint project selection, the preparatory phase, technical and financial management of Community assistance, financial control and audit, monitoring and evaluation, visibility and information activities for potential beneficiaries.

203 Related to this, it is considered interesting to mention that since 2003, the European Council adopted the “European Security Strategy” which, in the section regarding “Building Security in our Neighbourhood”, affirmed that: “... It is in the European interest that countries on our borders are well-governed. ... The integration of acceding states increases our security but also brings the EU closer to troubled areas. Our task is to promote a ring of well governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations. The importance of this is best illustrated in the Balkans. ... We need to extend the benefits of economic and political cooperation to our neighbours in the East while tackling political problems there. We should now take a stronger and more active interest in the problems of the Southern Caucasus, which will in due course also be a neighbouring region. ... The Mediterranean area generally continues to undergo serious problems of economic stagnation, social unrest and unresolved conflicts. ... A broader engagement with the Arab World should also be considered.” (pp. 8 - 9) - http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf (last consultation date: December 2012).
The change from the past is the fact that partner countries have a joint operational programme with the European Commission that, as result of negotiation for verification of compliance with the Basic Regulation and strategic documents, adopts it. The activities are eligible for funding only when the individual countries sign the funding agreement.204

Most of the Mediterranean partners have concluded association agreements (AA) to strengthen relations with the European Union and these Agreements have gradually replaced the old partnership and cooperation agreements concluded with the neighbours of the East.

In 2011, geo-political events marked a moment of great change in the southern Mediterranean. The so-called Arab spring had a great impact on the beneficiary countries of ENPI South and pushed to a revision of the neighbourhood policy already initiated in 2010. This is the reason for which, in the context of a renewed PEV, delineate by the joint communication of the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions,205 A new response to a changing Neighbourhood, 25 May 2011, ENPI will be substituted with ENI as it will be explained below (Simone 2013: p. 224).

On 12 December 2013 the EU Parliament approved the new ENI for over 15 billion euros for the period 2014-2020, precisely 15.433 billion euros, an overall amount which is comparable to the previous ENPI in the programming period 2007-2013.206

4.4 ENPI/CBC/MEDITERRANEAN SEE BASIN PROGRAMME

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The strategy of this operational programme is based on three principal components:

1) the institutional, economic, social, cultural and environmental characteristics of the cooperation area,
2) the strategy of ongoing and future programmes in the Mediterranean area,
3) the objectives of the territorial cooperation component in the framework of the ENPI.

The programme area consists of around 100 million people and 76 territories in 15 Countries, 7 of which are EU members (Cyprus, France, Greece, Italy, Malta, Portugal and Spain) and 8 Mediterranean partner countries (the Palestinian Authority, Egypt, Israel, Jordan, Lebanon, Morocco, Syria and Tunisia).

It includes many regions of the MED transnational cooperation programme. The eligible Italian regions are nine: Basilicata, Calabria, Campania, Lazio, Liguria, Puglia, Sardegna, Sicilia, Toscana.

Its overall objective is to promote cross-border cooperation projects between local stakeholders on both shores of the Mediterranean, in the following areas:

- socio-economic development, environmental sustainability,
- mobility of persons, goods and capitals,
- cultural dialogue and local governance.

The Strategic framework of the programme is articulated in 4 specific objectives or priorities articulated in 10 measures, namely:

1) promotion of socio-economic development and enhancement of territories, particularly through innovation and research in key areas of cooperation, creating

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213 http://ibidem.
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synergies among potentials of the Mediterranean Sea Basin countries and strengthening of territorial planning strategies,

2) promotion of environmental sustainability at the Mediterranean basin level, through conservation of common natural heritage, reduction of environmental risk, improvement of energy efficiency and promotion of renewable energy sources,

3) promotion of better conditions and modalities for ensuring the mobility of persons, goods and capitals, through people flows among territories as a means of cultural, social and economic enrichment on both shores, improvement of conditions and modalities of circulation of goods and capitals among the territories. Entities from Egypt and Tunisia are not eligible under this objective,

4) promotion of cultural dialogue and local governance, through support of exchanges, training and professional development of young people, and all forms of dialogue among communities, as well as improvement of governance processes at local level.\textsuperscript{211}

“Public and private actors organized in Mediterranean cross-border partnerships are invited to submit project proposals following the launch of public calls, which are largely publicized”.\textsuperscript{212}

The main beneficiaries are divided by individual measures. Summarizing the Art. 11 of the Regulation (EC) no. 1638/2006,\textsuperscript{213} in general are eligible the following subjects: national and local authorities; universities and research institutes (public or private research centres, technological and scientific parks, business incubators); SMEs (clusters and professional organizations) and private actors operating in the fields of intervention of the Programme, associations, development agencies and NGOs.

The typologies of the foreseen projects are two: the standard ones and the strategic ones, for the accomplishment of which are allocated 40% of the total resources. The relative financial dimension for every single strategic project is worth 2 to 5 million Euros. While, the relative financial dimension for the standard projects goes from 500,000 euros to 2 million Euros. With strategic projects are meant those projects in which the areas of intervention are identified previously by the Monitoring Committee in relation to the measures of the programme, and there are at least 4 countries involved in the partnership; on the other hand, standard projects are proposed by local stakeholders organized in Mediterranean cross-border partnerships with at least 3 countries involved, in response to calls for proposals published in the framework of the Programme.

ENPI/CBC/Mediterranean Sea Basin Programme has a total budget of around 173,6 million Euros, of which: 156,2 million for financing cross-border projects and 17,4 million Euros for

\textsuperscript{211} IBIDEM.


\textsuperscript{213} http://ec.europa.eu/world/enp/pdf/oj_l310_en.pdf (last consultation date: December 2012).
technical assistance. The Community contribution covers maximum 90% of the project total budget, while the remaining 10% is provided by the beneficiary/partners as co-financing.\footnote{http://www.enpicbcmed.eu/documenti/29_153_20090109135603.pdf (last consultation date: December 2012).}

The Managing Authority is Sardinia Region. In July 2012, given that the positive results of the first call for the standard project proposals Sardinian Region announced its decision to compete also for the management of the next programme.\footnote{http://www.regione.sardegnait/i/t/a/2012/v257s=202839?v=2&c=3698&t=1 (last consultation date: December 2012).}

The Joint Programming Committee (JPC) is responsible for the preparation of the new ENI CBC Mediterranean Sea Basin Programme that will replace ENPI/CBC/Med in programming period 2014-2020. Its first meeting was held in Lisbon, in December 2012. On this occasion, the 13 participating countries (Cyprus, Egypt, France, Greece, Israel, Italy, Jordan, Lebanon, Malta, the Palestinian National Authority, Portugal, Spain and Tunisia) discussed these issues:

- “State of play of the negotiation on the regulatory framework for the second generation of ENI CBC programmes 2014-2020, with particular reference to ENI Regulation, Programming Document (containing strategic priorities of the ENI cross-border component) and ENI CBC Implementing Rules; Eligibility of territories. The participation of countries that did not take part in the current Programme, i.e. Algeria, Libya and Morocco, was once again depicted as an important feature to expand cooperation opportunities in the Mediterranean region;
- Main envisaged chapters of the Joint Operational Programme; Socio-economic analysis of the cooperation area and possible identification of new thematic focuses;
- Involvement of stakeholders in the drafting of the JOP;
- Awareness-raising activities at an early stage on the principal contents of the JOP;
- Draft roadmap for the submission of the JOP to the European Commission;
- Future Programme management”\footnote{http://www.enpi-info.eu/mainmed.php?id=31602&id_type=1&lang_id=450 (last consultation date: January 2013).}

In the second JPC meeting, scheduled at the end of March 2013 in Rome, the discussion about the implementing modalities and thematic orientations of the new ENI CBC Med Programme continued\footnote{www.enpicbcmed.eu/communication/enpi-cbc-eni-cbc-official-start-2014-2020-programming-exercise (last consultation date: December 2012).} as well as during quite the entire 2013.

As mentioned above, on 12 December 2013 the EU Parliament approved the new ENI for over 15.433 billion euros for the period 2014-2020. Up to 5% of the total budget “... will be dedicated to CBC programmes- including the 2014-2020 ENI CBC Med Programme - while the rest of the funding come from the European Regional Development Found. ...”\footnote{http://www.enpicbcmed.eu/communication/enpi-eni-parliament-approves-new-european-neighbourhood-instrument (last consultation date: December 2013).}
Dealing with all this is important even for the non-eligible countries because if there will be not changes to the currently running ENPI/CBC/Med which admits that the participation of entities from regions adjacent to the eligible ones, which obviously cannot be the lead partners, they can be granted a maximum of 20% of the value of the total budget of the project and the participation as beneficiaries of IPA with a maximum of 10% of the total amount of IPA funds.

4.5 THE NEW ENPI FRAMEWORK REGULATION (ENI)

The financial instrument that will replace ENPI in the period 2014-2020 is ENI. The proposed regulation for ENI showed the overall structure and content of the new instrument.

Compared to 2007-2013 programming period, changes can be observed mainly an administrative simplification and simplification of the programming process that takes averagely 18 months; this is the case also for all the other instruments included in the new ENP.

In addition, it is observed a stronger differentiation and incentive-based approach and a specific ‘more for more’ mechanism proposed in May 2011 introduced to underpin it and based on the principle of the mutual accountability, according to which the neighbouring countries in the south and east of the EU that give evidence of a strong commitment to carry out reforms would receive a more substantial and ample support by the European Union (Simone 2013: p. 224).

In other words, the new instrument will be increasingly oriented towards policies by providing, inter alia, a greater flexibility and conditionality as well as incentives for the best partnerships; Europe will allocate more funds where it considers that its aid can produce better results.

Also, countries that are able to generate sufficient resources to ensure their development will no longer receive bilateral grants but will benefit from new forms of partnership and will continue to receive funds through the thematic and regional programmes.

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In addition, several innovative methods of cooperation, as the combination of loans and grants, are introduced and the Single Support Framework - a simpler programming document - is created.223

These principles are addressed to all beneficiary EU neighbouring countries in the East and the Mediterranean, but it is designed mainly for the latter, since these have been more resisting to reforms under the auspices of the EU, especially the reforms related to the establishment and consolidation of democratic systems, respect for human rights and the rule of law.

In fact, as previously described, the ENP is the instrument that can attract these countries to Europe and can protect Europe from outside threats. Because of that, the revised ENP is based on the principle of conditionality, but to make it more incisive, the European Commission also provided for the establishment of the European Endowment for Democracy (EED) in November 2011, in order to support entities such as non-registered journalists, bloggers, NGOs not registered and political movements that fight for democratic change in their countries, and immediately allocated 6 million to ensure its rapid start.224

The European Commission does not define any democratic model, but refers to some context indicators such as free and fair elections; the freedom of association and expression, the freedom of media, the independence of the judiciary the right to a fair trial, the fight against corruption, the security sector reform and democratisation of the armed forces and police.

The new ENI 2014-2020 programming targets in particular to:

- promote human rights and fundamental freedoms, the rule of law, principles of equality, establishing deep and sustainable democracy, promoting good governance and developing a thriving civil society including social partners,
- achieve progressive integration into the Union internal market and enhanced sector and cross-sector co-operation including through legislative approximation and regulatory convergence towards Union and other relevant international standards, related institutional development and investments, notably in interconnections,
- create conditions for well managed mobility of people and promotion of people-to-people contacts,
- foster sustainable and inclusive development in all aspects, poverty reduction, including through private-sector development,
- promote internal economic, social and territorial cohesion, rural development, climate action and disaster resilience,
- promote confidence building and other measures contributing to security and the prevention and settlement of conflicts,

224 This fund, whose geographic focus will initially be - although not exclusively - the European neighbourhood region, integrates the current EU cooperation instruments. In particular, it seeks to ensure coherence, synergy and added value to the activities carried out by the European Instrument for Democracy and Human Rights (EIDHR), by the Stability Instrument or by the Social Society Instrument. The Fund assumes the form of a private foundation with headquarters in Belgium, autonomous from European Union, which is governed by its own statutes and its own bodies - http://europa.eu/rapid/press-release_IP-12-1199_en.htm (last consultation date: December 2012) and https://democracyendowment.eu/ (last consultation date: December 2012).
• enhance sub-regional, regional and Neighbourhood wide collaboration as well as Cross-Border Cooperation.

From an economic point of view, the ultimate aim is the creation of a global free trade area free of any trade barriers, with harmonised rules for competition and public procurement, and the same standards for health, phytosanitary and veterinary are reached.

It will be entailed also the reduction of the 29 thematic areas currently included in ENPI programme with 6 specific key objectives (simplification of the scope).

Furthermore, economic cooperation will integrate also the support of EBRD (European Bank for Reconstruction and Development) which, as the dissertation mentioned earlier, has extended its range of action to the southern and eastern Mediterranean.

Partnership with civil society will be strengthened through the progressive integration of beneficiary countries in EC programmes with direct management. In particular, the aim is to promote cooperation in the field of higher education through a support to the mobility of students and inter-university cooperation with programmes included in Youth on the Move, one of the flagship initiative of the Europe 2020 strategy, i.e. Horizon 2020, the successor of the Framework Programs for research and innovation.

Following the approval in December 2013 of the new ENI covering the 2014-2020 period in December 2013, above mentioned, the European Commission is working to get the regulations adopted and published early in 2014. As regards the type of programmes to be adopted, there is a confirmation of the previous rationale:

• bilateral programmes covering support to a single Neighbourhood country,
• multi-country programmes which address challenges common to all or a number of partner countries, and regional and/or sub-regional cooperation between two or more partner countries, and which may include cooperation with the Russian Federation,
• multinational thematic programmes mainly funding Erasmus for All and the Neighbourhood Investment Facility;
• cross-border cooperation programmes addressing cooperation between one or more Member States on the one hand and one or more partner countries and/or the Russian Federation on the other hand, taking place along their shared part of the external border of the EU.

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It is important to highlight a couple of points about CBC. In particular, the new proposal explicitly states the need to adapt some provisions to improve the efficiency of the CBC. It says in page 6 that a consultation processes with all stakeholders was launched in 2011 on the future regulatory framework; consultations suggested that such improvement could be attained through a better “... integration between EU foreign policy priorities with the EU Cohesion Policy, especially by further aligning the CBC on external EU borders to the European Territorial Cooperation (ETC) rules”.

In a nutshell, the new instrument ENI aims to strengthen bilateral relations with partner countries and bring tangible benefits in the areas of democracy, human rights, the rule of law and the bilateral, regional and cross-border cooperation programmes.

With this programme, the European Union aims to create a space of prosperity and good neighbourly relations with partner countries and territories by developing privileged relations.

With the new budget, the EU support under the regulation in question is used both for the benefit of partner countries, and the benefit of the Union.

Therefore, it could be affirmed that the specific objectives of the EU support are: to promote a more intense political cooperation and gradual economic integration between the Union and the partner countries and, in particular, to implement partnership and cooperation agreements, association agreements or other existing or future agreements and joint action plans. The EU support can also be used in other areas where this is consistent with the general objectives of the European Neighbourhood Policy.

The participating countries are: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Syria, Occupied Palestinian Territories, Tunisia, Ukraine, and Russia (from beneficiary to donor).

4.6 IPA: THE NEW PROPOSAL

It was mentioned earlier that even the instrument of pre-accession will be subject to change. The future IPA II programme that will replace the IPA I, will continue to be the instrument through which the beneficiary countries are prepared for accession by the adoption of the


230 Page 12 states that “It is also important that the relevant regions in countries covered by the Instrument for Pre-accession Assistance are able to participate in CBC”. IBIDEM.


232 Union funding may be used for the purpose of enabling the Russian Federation to participate in Cross-Border Cooperation and in relevant multi-country programmes, to reflect the specific status of the Russian Federation as both a Union neighbour and a strategic partner in the region.
acquis communautaire. As we have seen previously, upon accession to the European Union, as established by the Copenhagen criteria, the new members must have:

- stable institutions that guarantee democracy, rule of law and human rights,
- respect for and protection of minorities; a functioning market economy and the capacity to cope with the competitive pressure and market forces within the Union,
- ability to take on the obligations of membership, contributing to the achievement of Union objectives,
- public administration able to implement and enforce Community legal instruments efficiently.

Starting from 2014, considering that the candidate countries must prepare themselves to withstand the new global challenges such as sustainable development, climate change, and generally align to the EU efforts in dealing with these issues, IPA II pursues the following specific objectives:

- support to political reforms,
- support to economic, social and territorial development, with the purpose of having a smart, sustainable and inclusive growth,
- strengthening the ability of beneficiary countries to fulfil the obligations stemming from membership,
- agricultural and rural development funds and policies of the Union,
- regional integration and territorial cooperation.

The policy areas addressed are:

- transition process support and institution building,
- employment, social policy and human resources development,
- regional development,
- agriculture and rural development,
- territorial and regional cooperation.

The new programming proposal sets the budget for IPA II during 2014-2020 at 14,110 billion Euro and distinguishes two groups among the beneficiary countries:

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In addition, IPA II aims to:

1) candidate countries: Turkey, Macedonia, Island, Montenegro and Serbia,
2) potential candidate countries: Albania, Bosnia and Herzegovina, Ukraine and Kosovo.

The cooperation between the EU and its partners may take various forms:

- triangular arrangements or agreements by which the Union coordinates with third countries its assistance to a partner country or region,
- administrative cooperation measures in other words twinning between public institutions, local authorities, national public bodies or private law entities entrusted with public service tasks of a Member State and those of a partner country or region, as well as cooperation measures involving public-sector experts dispatched from the Member States and their regional and local authorities,
- contributions to the costs necessary to set up and administer a public-private partnership,
- sector policy support programmes, by which the Union provides support to a partner country's sector policy,
- contributions to the countries' participation in Union programmes and agencies.

Comparing IPA I and IPA II instruments, we may affirm that the main novelties of IPA II consist in rendering the assistance more:

- coherent, strategic, results-oriented, through multi-year national strategy and global documents which reflect the policy priorities of the enlargement strategy and that address - sector by sector - all the necessary actions of institutional development and compliance with the acquis,
- flexible and adapted to the needs, through undifferentiated access to assistance (regardless of the candidate or potential candidate status), albeit with a different scope and intensity; as well as through setting of more progressive approach (or staged approach) of financial assistance.

In addition, IPA II aims to:

- link progress along different management phases to political priorities,
- increase flexibility between priorities for a more result-oriented delivery of the assistance,
- deliver assistance through a more efficient and effective way, through further identification and use of innovative financial instruments having a leverage effect that has the capacity to mobilize private funds,
- increase cooperation with donors, international institutions and financial institutions at strategic level,
- continue to support regional programmes and projects,
• reinforce financing of agreed sector strategies contributing to the policy objectives, instead of individual projects,
• pursue a more systematic multi-annual programming also for strategic objectives pursued through the transition assistance and institution-building,
• making direct financial assistance to a more direct improvement of governance and to a greater ownership by the beneficiary countries,
• streamline the rules governing the award of contracts in the framework of twinning assistance.\textsuperscript{235}

With regard to the specifications on CBC, it should be noted that in its page 5 the document proposes the establishment of a series of focus groups, including 3 specifically for “IPA CBC, regional development, human resources and rural development”; it also stipulates holding meetings with “authorities of the Western Balkans focusing on future CBC at borders within the Western Balkans”. Article 9 also reinforces that “the European Regional Development Fund shall contribute to programmes or measures established under this regulation for cross-border cooperation between beneficiary countries and Member States”, whereas Article 24 stipulates that “up to 3% of the financial reference amount shall be allocated to cross-border cooperation programmes between beneficiary countries and EU Member States”.\textsuperscript{236}

4.7 STRONG POINTS IN THE NEW EUROPEAN REGIONAL POLICY FOR THE APPLICATION OF THE PPP.

Considering what mentioned above, it is possible to highlight that all EU policies should contribute to the achievement of Europe 2020. For this reason the regional policy was redesigned to pursue the new directions outlined in Europe 2020 strategy and the 2014-2020 programming instruments have to be in line with the priorities of this strategy.

It is really important to observe, as already mentioned, that to implement the Europe 2020 strategy, the partnership instrument is considered an essential tool. In the elaborated working document ‘The partnership principle in the implementation of the Common Strategic Framework Funds - elements for a European Code of Conduct on Partnership’ (December 2012) the Commission staff defined partnership as a close cooperation between public authorities at national, regional and local levels in and with the private and third sectors. In addition, it called for the active involvement of partners throughout the whole programme


\textsuperscript{236} IBIDEM.

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cycle and stated that all the partnerships must be correlated to the multi-level governance approach, where multi-level governance means coordinated action by the European Union, Member States and regional and local authorities, based on partnership and aimed at drawing up and implementing EU policies.

The new policy aims to provide greater flexibility when designing programmes as well as more clarity and certainty in the legal framework for financial instruments which should be strengthened in order to catalyse public and private resources. Indeed, the new rules proposed for 2014-2020 financial instruments are non-prescriptive in regards to sectors, beneficiaries, types of projects and activities to be supported.

In comparison with the past, the ETC appears to have more importance in the achievement of the objectives set by the new regional policy and in the framework of the ETC, for the CBC can include up to 4 thematic objectives for each cross-border cooperation programme. As well as the investment priorities within the thematic objectives are strengths for the application of the PPP. Furthermore, greatest opportunities to apply PPP instrument, could be identified in the fact that in this new programming period should be promoted forms of cooperation between in the framework of the ETC, IPA, and ENI. In other words, the ERDF could support (through the pooling of human resources, facilities and infrastructures) to each cross-border and sea-basin programme under ENI and IPA, provided that at least equivalent amounts are provided by ENI and IPA.

In addition, as mentioned above, in the ENPI – CBC – MED established in 2008, public and private actors, organized in Mediterranean cross-border partnerships, are invited to submit project proposal following the launch of public calls, which are largely publicized. It seems obvious that if in the new ENPI – CBC – MED this point will remain the same; this will be another potential area of application of the PPP.

Another strong point for the application of this important instrument could be the EGTC. As a matter of fact, why a PPP cannot be identified as an EGTC, or other legal body established under the laws of one of the participating countries, that may be apply as sole beneficiary for an operation provided that it is set up by public authorities and bodies from at least two participating countries, for cross-border and transnational cooperation, and from at least three participating countries, for interregional cooperation? And also considering the proposal of the new EGTT, when it will be approved, whether the participating countries are one or more member states?

This could be a very important point of view, a big element of application of this relative innovative tool also taking into account that the proposal for the new EGTC also foreseen the opening of EGTCs to non-EU member states as well as practical cooperation in providing public and local services.

Furthermore, as referred to in this chapter, in the new ENI programme 2014-2020, the potential application of the PPP instrument is in line with the objective of the EU to promote and develop a thriving civil society including all social partners. In particular partnership with civil society will be strengthened through the progressive integration of beneficiary countries in EC programmes with direct management. Cooperation will be promoted in the field of
higher education through a support to the mobility of students and inter-university cooperation with programmes such as Tempus and Erasmus Mundus, as well as Horizon 2020, as mentioned above.

Moreover, other important strong points could be the objective of enhancing sector and cross-sector cooperation as well as of fostering sustainable and inclusive development in all aspects, poverty reduction, including through investments and private-sector development.

Relating to the IPA II it is important to stress that PPP could be applied in the framework of the sectors identified for the achievement of the foreseen specific goals.

All the more important is taking into consideration what is explicitly mentioned that the cooperation between the EU and its partners may also take the form of contributions to the necessary costs. In other words, contribution to the costs aims to set up and administer a public-private partnership.

Last but not least, following the scope of this dissertation, it is also important to add that IPA II also aims to deliver assistance through a more efficient and effective way, which is the further identification and use of innovative financial instruments that could leverage more private funds.

### 4.8 SUMMING UP

In conclusion, after introducing the EU programming period 2007-2013 for the main purpose of understanding what would have changed in the following seven-year 2014-2020, in the specifics of the latter are analysed in a more detailed way the useful instruments for the realization of the cross-border cooperation (CBC), which is the main subject of this study. In particular, it is possible to summarize, as already written above, that the seven-year plan that started in 2007 led to the emergence of ENPI in which PEV is addressed. The changes that have intervened in the 2007-2013 programming period have been many; they have also had a political/historical nature, like the Arab spring and the interests to further develop economic interactions between the EU and the Middle Eastern partners.

Regarding the various Funds foreseen from the first seven-year-plan at issue, this dissertation is focused on the ERDF with a specific interest in the cross-border cooperation. Then, it was interesting to find out that in general, all the EU policies, including regional ones, must contribute to the achievement of Europe 2020 objectives. And it is actually the re-examination of such policy vis-à-vis Europe 2020 Strategy that has made regional policy central to the realization of the Strategy itself. Such re-examination has then brought to the definition of a new seven-year programming: the 2014-2020 one. In fact, the priorities and objectives fixed in 2010 for the following decade are fundamental, as much as the mechanisms employed to reach them, which have been analysed in the chapter. In order to fulfil such an ambitious
strategy, the key instrument identified is exactly the instrument of partnership, among which that with the private sector.

As it has been observed, there are changes also in other aspects and procedures of implementation of the new regional politics, as well as in the proposed package of legal measures, which constitute the legal frame of the new program containing one general regulation (umbrella regulation) and 5 regulations dedicated to single Funds. From these 5 regulations, there have not been analysed the two concerning the European Social Fund (ESF) and the Cohesion Fund (CF) because these two regulations are not relevant to the dissertation. In fact, the thesis focused more on: the 2 regulations that concern transnational cooperation. Furthermore, exactly because they were closely related to the ETC, the IPA instrument and the ENPI instrument have been also examined in the two seven-year programming periods. Before going into the conclusion, there have been analysed the strong points of the new regional policy analysed in this chapter for the application of the PPP instrument with a special focus on the new ENPI (ENI) and IPA II Programmes.

Between the two latter instruments, it seems obvious to stress that IPA is a more relevant instrument for this dissertation. Indeed, in the following chapter it will be generally presented the case of Albania (a specific case taken as an example), a country which is eligible to IPA funds. More specifically, an analysis of the context of the country and its relation with the Former Yugoslav Republic of Macedonia, will be carried out.
CHAPTER V - THE ALBANIAN CHALLENGES AND OPPORTUNITIES IN THE NEW PROGRAMMING PERIOD
After the presentation and analysis of the new European Regional Programming period 2014-2020, as the context to apply the PPP, in this chapter the dissertation will focus on the Albanian context. The objective is to present a clear picture of the country profile of Albania as objectively as possible by drawing accurate data from reliable international and national institutions. The selected structure aims to offer a holistic/comprehensive view of the country as well as of the relation that Albania has in the Region with neighbouring countries and in particular with the Former Yugoslav Republic of Macedonia (FYROM). After that, the dissertation will present the IPA CBC Albania/FYROM in the two programming periods, the main differences between them and how these are relevant for PPPs.

5.1 THE ALBANIAN CONTEXT

5.1.1 ALBANIAN POPULATION

The latest Census in Albania, which was carried out by the Albanian National Institute of Statistics with the assistance of the EU Commission and the Swiss Confederation, is that of 2011. According to this Census\(^\text{237}\) on 1 October 2011, the resident population in Albania was 2,821,977. The population has declined around 8.0 per cent, compared to the 2001 census, which enumerated 3,069,275 usual residents in Albania. However, according to the data offered by Eurostat\(^\text{238}\) and Central Intelligence Agency (CIA),\(^\text{239}\) the Albanian population is roughly 3.2 million and has remained stable for several years now.

Following the specification in the 2011 census that population dynamics are determined by four factors: births, deaths, immigration and emigration, it was found that during the period 2001-2011 the number of births per year has decreased significantly, from about 53 thousand in 2001 to about 34 thousand in 2011, while the number of deaths per year has remained stable at around 20 thousand. The population of Albania started to decline from 1990, as a consequence of a massive emigration. During the period 2001-2011 is estimated that around 500 thousand persons emigrated. This fact is also supported by available migration data obtained from some of the main destination countries of Albanian emigrants, in terms of both stock and flow data. As far as demographic mobility within Albania, for the first time, the population living in urban areas has exceeded the population living in rural areas. In 2011, the resident population in urban areas was 53.5 per cent while the population living in rural areas was 46.5 per cent.


The average age of the population increased from 30.6 years in 2001 to 35.3 in 2011. The old-age index, the proportion of population 65 years and over divided by total population, is higher than in any previous Albanian censuses; this value increased from 8.0 per cent in 2001 to 11.0 per cent in 2011. The substitution index, the proportion of the population under 15 years old divided by the total population, is reduced from 29.0 per cent in 2001 to 21.0 per cent in 2011.

5.1.2 EDUCATION IN ALBANIA

Turning to education in Albania, it is important to start by noting that it is covered by public and private schools. The 2011 census describes the Albanian education system of the recent years as having made “substantial progress towards the general compliance with other European educational systems”, pointing out as best performing “particularly at the tertiary levels of education”. In addition to public universities, a number of private universities have been opened in the main cities of the country thus giving students the opportunity to study in various branches. At university level, the Bologna system (3+2 years) is nowadays followed by all universities, public and private. According to the legislation, the first two levels of education, primary and lower secondary (grades 1-9), are currently compulsory in the country. The 2011 census shows that the illiteracy rate for the population 10 years and over is 2.8 per cent. This relatively high rate is nowadays affected by the relatively large number of illiterates in the ages 75 years and over who constitute about 50 per cent of the total illiterate people, in combination with the increased share of this elderly age group in the total population. The percentage of illiterates is higher in women, 3.7 per cent, than in males, 1.7 per cent.

5.1.3 GENDER ISSUES

Still referring to 2011 census in Albania, among persons with at least university degree, slightly over half, 51.0 per cent are women. In 2001 the majority still consisted of men, 58.9 per cent with only 41.1 per cent women. As far as the attendance of school at the lower secondary school level on gender terms, according to the census the percentage of women that have finished this level of study is 53.4 per cent, while that of men is 46.6 per cent. For upper secondary education, the gender distribution is the opposite: 44.5 per cent for women and 55.5 per cent for men.

Overall, census data show that school attendance level in Albania is high, especially for the youngest school-age group. At country level, only 1.0 per cent of the age group of 7-15 years old never attended school.

More in general, it is interesting to note that the daily newspaper ‘Gazeta Shiptare’ of 12 February 2014 mentioned that INSTAT published on 11 February 2014 the report “Women and Men in Albania”. Based on this, “Albanian women work on average two or three hours more
than men, and that they spend seven times more time than them in unpaid work”. Employment rate for women is 49.5%, and for men 63.2%. According to the report, 59.4% of women have reported that they have suffered domestic violence.240

5.1.4 TERRITORIAL-ADMINISTRATIVE ORGANIZATION OF ALBANIA

The Republic of Albania, with a territorial size of 28,748 square kilometres,241 and a cost line of 362 Km. It borders Greece as well as the Former Yugoslav Republic of Macedonia, Kosovo and Montenegro. Albania has a maritime boundary with Italy and is divided into 12 regional counties (administrative divisions have the same names as their administrative centres): Berat, Dibër, Durrës, Elbasan, Fier, Gjirokastër, Korçë, Lezhë, Shkodër, Tiranë, and Vlorë.242 The Constitution of the Republic of Albania, which was adopted in 1998, stated that Albania is a unitary state and defines the basic structure of the system of local government. The county represents one administrative territorial unity, and is made up of several communes/municipalities with geographic, traditional, economic, social and common interest connections. The two levels of local government that govern the county are established by law and they are: the regions and the communes/municipalities. These government levels are legally designed as decentralized autonomous local public authorities, responsible for delivering public services and goods.243 Currently, Albania is organized in 12 counties, which are further divided into 36 regions and 361 administrative units - 61 of which are municipalities and 300 communes.244

5.1.4.1 TERRITORIAL-ADMINISTRATIVE REFORM

It is important to mention that the new Albanian government, has decided in the last part of 2013, to reform the administrative organization of the country with the intention of making local governance more effective and efficient.245 The new concept for the territorial administration envisages a division based on the functionality of the local government units, thus abandoning the current practice of dividing the administrative areas into rural and

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240 Gazeta Shqiptare, p. 11 and Panorama, p. 7
urban. This Territorial Administrative Reform (TAR) is a big challenge considering that currently, there is no consensus between the majority and the opposition.

5.1.5 ECONOMY OF ALBANIA

Albania is among the group of Eastern European countries coming from a communist past that adopted the market economy only at the beginning of the 90s.

Starting with a summary of data estimates on the Albanian economy, the most important figures coming from the most recent update (2012) of the World Factbook of CIA as well as from the Albanian Institute of Statistics are as following:

- GDP (Purchasing Power Parity) was estimated to have been 25, 93 billion dollars, ranking this country in the 122nd place in the world. While, the official exchange rate GDP has been 12, 38 billion dollars,
- as far as the real growth rate GDP, in 2012 it has been 1.6 per cent, which is a sharp decline when compared to the growth rates of 2.8 and 3.8 per cent in 2011 and 2010 respectively,
- the GDP per capita was estimated to be 8000 dollars, a steady growth as compared to the estimate of 7900 dollars in 2011 and 7700 dollars in 2010.

In a present World Bank (WB) overview of Albania, it is described as “… a middle-income country that has made enormous strides in establishing a credible multi-party democracy and a market economy over the last two decades. Following graduation from the International Development Association (IDA) to the International Bank for Reconstruction and Development (IBRD) in 2008, Albania has generally been able to maintain positive growth rates and financial stability, despite the ongoing economic crisis”. Still referring to the WB’s overview, Albania has been one of the fastest growing economies in Europe, with an annual growth of 6 per cent. This growth rate has rapidly reduced poverty, which between 2002 and 2008 fell to 12.4 per cent, i.e. cutting into half, while extreme poverty now affects less than 2 percent. In the second quarter of 2013 estimates, labour force is 1,106,480 persons, and the registered unemployment rate is 12.8 per cent. Summarizing on the Albanian economy growth, from

246 Shqip (Albanian daily paper) - “Çuçi: we will offer consensus to the opposition for the new administrative division”, 28 October, 2013.
2007 to 2012 it grew by 22 per cent, while as far as exports are concerned, from 2009 to 2011 they doubled.\textsuperscript{251}

Since the beginning of the 90s, but especially during the first decade of the new millennium, Albania’s labour market has undergone great shifts, especially from agriculture to the services industry, contributing to growth of productivity. The biggest contributing factors to this shift have been emigration and urbanisation, giving a boost to the production of a variety of services that range from banking to telecommunications and tourism. However, also according to Albanian institutions’ data that are further reflected in the WB’s overview, agriculture remains one of the largest sectors in Albania, making up for the main source of employment (about half of total employed) and income, and contributing 20 per cent to country’s GDP. Despite these facts, agriculture continues to face some very tough challenges such as fragmentation, poor infrastructure, market limitations, limited access to grants and credit and inadequate rural institutions.\textsuperscript{252}

Referring to the 2014 Index of Economic Freedom, Albania’s score is 66.9 ranking this country as the 54\textsuperscript{th} freest in the world. One year before, Albania scored 65.2, ranking 58\textsuperscript{th} position, and the 27\textsuperscript{th} among the 43 countries in Europe.\textsuperscript{253} As observed by The Heritage Foundation and The Wall Street Journal (which create the Index of Economic Freedom) “Albania’s economy has benefitted substantially from a decade of increased openness and flexibility and weathered the immediate impact of the global economic crisis relatively well”.\textsuperscript{254} Over the past two years, however, growth rates moderated, reflecting the deteriorating situation in the Eurozone.\textsuperscript{255} “Expansionary public spending that the government hoped would mitigate some of the pain of necessary adjustments has resulted in budget deficits and rising public debt, now near 60 per cent of GDP”.\textsuperscript{256} According to the 2013 Index of Economic Freedom, the Albanian economy is largely in private hands, although the state continues to have control on key enterprises, particularly in the energy sector. Structural reforms during the previous decade and the last years have included bank privatization and modernization of regulatory environment.\textsuperscript{257}

Albania is now focused on recovering and growing its economy in a difficult external environment. Concerning the prospects of and the remaining challenges for Albania, what is considered as crucial for further success is the carrying out of deeper institutional reforms to reduce labour market regulations and increase the efficiency of the judiciary, which remains subject to political interference. As far as challenges for long-term economic development are concerned, the fight against corruption is considered key to the improvement of the country

\textsuperscript{252} IBIDEM.
\textsuperscript{253} Index of Economic Freedom, 2013 - http://www.heritage.org/index/ranking (last consultation date: January 2014).
\textsuperscript{254} Index of Economic Freedom, 2013 - http://www.heritage.org/index/country/albania (last consultation date: January 2014).
\textsuperscript{256} Index of Economic Freedom, 2013 - http://www.heritage.org/index/country/albania (last consultation date: January 2014).
\textsuperscript{257} IBIDEM.
prospects. This issue is followed by the problem of the lack of a clear property rights system, undermining tourism development in the coastal area, as well as by security problems as Albania remains a hot spot in the map of trafficking of humans, illegal arms and narcotics.\textsuperscript{258} Furthermore, according to the WB other key challenges for Albania remain the continuation of fiscal consolidation and improvement of public expenditure management, reduction of deficits from infrastructure development (WB is offering assistance on this matter), and improvement of the system of social protection and health services.\textsuperscript{259}

Recently Albania has reset its relations with the International Monetary Fund (IMF), which means that the government budget will mostly tend towards stability. The IMF mission to Tirana and the Albanian government have lastly reached a staff-level agreement on an economic program that could be supported by a 36-month Extended Fund Facility with the IMF. The IMF forecasts a modest recovery of the Albanian economy during 2014, “but stagnating credit, troubled corporate balance sheets, weak external partners and declining remittances are expected to limit growth to near 2 per cent”.\textsuperscript{260} The head of the IMF mission to Albania made the following remarks at the end of the meeting of the December 2013: “Lack of progress on structural reforms has constrained economic growth. An ambitious reform program is needed, focusing on the objective of attracting investment. The authorities are planning to take specific measures in the areas of improving property rights, reducing discretion in tax administration, and streamlining business registration procedures. The electricity sector and pension system pose risks to the fiscal outlook. The authorities plan to undertake comprehensive reforms over the medium term to make these sectors sustainable and bring them in line with best international practice. International partners, including the World Bank, are expected to provide assistance”.\textsuperscript{261}

5.1.6 POLITICS AND GOVERNANCE IN ALBANIA

5.1.6.1 A SHORT INTRODUCTION
Albania was the last country in Eastern Europe to abandon the totalitarian communist regime and adopt a pluralist, democratic system. Because Albania was isolated from the outside world and ruled by a highly repressive dictatorship for more than 40 years, the transition between systems was especially turbulent and painful, making difficult the approach to reformations.\textsuperscript{262}

Year 1992 marked the beginning of great changes for Albania. The demonstrations of the Albanian students rejecting communism and calling for an Albania like all Europe’ were

\textsuperscript{258} Index of Economic Freedom, 2013 - http://www.heritage.org/index/country/albania (last consultation date: January 2014).
\textsuperscript{260} International Monetary Fund – Statement at the Conclusion of an IMF Mission to Albania http://www.imf.org/external/np/sec/pr/2013/pr13520.htm (last consultation date: January 2014).
\textsuperscript{261} IBIDEM.
\textsuperscript{262} http://countrystudies.us/albania/121.htm (last consultation date: January 2014).
followed by the victory of the parliamentarian elections from the Democratic Party headed by Sali Berisha, the first party with a rightist philosophy. The years following shortly after were marked by an economic boom that was however built on an unsustainable structure, high informality, disordered demographic movement, which lead to the usurpation of legitimate owners’ properties (usually by people coming from rural to urban areas), and an infrastructural massacre.

The culmination of the first transition years in Albania was when the unsustainable structure of the economy finally collapsed together with the financial pyramid schemes, in which about two thirds of the population had invested. The pyramid scheme phenomenon in Albania is very important for consideration because its scale was unprecedentedly high compared to the size of the economy. The rebellion of the masses of people that lost their money in the pyramid schemes ended up in civil war, the fall of the state and total anarchy for several months. At the beginning of 1997 Albania was struck by deep economic and political crisis that, and in absence of a formal government, a Government of National Reconciliation, whose objective was to lead Albania towards order and new parliamentary elections, was formed. The elections held in June 1997, this time under full international monitoring, were “deemed as acceptable” given the conditions in which they took place. The government coming out of these elections gave a boost to the further opening and integration of Albania in international structures and mechanisms, including the European Union (EU), with which Albania started formal talking in 2003 with the opening of negotiations in the frame of the Stabilisation and Association Agreement (SAA).

5.1.6.2 POLITICAL SYSTEM AND STATE POWER DISTRIBUTION

Today, Albania is a parliamentary republic where the legislative, executive and judicial powers are formally separated and balanced. The constitution makes for the highest law in the Republic of Albania. Regarding the distribution of state powers in this country, they are as follows:

- the President of the Republic is the Head of State, representing the unity of the people. He has general powers as Commander-in-Chief of the army and Chair of the National Security Council. He is also the head of the High Council of Justice,
- the Legislative Power is concentrated in the Albanian unicameral Parliament, called Assembly (Kuvendi). The assembly, which consists of 140 deputies, is elected for four years,
- the role of the Executive is attributed to the Council of Ministers, which is headed by the prime minister. Every state function that is not given to other organs of state power or to local government is exercised by the Executive. The prime minister is appointed from the president of the republic on the proposal of the party or coalition of parties that has the majority of seats in the Assembly. The council, which is the

264 IBIDEM.
highest executive body, adopts and promulgates certain acts of delegated legislation - decrees, ordinances, regulations, resolutions and instructions, and is entitled to initiate the adoption of laws by drafting, deliberating and forwarding bills to the Assembly,
- the Judiciary Power is on the hand of the High Council of Justice, Constitutional Court, High Court and other courts as well as the Prosecutors Office. The president, heading the High Council of Justice and appointing judges of all courts, has a great power over the judiciary process in Albania. The Constitutional Court guarantees respect for the Constitution and makes final interpretations of it. The Constitutional Court is subject only to the Constitution.\textsuperscript{265}

5.1.6.3 CURRENT GOVERNMENT AND MAIN POLITICAL ACTORS
The elections of the 23\textsuperscript{rd} of June 2013 brought a new coalition of parties into power, the Alliance for a European Albania (ASHE), consisting of 37 opposition parties from the far left to the right wing. The most important parties composing the winning coalition are:
- Socialist Party (or PS) headed by Edi Rama, the current Prime Minister,
- Socialist Movement for Integration (or LSI) headed by Ilir Meta (currently parliament speaker), previously in coalition with the defeated right wing coalition that was in power before the elections of the 23\textsuperscript{rd} of June,
- Unity for Human Rights Party, headed by Vangjel Dule (currently deputy parliament speaker),
- Social Democracy Party, headed by Paskal Milo,
- Social Democratic Party, headed by Skënder Gjinushi.

The coalition of parties which is now on the opposition is made of:
- Democratic Party (or PD), headed by Lulzim Basha, the newly elected chair of party after the resignation of Sali Berisha, former Prime Minister and PD party chair,
- Party for Justice Integration and Unity (or PDIU), headed by Shpëtim Idrizi,
- Republican Party (or PR), headed by Fatmir Mediu,
- Christian Democratic Party (or PDK), headed by Nard Ndoka.\textsuperscript{266}

5.1.6.4 EVALUATION OF 2013 ELECTIONS IN ALBANIA
It is worth to mention that for the first time in an electoral process in Albania, the pre-electoral debate was focused and revolved around governance programs/electoral platforms from the


\textsuperscript{266} IBIDEM.
major political parties, most notably the program offered by the Socialist Party, which had the most detailed and complete one.

OSCE/ODIHR, which has been continuously present in Albania during election periods to monitor and assess them for compliance with the OSCE commitments, has issued its report on the last elections, to which this research will hereby refer.

According to ODIHR’s report, in general, the elections of 23 June in Albania were competitive with active citizen participation throughout the campaign and genuine respect for fundamental freedoms. However, the report also notes that the atmosphere of distrust between the two main political forces tainted the electoral environment and challenged the administration of the entire electoral process. According to the European Commission, the process of voting and counting as having proceeded well, with the exception of some incidents and procedural irregularities which did not affect the generally smooth conduct of the elections. Overall, the European Commission has evaluated the 23 June elections as having marked “tangible progress with respect to previous practice, therefore meeting the key priority on the conduct of elections”.

However, the rating provided from Freedom House on the electoral process in Albania remains unchanged with the score of 4.25 (1=best, 7=worst). The recommendations of the international bodies for the further improvement of the elections in Albania are to further enhance the independence of the administration at all levels and implementing the OSCE/ODIHR recommendations following the elections.

5.1.6.5 DEMOCRACY LEVEL
It is interesting mentioned that the Freedom House organization classifies the regime in Albania as “transitional government or hybrid regime”. This conclusion of Freedom House, which operates through the data drawn from the World Bank and World Development Indicators, comes after the evaluation of the following categories: electoral process, civil society, independent media, national democratic governance, local democratic governance, judiciary framework & independence and corruption. The average score of each of the categories makes for the overall level of democracy in the country, with a rating that is based on a scale from 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. In the case of Albania, the average score for 2013 was 4.25, making for retrogress when compared with the average score of 3.79 in 2006, and 4.14 in 2012.
5.1.6.6 **Corruption in Albania**

Transparency International ranked Albania in 2013 as the 116th of the 177 assessed countries/territories in the world, and the last in the Balkans, scoring 31 points. In the results produced from Freedom House, corruption level had the worst rating of 5.25 (1=best, 7=worst), followed by national democratic governance with the score of 5. As it was pointed out further above in this paper when drawing from the 2013 Index of Economic Freedom, and confirmed from other sources of data, the legal system in Albania is undergoing continuous reform, however, the courts during 2013 continued to be subject to political pressure and corruption, making for a weak rule of law in this country. The new Government affirmed that the fight against corruption is one of the priority for the country.

5.1.6.7 **Civil Society**

Referring to the 2013 data of Freedom House, civil society sector in Albania remains relatively weak in several aspects, including organizational capacity, internal democratic governance, public trust and influence in policy-making. The performance of the not-for-profit sector is compromised also by unclear tax and financial regulations, increasing challenges regarding financial sustainability, and poor cooperation and coordination among different groups. Concerning civil society outside the capital, it remains more underdeveloped as compared to that of the capital. Next to civil society organizations, it is important to point out that labour unions are also weak, and both the authorities and private companies are typically hostile to organizing and collective-bargaining efforts. However, during 2012 there were some signs of a rise in civic activism, “particularly on the rights of former political prisoners, the improvement of working conditions for miners, waste import policies, and the rights of LGBT (lesbian, gay, bisexual, and transgender) people”. Freedom House reports for an Albanian civil society rating of 3.00 (1=best, 7=worst), which remains unchanged for several years now.

5.1.7 **Public-Private Partnership (PPP)**

Bearing in mind that the topic of this dissertation is the PPP, it is worth to mention that the European Bank for Reconstruction and Development (EBRD) in 2011 points that “even though a general policy framework for improving the legal environment and promoting PPP has not been identified in Albania, the way the Government recently approached concession legal framework reform shows its interest in promoting and using PPP in its infrastructure and

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274 IBIDEM.

275 IBIDEM.
services”.\textsuperscript{276} Thus, in Albania it exists a policy and institutional framework for public-private partnerships.\textsuperscript{\textsuperscript{277}} It is important to stress that the Albanian Law on PPP, dated 2006, very close to the Privately Financed Infrastructure (PFI) Guide recommendations, has been revised. The new Law No. 125/2013 on Concessions and Public - Private Partnership, has been approved on 25 April 2013 and promulgated with Decree no. 8149 dated 2 May 2013 of the President of the Republic, Bujar Nishani. This law is in conjunction with the Council of Ministers’ Decision no. 575 dated 10 July 2013 on the approval of the rules for the evaluation and granting of concession/public-private partnerships. In line with the directive 2004/18/EC of the European Parliament and the Council, this law introduced various relevant changes for the implementation of PPP and it is seems to be very good/highly effective (one of the best drafted laws in the region), scoring very well at some points such as the inclusion of the transfer of risk to the concessionaire and the remuneration considerations in its definition, and the provisions it contains on fair and transparent selection process. The new law with its 51 articles, “... stipulates that any central or local institution coordinates the procurement procedures for the proclamation of winner of public contracts for works, supplies or services. This draft law aims at decentralizing the concessions process and also further boost public-private partnership. The draft law also stipulates that the concession fee is not paid as scheduled but the Minister of Finance shall issues an order, which is an executive title for commercial banks where the concessionaire company account is and it is executed by the bailiff. In this draft law, concessions on the energy sector are exempted, as the current law will continue to be used for the next four years of the current legislation. ...”\textsuperscript{278}. These points are without doubt improvements in the legal framework but, as IBRD emphasizes in 2011, the problem of the lack of experience still remain in the implementation of the PPP law and poses an obstacle for the investors.\textsuperscript{279} For the Wolf Theiss, one of the leading law firms in Central, Eastern and South-Eastern Europe (CEE/SEE), “To date, Albania has seen a number of PPP projects, mainly in the area of the development and operation of hydro-power plants. While there is potential for PPP in all industry sectors including transport, public services, healthcare and waste, so far there has been little political support and little interest shown for the expansion of PPP projects into these sectors. It is yet to be seen in what direction and with what speed PPPs will evolve in Albania”.\textsuperscript{279}

5.1.8 ALBANIA AND THE EU

\textsuperscript{277} Albania Daily News, 18 April 2013, p. 5.
Albania and the EU established diplomatic relations in 1991, immediately after the communist regime fell in Albania. The turbulent events of the 90s did not allow for a further approaching of Albania towards the EU. 280 Albania was recognized as a ‘potential candidate’ country for EU accession only in 2003, when the SAA negotiations were opened between the EU and Albania.

Today, Albania’s EU integration process represents one of the matters that get the greatest of interest from the national public and that is very high in the political discourse. In a study prepared on the framework of the project “Integration Perspectives and Synergic Effects of European Transformation in the Countries Targeted by EU Enlargement and Neighbourhood Policies” 281 it is stated that in Albania the EU integration is considered as the strongest incentive to move forward in the democratization process, and such struggle is used as a standard against which is measured the political actors’ performance, which has attracted the attention of civil society, private sector, as well as the public’s attention at large. In short, EU integration stands at the highest level on the agenda of the Albanian politics. The Albanian governments, no matter their governing programs or philosophies of their orientations, have had (and continue to have) as their main objective the attainment of the final goal of EU integration, which requires a firm commitment to consolidate the governance system, democratic institutions and economic performance. More concretely, Albania is on the path of fulfilling and continuing to take on membership obligations as included in the SAA, and more precisely it is striving to fulfill the political and economic criteria.

Actually, in the recent years Albania has made good steps towards the EU. In December 2006, three years after the starting of the SAA negotiations, the Interim Agreement between the EU and Albania entered into force, thus taking Albania in a more advanced stage. On April 2009 Albania submitted officially a membership application, while on December 2010 entered into force the visa liberalisation agreement that allows Albanian citizens to travel in the Schengen area without visas.

On its part, the EU provides pre-accession financial assistance to Albania under the Instrument for Pre-Accession Assistance (IPA), which for the case at hand is divided into two components: Component I – Transition Assistance and Institution Building, and Component II – Cross-border Cooperation. The 2011-13 planning document for IPA Component I “envisages a sectorial approach with the focus on justice and home affairs; public administration reform; transport; environment and climate change; social development; and agriculture and rural development. During the period 2007-13, the EU allocated a total of approximately €594 million for Albania, which includes approximately €81 million in 2012 and €82 million in 2013 for the national

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280 For the first steps related to EU-Albania relations see: http://ec.europa.eu/enlargement/potential-candidate-countries/albania/eu_albania_relations_en.htm (last consultation date: January 2014).

programme under IPA Component II". Under IPA component II, Albania participates in the transnational programmes ‘South-East Europe’ and ‘Mediterranean’ and the Adriatic regional programme, in which it is involved in the management and implementation of the programmes with neighbouring countries (Montenegro, the FYROM and Kosovo). Albania participates also in bilateral and multilateral cooperation and cross-border programs with EU countries (Greece and several other EU Member States).

In its recent periodic country progress reports, the European Commission has continuously reported on a satisfactory progress in the adoption of acquis communautaire from Albania, and a generally positive development trend of the country. However, Albania’s request to be granted ‘candidate status’, and thus open accession negotiations with the EU, has been turned down from the EU Council since 2010 (the last denial of candidate status was at the end of 2013). The EC directives of the 2013 progress report include political and economic criteria.

Political criteria:

- to accelerate the reform of the judiciary, ensuring its independence, transparency, accountability and efficiency,
- to pay particular attention to the implementation of public administration reform,
- to build targeted measures for the fight against corruption,
- develop a track record of effective investigations and prosecutions of organized crime, and take a more proactive stance towards investigating suspicious wealth and money laundering practices,
- draft new legislation and implement the existing legislation in the human rights field, with clear focus on people with disabilities, children’s rights and Roma inclusion.

Economic criteria:

- complement stability-oriented fiscal and monetary policies with structural reforms to ensure long-term sustainable economic growth,
- address the high levels of budget deficit and public debt and its short term bias,
- improve fiscal predictability by reducing the recurrent overestimation of revenues and by collecting taxes more efficiently,
- improving the business and investment environment is essential for diversifying the economy and boosting its long-term growth potential,
- the formalization of business remains an important challenge.

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In 2013 the European Commission suggested once more that Albania be granted the candidate status, and the new Albanian government had high hopes that this time it would be the right one. But, it seems that the Albanian government will have to deliver more to the EU and be more persuasive especially in front of the sceptics of EU enlargement until the Council meeting of June 2014.

5.1.9 ALBANIA’S RELATIONS IN THE REGION

Another point worthy of mention is that back at the beginning of 2000, the status of the Albanian population living in several Balkan countries was considered as the greatest challenge to peace and stability in the region. The events in Kosovo and Macedonia, where the Albanian factor was at the focus, were especially disturbing for the then existing balances in the Western Balkans region as well as for Europe and even the US. The latter have been central to the reestablishment of peace and stability in the hot Balkan region, both through direct military intervention and through instruments of cooperation, mostly economic. This dissertation is more interested to look upon the relations in the Balkan region, especially between the Republic of Albania and The Former Yugoslav Republic of Macedonia (FYROM), through the cooperation mechanisms (considering the economic ones as more effective and sustainable), and, thus, will provide a brief overview of this relation.

5.1.9.1 ALBANIAN - MACEDONIAN (FYROM) RELATION

The ethno-political clashes between the Albanian rebels (calling themselves the National Liberation Army - NLA -) and the Macedonian government at the end of 2000 and the beginning of 2001 caused a highly destabilizing conflict within the Macedonian borders, especially in the eastern part of the country where the ethnic Albanians are mostly situated. In August 2001, with the brokering of the US and the EU, the open conflict between ethno-political Albanians and Macedonians was ended with the signing of the Ohrid Agreement. This agreement, however, is not the only stabilizing mechanism between the two countries, even in view of the reserves that exist from the Albanians on the application of that agreement. Before this, one of the most immediate stabilizing mechanisms after the break-up of Yugoslavia is the Stability Pact for South Eastern Europe, which was established by the EU and launched in 1999 to stimulate economic and political reform in the Western Balkans, Bulgaria, Romania and Moldova. It is possible to mention that the first decade of the new millennium has been a period of rapid integration for the Western Balkans into cooperative mechanisms and

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international organisms. The signing of the bilateral Free Trade Agreement between Albania and Macedonia in 2002 is regarded as one of the most serious steps forward regarding the relations between the two neighbouring countries.\textsuperscript{289} The bilateral agreements of all the Balkan countries signed with each-other turned into one multilateral agreement with the signing of the Central European Free Trade Agreement (CEFTA) membership by all of them.\textsuperscript{290}

However, one of the strongest signals for a perspective of greater cooperation and stabilization in the Balkan region was given in 2003 at the Thessaloniki European Council, where it was considered the potential membership of all of the Western Balkans in the EU. The signing of Stabilisation and Association Agreements (SAA) from all the countries in the region implies the establishment of free trade areas both between the Balkan countries and the EU and between the Balkan countries.\textsuperscript{291} Also very importantly, SAA represents the first step of entering into the process of EU membership.

Throughout this time all Balkan countries have been moving closer to the EU, advancing in their respective negotiations with the EU: Macedonia is a candidate country to join EU since 2005, while Albania is a potential candidate but is expecting to receive the candidate status soon (June 2014), and both of these countries’ citizens have the right to free movement in the Schengen area since December 2010.

It is worth to be noticed that the Prime Ministers of Albania and FYROM, Edi Rama and Nikola Gruevski, said in a press conference held after their meeting in Skopje on 6 November 2013 that Macedonia and Albania have good bilateral relations and wish to enhance these relations especially in the areas of trade exchanges and business co-operation, for this is in the best interest of the two countries and the entire region. Based on what Rama said, Albania is interested in intensive relations with its neighbours, and when it comes to Macedonia, in all areas. In addition, he mentioned that Albania is prepared to pave new paths of cooperation in strengthening economic ties through concrete projects aimed at ensuring mutual growth. Meanwhile Gruevski said that Macedonia remains proactive in the enhancement of good neighborly relations and regional cooperation.\textsuperscript{292}

And, what is more important for this dissertation at hand concerns the regional cooperation, which has been encouraged to a great degree by the EU through a cross border cooperation (CBC) program under the Instrument for Pre-Accession Assistance (component II of IPA).

\textsuperscript{289} Free Trade Agreement between Albania and Former Yugoslavian Republic of Macedonia - http://wits.worldbank.org/GPTAD/PDF/archive/Albania-FYROM.pdf (last consultation date: January 2014) and Stabilitypact.org http://www.stabilitypact.org/trade/ANNEX%202%20TO%20AGREEMENT%20RE%20BILATERAL%20FTAs%20T O%20BE%20TERMINATED.pdf (last consultation date: January 2014).


\textsuperscript{291} European External Action Service – EU Relations with the Western Balkans http://eeas.europa.eu/western_balkans/index_en.htm (last consultation date: January 2014).

5.2 THE ALBANIAN – MACEDONIAN 2007 – 2013 IPA PROGRAMMING PERIOD

As stated in the Cross-border Programme 2007-2013 IPA CBC Republic of Macedonia - Republic of Albania (pp. 6-7)293 “The territory of the eligible area for the cross-border program between the Republic of Macedonia and Albania covers 19 969 km², with a total population of 1 524 674 inhabitants. The overall borderline length is 191 km (land 151 km, river 12 km and lake 28 km) with four frontier posts operating permanently and one frontier post operating occasionally.

The eligible cross-border area is determined in accordance with article 88 of the IPA implementing regulations where it is stated that NUTS level 3 or equivalent areas along land borders between beneficiary countries are eligible for cross-border programmes.

On the side of the Republic of Macedonia, the eligible areas consist of three NUTS level 3 equivalent statistical regions. The country is divided into eight statistical regions, established in 2001 by a decision of the government (National Nomenclature of Statistical Territorial Units).

In Albania, the eligible area consists of three administrative regions (the country is divided into 12 regions) corresponding to NUTS level 3 equivalent.

The territory of the eligible areas and the number of population in the two countries are almost equivalent”.


The programming process took place in the period between December 2006 and May 2007.

As stated in the above mentioned Cross-border Programme 2007-2013 IPA CBC Republic of Macedonia - Republic of Albania (p. 5), it is important to highlight that “... Due to the history of the countries and the mountainous feature of the border region, this particular programme is not building on an old tradition of partnerships and joint initiatives. Despite recent remarkable achievements, particularly in the environmental sector and in the southern part of the cross-border region, partnerships between local institutions and civil society, as well as business communities, are still at a preliminary stage. Motivating local institutions and people to use the opportunities offered by IPA component II and giving them the capacity to do it will constitute the major challenges in both countries. ...” 295

Albania and Macedonia CBC involved Pelagonia, Southwest and Polog regions from the Macedonian side and Korca, Elbasan and Dibra from the Albanian side. The global objective of the CBC is to promote sustainable development in the cross-border area. The three specific objectives identified by the programme are the following:

1) supporting the establishment of joint actions and strategies aiming at protecting and valorising the natural resources of the region,
2) supporting sustainable economic development of the region,
3) developing long term networking and partnerships between civil society organization (i.e. NGOs), professional organisations (i.e. Chamber of Commerce, entrepreneurs and farmers’ organizations) and decentralized institutions, particularly schools, faculties, research and development units. Economic/trade as well as cultural/social projects are supported. 296

“The objectives will be achieved through the implementation of the priority number one comprising of three measures and the priority number two.”

The two priorities are:

1) promoting a cross-border economic, environmental and social development. This priority includes three measures which will be mentioned below,
2) technical assistance to the programme.

The first priority “... tries to give space to the economic actors, particularly but not exclusively, in the tourism sector, which takes into account the current low level of business cooperation at the border. More generally, this priority should allow for the definition and implementation of people-to-people actions, and, thus, fostering the cross-border cooperation on the level of

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The three measures includes in the first priority are:

1) economic development, especially in the field of tourism,
2) sustainable environmental development, focusing especially on the protection and management of the ecosystem and natural resources,
3) cultural exchange and social cohesion through people-to-people actions as well as institution-to-institution actions.

For each one of these measures are identified the specific objective, the possible operations, the results indicators as well an indicative list of beneficiaries both private and public as it will be mentioned in the next chapter.297

Summing up, the CBC programme between Albania and Macedonia has been designed to improve depth and intensity of cooperation in the area, but that, as a matter of fact, remains weak due to:

- weak knowledge of context and possible partners in the cross-border area,
- low knowledge of the programme, procedures and of realizable actions,
- lack of motivation as well as of experience for operation and support to possible applicants,
- language barriers (mostly due to the capacities to operate in English).298

However, the key added value of the programme in the area at issue is that it has built foundations for future cooperation.299 In the political aspect, the added value can be considered the better knowledge of each party through the partnerships built so far and the increased level of cooperation. While, on the institutional aspect, the added value can be seen in more knowledge about neighbours and built ability for joint drafting, implementation and financing of cross-border programmes and projects.300 In general, it is possible to affirm that the relationships between the two countries continue to improve and they provide strong reasons for the exploitation of economic opportunities on both sides of the border.

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5.3 THE 2014 – 2020 PROGRAMMING PERIOD

5.3.1 FORMER YUGOSLAV REPUBLIC OF MACEDONIA

The programming process for IPA II CBC is on-going and for the Former Yugoslav Republic of Macedonia the guiding policy reference framework is the National Plan for the Adoption of Acquis\(^\text{301}\) in which the main objectives for the period 2011-2015 are:

- economic growth, employment and citizens’ standard of living,
- integration into EU and NATO,
- fight against corruption and crime as well as reforms in the judiciary and public administration,
- good inter-ethnic relations and implementation of the Ohrid Framework Agreement,
- investment in education, science and information technology.

Another important strategy to be referred to is the 2009–2019 Strategy for Regional Development that identifies IMC and CBC as key pillars and objectives of balanced regional socio-economic development. In this document border areas, especially rural and mountainous, are defined as priority for socio-economic intervention.

5.3.2 REPUBLIC OF ALBANIA

Based on what was raised and on what the Albanian institution said during the Conference for IPA II that took place in Brussels on the 25 January 2013, Albania has a long experience in implementing IPA funds. The political will is strong but the human capacities need to be strengthened. Interesting to bring here was what the Albanian Deputy Minister for European Integration said in the Conference at issue, phrasing that the learning by doing characteristic of IPA I was verging into learning by failing. The programming process is ongoing and Albania has begun working on the sector approach and to engage experts for this issue that is considered very critical both for the accession and for the achievement of national standards.

CHAPTER 5

5.3.2.1 THE NEW IPA II COUNTRY STRATEGY PAPER FOR ALBANIA

Further on, based on the draft (second version) of the Albanian IPA II Country Strategy Paper (CSP)\textsuperscript{302} 2014 – 2020, dated 4\textsuperscript{th} of November 2013, it is easy to note that the important lesson learned identified for the future IPA is:

- “capacity building and investments require a certain minimum level of human resources in terms of both skill and number,
- the ownership for EU funded investments is jeopardized if they are not linked to the sector strategies and budgets of the relevant ministries at the state level and with local institutions”. (Draft version 2 of the Albanian CSP: p. 6).

As stated in the draft, the second version of the Albanian CSP for IPA II, the instrument of the CSP, is fundamental to set “… out the priorities for the EU financial assistance for the period 2014-2020 to support Albania on its path to accession. It translates the political priorities as defined in the Enlargement Strategy and in the Annual Reports into key areas where financial assistance is most useful to meet the accession criteria” and “shall be reviewed at mid-term and revised as appropriate. It may also be revised at any time by the initiative of the European Commission. … The present Country Strategy has been developed in close cooperation and partnership with the Albanian authorities which have been jointly organized with the National IPA Coordinator, i.e. the Ministry of European Integration and the Department for Strategy and Donor Coordination at the Council of Ministers. Consultations took place with line ministries, the judiciary institutions as well as civil society, EU member states, the EU Delegation and other donors…” (Draft version 2 of the Albanian CSP: pp. 1-2).

Based on the Country Strategy Paper for Albania 2014-2020, it is possible to affirm that the reform for this country will continue through 2014-2020, and that Albania will start the accession negotiations during the first part of this new programming period, presumably 2014-2017 (Draft version 2 of the Albanian CST: p. 4).

For planning the new assistance instrument it is fundamental to follow the new National Strategy for Development and Integration (NSDI),\textsuperscript{303} which provided the strategic framework for the country, and go in line with the Albanian participation in many regional integration initiatives, including the South East Europe (SEE) 2020 growth targets, the new EU Strategy for the Adriatic and Ionian Region (EUSAIR), the SEE Transport Observatory (SEETO)\textsuperscript{304}, as well as take into consideration the agreements Albania signed such the Central European Free Trade Agreement (CEFTA)\textsuperscript{305} and the Regional Environmental Network for Accession (RENA).\textsuperscript{306} It is

\textsuperscript{302} Document gathered by the author by means of interviews.

\textsuperscript{303} http://www.dsdco.al/dsdco/pub/130729_ndsi_2014_2020_version_5_1595_1.pdf (last consultation date: December 2013).

\textsuperscript{304} SEETO “… was established in 2004 to promote cooperation in the development of the core regional transport network. Among others, SEETO’s activities include analyzing performance of the SEE core regional transport network and promoting policy reform and harmonization in the transport sector.” (p. 9 of the MCSP).

\textsuperscript{305} http://www.cefta.int/ (last consultation date: December 2013).

\textsuperscript{306} http://www.renanetwork.org/ (last consultation date: December 2013).
important to mention that “financial assistance ... will be granted in line with and in support of the enlargement strategy for Albania. It will be shaped to be consistent with EU policies in the same area, in particular with the EU 2020 strategy and applicable Macro-Regions strategies, flagship initiatives of the EU boost growth and jobs, as well as the climate policy objectives of the EU. The objectives set until 2020 reflect the level of economic development and the stage in the accession proves in Albania” (Draft version 2 of the Albanian CSP: p. 7).

Based on the Multi-country Strategy Paper (MCSP) 2014-2020 (p. 31), which foresees that each intra-IPA CBC programme will cover a maximum of 4 thematic priorities, the Albanian CSP mentioned above, identified the following policy areas and sectors:

- reforms in preparation for Union membership and related institution and capacity building (sectors: governance and public sector reform, justice and fundamental rights, home affairs),
- socio economic and regional development (sectors: environment, transport, energy, competitiveness and innovation),
- employment, social policies, education, promotion of gender equality and development of human resources (sectors: employment, social policy and development of human resources),
- agriculture and rural development.

In addition, as foreseen in the MCSP, the enhancing of the regional and territorial cooperation (territorial cooperation - cross-border programmes and regional cooperation - transnational programmes) will be developed as an essential instrument of the Stabilization and Association process. “... Regional cooperation needs to be further strengthened, to be inclusive and regionally owned. The Commission fully support the work of the South-East Europe Cooperation process (SEECP) and Regional Cooperation Council, including the Regional 2020 Strategy. ...” (MCSP 2014-2020: p. 30). “… IPA assistance should strive to support the enlargement countries to reach the targets set in the context of the Europe 2020 Strategy and the Regional 2020 Strategy, while at the same time supporting them in their progressive alignment with the standards and policies of the European Union, including where appropriate the Union acquis, with a view to membership. ...” (MCSP 2014-2020: pp. 8, 9).

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307 Document gathered by the author by means of interviews. “This Multi-country Strategy Paper sets out the priorities for EU horizontal and regional financial assistance for the period 2014 – 2020 to support Albania, Bosnia and Herzegovina, Kosovo, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey. ... It is design to be consistent with, complement and enhance the national strategies as set out in the Country Strategy Paper by supporting regional cooperation, facilitating coordination and effective horizontal implementation mechanisms.” (MCSP 2014-2020: p. 3).

308 “… In the selection of priorities for EU assistance outlined in this Multi-country Strategy Paper account has also been taken of the Regional 2020 strategy and EU strategy for macro-regions, the lessons learned from the programming and implementation of IPA I and the findings from internal and external consultations. ...” (MCSP 2014 – 2020: p. 4).

309 “... The Regional 2020 Strategy, which has been elaborated by the RCC, was endorsed by the Ministers of Economy in November 2013. It includes further to the objectives of smart, sustainable and inclusive growth the complementary objectives of integrated growth and governance for growth. ...” (MCSP 2014-2020: p. 8).

RCC means Regional Cooperation Council. For more information see: http://www.rcc.int/ (last consultation date: December 2013).
Returning the focus on the aim of this dissertation, it is worth saying some more words related to the frame of the policy area ‘Regional and Territorial Cooperation’, and within this related to the Territorial Cooperation - CBC Programmes.

“... Cross-Border Cooperation (CBC) and people to people activities remain key vehicles for fostering reconciliation and dealing with the legacy of the past.... It is considered crucial for stability, cooperation and economic development in border regions. It aims at fostering sustainable local development and increasing the prosperity of people and communities in remote and rural border areas which are most often economically lagging behind. It also supports the European integration of the enlargement countries through their participation in cross-border programmes with EU Member States and transnational cooperation programmes...” (MCSP 2014-2020: p. 30). In addition “... Cross-border cooperation is a good means of strengthening the political and administrative capacities at decentralized level and a suitable training ground for becoming familiar with the cooperative way of doing business in the EU. ...” (MCSP 2014-2020: p. 8).

Considering this, the Albanian CSP foresees that the Territorial cooperation - CBC Programmes in the region “… aims at promoting reconciliation and good neighbouring relations in order to fully overcome the legacy of past conflicts and isolation. From a development perspective, cross-border programmes seek to address common challenges in the fields of economic competitiveness, social inclusion, protection of environment and cultural heritage and promotion of tourism” (Draft version 2 of the Albanian IPA II CSP: pp. 29, 30).

In other words “Cross-border cooperation aims at fostering sustainable development, stability and prosperity of people, communities and institutions along the bordering areas whilst taking into account the mutual interest of the citizens of the two partner countries” (Draft version 2 of the Albanian IPA II CSP: p. 11).

In addition, it is worth mentioning that during in the new programming period, following the MCSP, in which is established that the countries in the Western Balkans will participate in three different types of cross-border programmes (MCSP 2014–2020: p. 31).\(^{110}\) Albania will join three bilateral cross-border programmes with candidate or potential candidate countries: Montenegro, Kosovo and former Yugoslav Republic of Macedonia. Furthermore, Albania will participate in programmes with two Member States, i.e. a bilateral programme with Greece and tri-lateral programme with Italy and Montenegro, which will be founded with contributions from both the IPA and the ERDF.

As stated in the MCSP 2014–2020 each programme will cover a maximum of four specific priorities, which may vary across the following themes:

- competitiveness, business and SME development, trade and investment,
- employment, labour mobility and social inclusion,
- research, technological development and innovation and ICT,
- environmental protection, climate change and risk prevention,
- transport and public infrastructures.

\(^{110}\) CBC at intra-Western Balkan borders, CBC with EU Member States, transnational cooperation programmes.
• tourism and cultural heritage,
• youth and Education,
• local and regional governance, planning and administration capacity building.

It is also worth mentioning that the “... IPA assistance in the form of regional and horizontal programmes is managed by the Commission ...” “with exception of Cross-border cooperation involving Member State - which, in fact, is implemented under shared management” (MCSP 2014-2020: p. 9).

At the planning stage or formulation of the IPA programmes, based on the lessons learned from IPA I, the European Commission recommends that it should be avoided:

• “Low degree of ownership by the beneficiary Ministries and local government institutions;
• Lack of coordination between institutions, both horizontally (between Ministries) and vertically (between Ministries and local government institutions);
• None or limited funds for operating and maintenance;
• Unavailability of land due to unsolved property rights issues;
• Missing or delayed construction permits;
• Missing or delayed utility connections;
• Missing or delayed re-imbursement of VAT to contractors and grant recipients.” (Hesse 2013: p. 16).

5.4 MAIN DIFFERENCES BETWEEN THE 2 PROGRAMMING PERIODS

The discussion during the IPA Multi-Beneficiary Donor Coordination and Aid Effectiveness Conference, which was held in Brussels on 25 January 2013 on IPA II,311 showed that IPA II will be built on the previous IPA and the new framework will foresee a strong involvement of Civil Society. In fact, the lessons learned from the previous IPA show the need for broader agreement on the Strategy Papers by all stakeholders (relevance of participation and inclusive approach), the need to reinforce the link between financial assistance and political agenda on a multi-year basis (vs. the previous one), thus bringing to the need for presenting a new way of programming assistance as well as a new legal framework hence the IPA II Regulation. It was also stressed the need to:

• enhance visibility, in order to better stress the achieved results,
• pay more attention to developing capacity also at the local and regional levels,

Finally, as mentioned above, it has been also expressed the need to develop more flexible and simple implementation modalities.\footnote{http://ec.europa.eu/enlargement/pdf/projects-in-focus/donor-coordination/25-january-2013/conclusions_ipa_conference_25_january_2013.pdf (last consultation date: February 2013).}

Specifically related to Albania, considering the delay in the implementation of the programs due to the complex institutional framework\footnote{In the previous programming period, “programmes with candidates or potential candidate countries were jointly managed by two contracting authorities, corresponding to the two partner countries (either the two EU Delegations under centralized management” (Albanian CSP: p. 30).}, it is important to stress that in the new programming period “... each programme will have a single contracting authority, which will make it easier the evaluation process of project proposals and will simplify the subsequent phase of contracting, implementation and monitoring. ...” (Draft version 2 of the Albanian CSP IPA II: p. 30).

In particular this is referred to the Cross-border Programme with Kosovo. Even though this dissertation is not interested in Kosovo, it would be interesting to illustrate that in the first moment the EU Delegation to Albania will act as a contracting authority under centralized management and in the second one, as soon as Albania will be accredited for indirect management, the task will be transferred to the Albanian operating structure (Ministry of European Integration); in other words, Albania will be host to the contracting authority for the Cross-border programme with Kosovo (Draft version 2 of the Albanian CSP IPA II: p. 30).

Other two important points to mention are related to the decision of managing some projects under decentralized implementation mode and the acknowledge that a more effective donor coordination granted by the Sector Working Groups (SWGs) is needed for programming and implementing IPA II.

Generally it is clear that the Albanian Ministry of European Integration “... will be responsible for the identification of the projects proposals, which can be selected via calls for ordinary projects or calls for strategic projects (grant schemes). The contracting authority may also implement joint strategic projects via a direct grant agreement with the final beneficiaries (local municipalities and regions). In addition, the contracting authority may decide to select a specific delegated entity (NGO, international donor or a MS body) which in turn will provide small grants to local grassroots organizations (sub-granting). For all these operations the contracting authority will properly consult the partner country. ...” (Draft version 2 of the Albanian CSP IPA II: pp. 30, 31).

In addition, considering that the new IPA will present new implementation modalities, including calls for proposals with higher thresholds, calls for strategic projects as well as direct grant agreements for joint strategic projects, it is expected that EU assistance in the new
programming period will have more impact than the previous one (Draft version 2 of the Albanian CSP IPA II: p. 11).

Moreover, with the aim to support the enlargement countries to tackle the economic fundamentals and meet the economic criteria, Albania will follow what it is foreseen in the MCSP for all countries. Aiming to enhance economic policy and its governance, Albania will prepare a co-ordinated national economic reform strategy including two aspects: “... a macro-economic and fiscal programme and a structural reforms and competitiveness programme. The Commission will also engage in dialogue on public financial management with the enlargement countries, which will, inter alia, support progress towards meeting the economic criteria. Countries will need to draw up action plans in this field that will be monitored by the Commission. Progress towards effective public financial management will also open up the possibility of sector budget support. ...” (MCSP 2014-2020: p. 5).

Last but not least, other changes will regard the enhancement of the regional cooperation – transnational programme. In particular, considering that Albanian applicants within the previous programming period “... have started to build contacts and networks with international partners ... Under the 2014-2020 programmes, the share of participation from Albanian applicants in successful initiatives funded under the programme is expected to increase. ...” (Draft version 2 of the Albanian CSP IPA II: p. 31).

Then, generally, it is possible to affirm that “... In order to increase the impact of the financial assistance by the EU, assistance shall be concentrated on the areas where reforms or investments are most needed to meet accession criteria, and tailored to take into account the capacities of Albania to meet these needs. ... preference shall be given to provide financial assistance under a sector approach where possible, which ensures a more long-term, coherent and sustainable approach and will allow for increased ownership of national authorities, facilitates cooperation among donors, eliminate duplication of efforts and brings greater efficiency and effectiveness. .... The support provided through the present IPA II programme will assist Albania in meeting the negotiation criteria as timely and efficiently as possible. ...” (Draft version 2 of the Albanian CSP: pp. 1,7).

In other words, the new approach of IPA II is to “support to relevant national sector strategies and budgets; prepared in partnership with the beneficiary country; progressive transition to indirect (formerly decentralized) management; more systematic use of financing instruments such as blending of grants and loans for leveraging funds for investments; possibility to use budget support. The important things is to have “a sector policy, strategy and budget, one lead institution in the sector, sector coordination framework, harmonized monitoring and reporting. ...” (Hesse 2013: pp. 10, 11).

In essence, analysis of the major changes between IPA I and IPA II indicates that these changes could be generally beneficial also to PPPs. In fact, the reiterated importance of strengthening the participation and inclusiveness processes bodes well that even the purely private sector - not to mention organizations representing civil society - will be involved from the earliest stages of the process. In addition, the possibility mentioned above that IPA will provide for calls for proposals at higher thresholds, given the moment of crisis for the public sector and
that these ‘entry chips’ can be quite high, the PPP truly seen as an undertaking could be a
great tool to obtain funding for projects, even more so for the so-called strategic projects. This
is particularly true, considering the growing interest of companies to live up to the called
Corporate Social Responsibility (SCR)\textsuperscript{314} and which could view this as an investment to improve
their image, seize competitive advantage and maximize profit in the long run. In other words,
this means adherence by companies to the principles of international organizations that take
account a number of circumstances, even those external to the socio-economic undertakings.
In this way, the company can really be an actor contributing to improve the quality of life of
future generations, thus responding to the economic, environmental and social expectations
of all stakeholders. The company, as discussed above, should have every interest in seeking
new ways to invest ethically and socially. The ever-evolving SCR concept is undeniably a source
of social progress.

Specifically, in this dissertation it is believed that public and private economic activity should
therefore be streamlined and coordinated together with social purposes, seeking both
dialogue and knowledge sharing that leads to the establishment of relations of cooperation
and mutual enrichment, capable to identify shared actions for sustainable development for the
community. Interestingly, the Global Compact,\textsuperscript{315} launched by the UN in ’99 was an invitation
to companies (later extended to civil society organizations, governments and businesses in
general) to act respecting 10 well-established universal principles relating to human rights,
labour, environment and anti-corruption and to foster the development of networks among
governments, businesses, labour unions, civil society organizations and other actors
(promoting a kind of participatory governance). It was also a push for PPPs, as particularly
emphasized by the Global Cities for Equal Opportunities planned during the Policy Dialogue. It
is a platform offering privileged access to innovative approaches as well as the possibility to
share good practice models, and the opportunity to develop step-by-step different tools in the
public arena introduced for the first time in a context of public-private partnership.

Certainly, the identification of PPPs as a tool to promote in order to achieve pre-set goals is not
enough. We should bear in mind that a PPP has long term duration and there is a general lack
of long-term budget at governmental level. For this reason, the PPP should not only be
accompanied by specific legislation, but also by an adequate institutional framework able to
guarantee efficient PPPs and fiscal sustainability, as well as by a strong monitoring mechanism
and specific budgetary procedures that ensure that the government is made accountable for
long term processes that generate a long term flow of payments.

Last but not least, as we saw above, Albania is bracing for a period of economic reforms
underpinning both macro-economic and fiscal aspects, both related to structural reforms and
competitiveness programmes; also in this case, PPPs can be an instrument of great support. It
should be noted that PPP is pinpointed as a model to use for capital infrastructure due to
budget limitation and a decrease in external financing, as mentioned in the first Chapter.

\textsuperscript{314} For more information, see the Communication from the EU Commission to the EU Parliament, the Council,
The European Economic and Social Committee of the Regions: “A renewed EU strategy 2011-14 for Corporate
(last consultation date: February 2014).

\textsuperscript{315} http://www.unglobalcompact.org/ (last consultation date: February 2014).
Furthermore, PPP is considered a useful tool even for programmes aiming at enhancing competitiveness. For example, as cited in the fourth Chapter, Horizon 2020 extends continued support to PPPs as a tool to implement technological roadmaps in some particular areas as well as to achieve leverage of private funding.

5.5 SUMMING UP

In conclusion, this chapter offered an analysis of the Albanian context considering some economic, demographic, social and political aspects, including the criteria Albania has to fulfill to receive the candidate status from the EU as well as a brief introduction to the Albanian Law on PPP. After this, the chapter described Albania’s general relations in the Region, especially with the Former Yugoslav Republic of Macedonia. Particularly important in this chapter is the IPA Albania/Macedonia 2007-2013 and the 2014-2020 programming periods, focusing on the CBC component. Also, the main differences between the two programming periods, with a special focus on Albania, were highlighted. Moreover, last Chapter stressed the positive aspects that these changes would bring in relation to PPPs, also considering the concept of Social Corporate Responsibilities as an added value for the private companies and the Global Compact initiative started by Mr. Kofi Annan in 1999, at that time the Secretary-General of the United Nations.

All this was considered necessary to then introduce in the next chapter the methodology of the work and the SWOT analysis of some project funded through IPA CBC Albania - FYROM in the 2007-2013 programming period. At the end of the last chapter, which will follow, through this analysis, this dissertation will identify the winning strategies, to enhance the effectiveness of the CBC projects through PPP instrument.
CHAPTER VI - RETHINKING THE PPP MODEL AND ITS APPLICATIONS
After the presentation of the Albanian context and the relation that Albania has in the Region with neighbouring countries, in particular with the Former Yugoslav Republic of Macedonia (FYROM), the dissertation presented the IPA CBC in the two programming periods, the main differences between them and how these are relevant for PPPs. In this chapter, the dissertation will focus on the analysis of project between Albania and Macedonia funded through the IPA I component II (CBC) funds, presenting a link with the private sector. After a presentation of the methodology used for the analysis of these projects and a general presentation of the IPA CBC Programme Albania - FYROM, the dissertation will present the analysis per se and will conclude stressing the strengths and weaknesses of the PPP model in CBC projects and which strategy can be the winning strategy to present more successful projects in the future.

6.1 THE METHODOLOGY OF THE ANALYSIS

Agreeing with R. Gubert who maintains that the term methodology does not have a unique meaning, (Demarchi, 1987: p. 1223), it has been based on what was defined by Giner saying that the methodology, understood as the systematic study of the methods employed by a science, includes also the logical analysis of the research process and critical evaluation of its fundamental assumptions. Furthermore, it has been taken into account that the term methodology is more than merely a technical thing as defined by Goode and Hatt, according to whom it is a specific operating procedure through which the data are collected and sorted (Demarchi, 1987: p. 1223).

Thus, it is possible to mention that the work done to write this dissertation has been divided into several chronologically distinct and subsequent phases which correspond to odd methodological and theoretical in depth approaches.

The first part of the dissertation made use of several documentary sources, most notably and especially in the early stage the work will carry out what it is commonly defined as a secondary analysis (a review of what already exists on the topics) (Corbetta 1999: p. 44), in particular this was articulated through the following steps:

- review of the existing literature,
- review of the official documentation and statistics available mainly on-line (as highlighted in the sitography) with the Albanian Ministries and national organization/institutes i.e. Albanian National Institute of Statistics.\(^{316}\)

\(^{316}\) To this regard it is interesting what Corbetta (1999) said at p. 468: the institutional documents have two disadvantages: first, the incompleteness of the information and the official representation, in spite of being often deficient and insufficient, can be anyway integrated because the document is not produced from whom is conducting the study; second, because they do not represent the institutional reality in an objective way, but they refer to and present an official representation.
The second part of the dissertation made use of:

- administering open-ended and informal non-structured interviews, of some key stakeholders (governmental and non-governmental) in the field of IPA/CBC Programme and IPA CBC Programme Albania - FYROM to collect more material and to understand in depth the context. There were used some primary questions (i.e. descriptive in a way of start-up) as well as secondary questions were used (so as to deepen the topics dealt with), and whenever necessary ‘decoy’ questions (so as to encourage the interviewee to go on with the interview or recount) followed by a non-standardized procedure (the researcher will avoid to ask the same questions to everyone). Such procedure, which obviously was intended more for substantive representation rather than statistical representation, is deemed to be more useful for the interviewer to understand the topic dealt with by the dissertation. Although the qualitative analysis does not allow for a great ‘generalisation of the results’, it, however, allows to reach farther fetching levels of argumentation.

It was not merely a process of information disclosing, but a process of social interaction:

- processing of the information collected so as to proceed to a qualitative analysis and cross tabulation,
- SWOT analysis of five projects funded under IPA CBC Albania - FYROM presented during the informal interviews with the EU Delegation in Tirana,
- presentation of the results through a process of data interpretation.

While stressing that, for Byrman, the differences between the two ways of doing research are only technical (Bryman, 1988: p. 109), while for others (King, Kehohane and Verba: p. 3-4) are only stylistic, deprived of methodological or substantive importance, it is important to highlight that the analysis employed here is a qualitative analysis that does not intervene on the subjects and seeks to interpret, read and analyse the reality and eventually synthesize and recompose it. According to Corbetta (1999), observation, interviewing and reading are the three elementary actions at the basis of the qualitative analysis techniques.
6.1.1 THE SWOT ANALYSIS

The elaboration of this dissertation, as mentioned above, makes use of the SWOT.

The SWOT analysis or SWOT Matrix is attributed to Albert Humphrey; it was invented as a strategic planning tool to evaluate the strengths, weaknesses, opportunities and threats of any project, company or any other situation useful to achieving a goal. There is a need to rationalise reality by connecting the elements which make it analytically operational, and to identify what action is necessary both to limit the effects of the negative elements and to optimize the possible effects of positive elements. The analysis probes into the internal environment (analyzing strengths and weaknesses) or the external environment of any organization (analysing threats and opportunities).

The steps generally followed during a SWOT analysis include:

- define an objective or desired end-state,
- define the 4 points listed above, i.e. Strengths (attributes of the organization that are helpful to achieving the objective), Weaknesses (attributes of the organization that are harmful to achieving the objective), Opportunities (external conditions that are helpful to achieving the objective) and Threats (external conditions that are harmful to performance).

The SWOT matrix is presented in the following way:

<table>
<thead>
<tr>
<th>Internal/External attributes of the organization/environment (origin)</th>
<th>Positive/Helpful Factors</th>
<th>Negative/Harmful Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal attributes of the organization</td>
<td>STRENGTHS (S)</td>
<td>WEAKNESSES (W)</td>
</tr>
<tr>
<td>External attributes of the environment</td>
<td>OPPORTUNITIES (O)</td>
<td>Threats (T)</td>
</tr>
</tbody>
</table>

Combination of these points leads to definition of actions that must be taken to achieve the objective for which the SWOT analysis is used as input to create 4 different strategies:

1) S-O: develop new methodologies capable of exploiting the strengths,
2) W-O: eliminate weaknesses to activate new opportunities,
3) S-T: use strengths to cope with threats,
4) W-T: identify defence plans to prevent external threats from worsening the weaknesses.

The SWOT analysis is crucial in the analysis of cross-border cooperation, because it breaks down such cooperation in heuristically relevant indicators, in order to obtain an analytical and actual scenario and then intervene into its elements and positively modify that scenario in the future. The main function of the SWOT analysis is to produce a rational prediction of the future within a cross-border region, falling between a definite operational present (lived scenario) and a future dominated by cross-border cooperation to produce local development (latent scenario) (Gasparini 1988). Therefore, the SWOT analysis is an analysis of what is happening, what has happened, and especially of what we want to happen between time t0 and time t1 (Del Bianco 2010: p. 18).

The SWOT analysis is based on crossing two types of evaluations of the variables to be chosen: the first type concerns the fact that the variables are presented as positive (i.e. the strengths of the subject under analysis) or as negative (i.e. weaknesses); the second type concerns the fact that the variables are internal or external to the subject under analysis (Del Bianco 2010: p. 22).

For the purposes of this dissertation, it is useful to mention the 5 action strategies identified by Del Bianco (2010), among which the winning one(s) will be employed to increase the effectiveness of CBC projects through the use of PPP.

These are:

1) enhancement strategy: it is based on reinforcing internal and external positive aspects/factors in the cross-border area, assuming that negativities are greatly attenuated due to the absorbing power of the former. It can be applied where there are many strong and stable strengths (S) and opportunities (O), as well as in numerous non-incisive weaknesses (W) and threats (T),

2) overcoming strategy: it acts on the positive aspects (strengths and opportunities - S and O) to mitigate - if not to dissipate - the internal negativities (weaknesses). Its goal is to preserve and make the participatory system more balanced, in order to avoid too obvious fractures. It is applicable when associated by a political will to bring the project to a balanced development, and especially when there are clear and consistent weaknesses (W), but also diffused strengths (S) and opportunities (O) capable of influencing existing weaknesses (W),

3) mobilization strategy to control the surrounding/environment: it places the emphasis on the action of strengths (S) and opportunities (O) in a negative context (T), which poses hard challenges to the emergence of the positivity of the system. It is applicable when threats (T) from the outside are so compelling or diffused that the project must mobilize the positive resources embodied in the strengths (S) and in the opportunities (O), in order to mitigate the influence of external threats (T),

4) negativity containment strategy (derives from the fusion of the second and third strategy); it is based on the dual role attributable to the strengths (S) and
opportunities (O) to effectuate the reduction of both the weaknesses (W) and threats (T), resulting in reduction of negativity. It is applicable in situations with strong weakness (W) and threats (T). In these cases, given the strong negative valence, it is necessary to mobilize all available resources in order to mitigate the strong imbalances on one hand, and neutralize the effects of negativity on the other,

5) external-internal coalition strategy to control the surrounding/environment (derives from the fusion of the first and third strategy); it is based on the mobilization of the strengths (S) and opportunities (O) which are strong enough to cope with the fairly consistent threats (T). All this happens because weaknesses (W) within the project are essentially negligible. It is applicable in the presence of numerous positive conditions for strengths (S) and opportunities (O) (with many active actors in the playfield) and weaknesses (W) are of negligible importance. In these situations, the strategy focuses its efforts on reducing threats (T) that may affect the system’s positivity.

6.1.2 IMPLEMENTING THE SWOT ANALYSIS

In this dissertation, the SWOT analysis will be the tool to identify the strengths (S), weakness (W), opportunities (O) and threats (T) that characterize projects which will be analysed in relation to PPPs. In other words, it seeks to identify the strengths and internal resources of projects capably to push the development of PPPs (strengths), as well as the internal project limitations and weaknesses deriving from the local context and that impede PPP development in the relevant area (weaknesses), the external project opportunities that can be developed to overcome identified weaknesses (opportunities) and external factors that may hamper the future development of PPPs (threats). Once these points are identified, it is possible to collect the results obtained and shown in various matrices that will be presented in a one, single consolidated template. The purpose is to identify the potential multiplier effects of projects implemented through PPPs (positive spill over) and if these are projects where PPP would have been a useful tool. For the elaboration of the consolidated template, the operations to be carried out will essentially be:

- collect data by eliminating similar items by making them more universal and simultaneously expanding the items that will remain incorporated,
- summarise the too specific items into one sentence.

An analytical elaboration of data will be performed to interpret and summarise what was reported in the consolidated template, logically linking it to the PPP. The reason for doing this is to describe the analysis results and conclude - within the context taken into account - where the PPP finds its strengths and which strategies are more viable to make the CBC more effective through the use of PPPs, and at the same time to strengthen this partnership tool in the framework of cross-border cooperation.
6.2 ANNUAL WORK PROGRAMME FOR GRANTS 2009 – DG ENLARGEMENT

Before starting the SWOT analysis, it is worth mentioning that the DG Enlargement of the European Commission establishes Annual Work Programme for Grants in relation to the allocation of funds. Regarding the first Call of the IPA CBC Programme Albania/FYROM (as already mentioned based on Council regulation (EC) N° 1085/2006 of 17 July 2006 establishing an Instrument for Pre accession Assistance) the financial allocation for 2009 was indicatively of 340.000 Euros. It is interesting to mention that at that time, as stated in this document, the programme between the two countries was at a preliminary stage and would promote the cross-border cooperation as partnership between local institutions and civil society, as well as business communities.

The Programme aims to support the establishment of joint actions and strategies aiming at protecting and valorising the natural resources of the region. In particular aims to:

- promote sustainable economic development,
- develop long term partnerships and networking between civil society organisations, professional organisations and decentralised institutions, particularly schools and faculties, including research and development units.

The Programme includes three different expected results or measures as already mentioned in the fifth Chapter:

1) economic development with an emphasis on tourism related areas,
2) sustainable environmental development with an emphasis on protection, promotion and management of natural resources and ecosystems,
3) social cohesion and cultural exchange through people-to-people and institution-to-institution actions.

As mentioned in the Calls for Proposals, for each measure there is a list of potential activities for projects. The Measure n. 1 projects could contain a range of the following activities:

- joint strategies, action plans, studies and competitive analyses,
- business contacts, networking, partnerships,
As mentioned in the Calls for Proposals, the European Commission establishes Annual Work Programme for Grants in relation to the IPA CBC Programme Albania/FYROM (as an Instrument for Pre accession Assistance) already mentioned based on Council regulation (EC) N° 1085/2006 of 17 July 2006 establishing the financial allocation for 2009 was indicatively 340.000 Euros. It is interesting to mention that at that time, as stated in this document, the programme between the two countries was at a preliminary stage and would promote the cross-border cooperation as partnership between local institutions and civil society, as well as business communities.

Before starting the SWOT analysis, it is worth mentioning that the DG Enlargement of the business contacts, networking, partnerships, joint strategies, action plans, studies and competitive analyses, sustainable environmental development with an emphasis on protection, promotion and valorising the natural resources of the region. In particular aims to:

- economic development with an emphasis on tourism related areas,
- social cohesion and cultural exchange through people-to-people and institution-to-institution actions,
- programmes for social integration of socially marginalized groups, unemployed, rural youth and women labour force,
- joint programmes based on utilization of multiethnic assets,
- joint Research Development Initiatives of R&D institutions,
- partnerships between NGOs of both sides of the border and operations aiming at developing the technical and management capacities of the NGOs,
- joint health protection related activities,
- joint cultural events and activities and joint project aiming at promoting and protecting regional products, services and organization of food supply chains,
- investments in small scale business and infrastructure for tourism,
- training and educational activities, as well as transfer of know-how in different fields such as of tourism and business management, marketing and ICT.

Under Measure n. 2 projects could contain a range of the following activities:

- joint strategies, policies, action plans or feasibility studies related to environmental issues including waste water and solid waste management, water management, forestry management, biodiversity, soil conservation, air pollution control, as well as cross-border emergency plans to deal with natural and man-made environmental hazards, etc.,
- investment in the development of small-scale cross-border infrastructure in the fields of environment and emergency preparedness, cleaning of uncontrolled waste disposal sites, as well as joint activities aiming at identifying, preserving, developing and restoring national parks and protected sites, flora, fauna, etc.,
- training and educational programmes related to environment protection,
- awareness, promotion and information campaigns related to environmental issues.

Under Measure n. 3 projects could contain a range of the following activities:

- social cohesion and cultural exchange through people-to-people and institution-to-institution actions,
- programmes for social integration of socially marginalized groups, unemployed, rural youth and women labour force,
- joint programmes based on utilization of multiethnic assets,
- joint Research Development Initiatives of R&D institutions,
- partnerships between NGOs of both sides of the border and operations aiming at developing the technical and management capacities of the NGOs,
- joint health protection related activities,
- joint cultural events and activities and joint project aiming at promoting and protecting cultural and historical heritage.

Based on what is mentioned above, the ineligible types of actions are the following:

- individual sponsorships for participation in workshops, seminars, conferences, congresses,
- individual scholarships for studies or training courses,
- purchase of land,
- aimed at the upgrading of infrastructure and equipment in privately owned facilities,
• aimed at resorts and tourism sites that are already well developed, intensively advertised and widely known,
• preparatory studies or preparation of preliminary design for works to be carried out within the project,
• without cross-border impact,
• related to profit making activities,
• linked to political parties,
• which fall within the general activities of competent state institutions or state administration services, including local government,
• with provisions for financing the routine activities of the local organisations, especially covering their running costs,
• started before candidates have signed a grant award contract,
• covered by other European Union programmes,
• confined to charitable donations.319

An action implemented in both countries will consist of two grants: one in Albania and one in the Former Yugoslav Republic of Macedonia. Thus, the project proposal will have one consolidated budget and two separate budgets for the financial contribution which is sought from each of the participating countries.

Any grant awarded under this programme must fall between the following amounts:

• Measure 1 and Measure 2: Maximum 200,000 Euro - Minimum 50,000 Euro (big grants),
• Measure 3: Maximum 50,000 Euro; Minimum 20,000 Euro (small grants).

It is interesting to note that who can be eligible for a grant, must belong to one of the following categories; in other words applicants can be:

• local/regional authorities,
• country/regional agencies, (responsible at central, regional or municipal level), natural park administrations, local/regional forestry directorates, health care institutions, cultural institutions,
• regional employment agencies,
• non-governmental or non-profit making organizations, associations and foundations (NGOs and NPOs) such as business support organizations, local enterprise agencies, development agencies, ICT development agencies, educational, training and R&D institutions, producer associations, labour unions,

319 This paragraph is excerpt from the web site: http://wbc-inco.net/object/call/6886 (last consultation date: February 2014).
• Chambers of Commerce,
• State/public agencies or organizations,
• public enterprises,
• be legal persons,
• be non-profit making legal persons established by public or private law,
• be established in the Former Yugoslav Republic of Macedonia, Albania, a Member State of the European Union, other IPA beneficiary country, a country that is a beneficiary of the European Neighbourhood and Partnership Instrument, or a Member State of the European Economic Area,
• be operational for at least 12 months before the deadline for submission of this call for proposals,
• be directly responsible for the preparation and management of the action with their partners, not acting as an intermediary,
• not be affected by potential conflict of interest with the Joint Structures of the Programme (Joint Monitoring Committee, Joint Steering Committee, Joint Technical Secretariat) and the Operating Structures (Ministry of Local Self-Government in the Former Yugoslav Republic of Macedonia and the Ministry of European Integration in Albania). Should such a situation arise during performance of the contract, the beneficiary must immediately inform the Contracting Authority (EU delegation in Albania).

Other interesting information is that in order to be eligible for a grant, lead partner must be established in one of the participating countries as well as that private companies are not eligible. Small and Medium Enterprises may benefit only indirectly from the Call for Proposals through the Chambers of Commerce.320

The duration of the project proposal may not be:

• shorter than 6 months nor exceed 12 months for Small Grants,
• shorter than 12 months nor exceed 18 months for Big Grants.

The global objective of the programme is to promote sustainable development in the cross-border area.

The specific objectives of the Programme are:

• to support the establishment of joint actions and strategies aiming at protecting and valorising the natural resources of the region,
• to foster sustainable economic development of the region,

• to develop long term partnerships and networking between civil society organizations (NGOs, sport organizations, etc.), professional organizations (i.e. Chambers of Commerce, entrepreneurs and farmers’ organizations) and decentralized institutions, particularly schools and faculties, including research and development units.

“To be eligible, an action which may be financed under this call must fulfil the following criteria:

• deliver a clear cross-border benefit;
• comply with National [of each beneficiary country] legislation related to constructions and works, national environment and nature protection legislation and national strategies for sustainable economic, tourism and agricultural development;
• include partners from both sides of the border;
• establish contacts and links between local communities in the programming area;
• support links between relevant institutions/organisations form both side of the border;
• encourage equal participation by women and marginalized groups;
• be environmentally sustainable;
• make sure that all investments (e.g. infrastructure works) be carried out in compliance with the relevant European Union environmental legislation”.

This framework was deemed necessary for the purpose of starting with the description of the project selection process through the lens of the SWOT analysis. These projects have been selected among all projects financed and concluded under the First Call for Project Proposals under IPA Albania - FYROM CBC programme mentioned above, with the first call for proposals, presented in the table below:

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The role of PPP in CBC as strategic practice in the EU policies and cooperation tools for 2014-2020

As it is evident, in the context of selecting the projects for the SWOT analysis, a PPP column was included in the table. The result of this selection was the realisation that, to consider for the analysis only the projects presenting a PPP, would have meant that none of them would have been selected (this analysis was made also in the two other neighbouring countries that implement the IPA CBC). In fact, there is no project where the applicant is a PPP, although an analysis of the guidelines of the Call for Proposals relative to IPA Albania-FYROM CBC Programme found an explicit reference to PPPs, i.e. that this type of partnership is neither included, nor excluded from being a potential applicant, in the event when the private partners is seen as a profit-making entity.

So, it has been choose to make a screening of projects having the private sector as a direct or indirect beneficiary, and inserted this feature under the PPP column. Macedonia was chosen as an example because of the availability of information related to projects. So, on these terms, 5 projects were selected out of 15 under review:

1) Cross-border shared integrated alternative tourism,
2) Business without borders,

### TABLE 4 - CONCLUDED PROJECT UNDER ALBANIA-FYROM IPA I CBC FIRST CALL FOR PROPOSALS

<table>
<thead>
<tr>
<th>Contractor Albania</th>
<th>Title</th>
<th>Total value</th>
<th>Other contribution</th>
<th>EU contrib</th>
<th>%</th>
<th>Duration</th>
<th>PPP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defending the rights of people with disabilities (MEDPACK)</td>
<td>Disability &amp; Prevention</td>
<td>40,064.01</td>
<td>6,009.60</td>
<td>34,054.41</td>
<td>85</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>National Association of Social Workers - Albanian</td>
<td>Social integration of the vulnerable groups through joint cross border initiatives in Former Yugoslav Republic of Macedonia and Republic of Albania</td>
<td>49,858.00</td>
<td>7,977.28</td>
<td>41,880.72</td>
<td>84</td>
<td>8 months</td>
<td></td>
</tr>
<tr>
<td>Tijeter vision</td>
<td>Establishment of a cross border institutionalized partnership in People to People approach</td>
<td>53,064.38</td>
<td>7,959.68</td>
<td>45,104.72</td>
<td>85</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>Chamber of Commerce and Industry</td>
<td>Business without borders</td>
<td>48,523.97</td>
<td>7,098.60</td>
<td>41,425.37</td>
<td>85</td>
<td>10 months</td>
<td>Targets business</td>
</tr>
<tr>
<td>National Centre for Community Services</td>
<td>Capacity Building for Cross-Border Communities for Improved Environment Governance</td>
<td>56,201.96</td>
<td>8,430.26</td>
<td>47,771.67</td>
<td>85</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>CSO Une Gruaja</td>
<td>Women crossing borders for change</td>
<td>32,130</td>
<td>5,892.64</td>
<td>26,237.36</td>
<td>81.66</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>Aurora OJF</td>
<td>Enhancing awareness and organization of awareness campaigns on environment protection in the area of Shebenik-Jablanica trans border park</td>
<td>31,250.31</td>
<td>4,687.56</td>
<td>26,562.76</td>
<td>85</td>
<td>11 months</td>
<td></td>
</tr>
<tr>
<td>Tabita Foundation</td>
<td>Working in the rural, investing in the future</td>
<td>39,732.58</td>
<td>5,959.89</td>
<td>33,772.69</td>
<td>85</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>Dorcas Aid International Albania</td>
<td>Building pathways together for employment Opportunities in the Cross-border area</td>
<td>49,940.00</td>
<td>7,491.00</td>
<td>42,449.00</td>
<td>85</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>Institute for Democracy and Mediation</td>
<td>Cross-border Civil Society Forum</td>
<td>44,353.53</td>
<td>6,653.03</td>
<td>37,700.50</td>
<td>85</td>
<td>12 months</td>
<td>Targets also business</td>
</tr>
<tr>
<td>Municipality of Korca</td>
<td>Borders without boundaries</td>
<td>25,690.00</td>
<td>5,189.38</td>
<td>20,500.62</td>
<td>79.8</td>
<td>12 months</td>
<td>expected results include “Increased number of exchange visits for business or tourism”</td>
</tr>
<tr>
<td>Nehemia Foundation</td>
<td>Integrated Sustainable Environmental Management with Decision Support System implementation</td>
<td>23,090.00</td>
<td>3,548.03</td>
<td>19,541.97</td>
<td>84.63</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>Local economical development agency (AULEDA)</td>
<td>Cross-border shared integrated alternative tourism</td>
<td>49,992.14</td>
<td>7,498.82</td>
<td>42,493.32</td>
<td>85</td>
<td>12 months</td>
<td>Targets business</td>
</tr>
<tr>
<td>Hope and Homes</td>
<td>Assistance Provision for Children with Speech and Language Difficulties</td>
<td>51,875.00</td>
<td>14,006.25</td>
<td>37,868.75</td>
<td>73</td>
<td>9 months</td>
<td></td>
</tr>
<tr>
<td>Centre for change and conflict management</td>
<td>Promoting business women enterprises in the cross border area</td>
<td>35,704.95</td>
<td>5,748.50</td>
<td>29,956.45</td>
<td>83.9</td>
<td>9 months</td>
<td>Targets business</td>
</tr>
</tbody>
</table>

Source: Data gathered by the author by means of interviews with the EU Delegation in Tirana
3) Cross-border Civil Society Forum,
4) Promoting business women enterprises in the cross-border area,
5) Borders without boundaries.

As it is possible to see from the table below, the dimensions chosen and to be checked time to time for each selected project under analysis are:

- related to the internal context to identify strengths and weaknesses: objectives, actors and target,
- related to the external context to identify opportunities and threats: actors, target and expected results.

<table>
<thead>
<tr>
<th>Positive factors</th>
<th>Negative factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal context</strong></td>
<td><strong>STRENGTHS</strong></td>
</tr>
<tr>
<td>OBJECTIVES</td>
<td></td>
</tr>
<tr>
<td>ACTORS</td>
<td></td>
</tr>
<tr>
<td>TARGET</td>
<td>✓</td>
</tr>
<tr>
<td><strong>External context</strong></td>
<td><strong>OPPORTUNITIES</strong></td>
</tr>
<tr>
<td>OBJECTIVES</td>
<td>✓</td>
</tr>
<tr>
<td>ACTORS</td>
<td>✓</td>
</tr>
<tr>
<td>TARGET</td>
<td>✓</td>
</tr>
<tr>
<td>EXPECTED RESULTS</td>
<td>✓</td>
</tr>
</tbody>
</table>

6.3 THE SWOT ANALYSIS OF THE 5 PROJECTS

6.3.1 SWOT ANALYSIS OF THE FIRST PROJECT: “CROSS-BORDER SHARED INTEGRATED ALTERNATIVE TOURISM”

This project aims to contribute to develop small infrastructures and to extend new types of tourism activities i.e. eco-tourism in the cross-border region as well as help to start a long term process of regional cooperation in the tourism sector in order to support economic
development in the region. In particular, the project wants to implement people to people actions to foster cross-border business cooperation and training, transfer of know-how related to lake and mountain in the tourism sector. The initiative will assist the development of new ideas and business prospective in order to attract world-wide businesses.

The target areas are the region of Pogradec in Albania and the region of Krushevo in Macedonia, as well as Lake Ohrid, the shared lake between the 2 countries.

The direct beneficiaries are households, tourist companies and Municipalities and indirectly the entire community.

The implementing agency is AULEDA, a Local Agency for Development in Vlore (Albanian NGO).

The project duration is 1 year and the expected results are:

- 10 people from Krushevo, Macedonia participated in internship in companies in Pogradec, Albania,
- 10 people from Pogradec, Albania participated in internship in companies in Krushevo, Macedonia,
- education to 20 people to develop tourism services delivered,
- tourism services catalogue for the region published,
- training seminars and on-job training to 20 people delivered,
- alternative type of tourism in the region promoted,
- regional touristy services exhibition organized,
- integrated touristy offers of 2 cities related to winter and summer seasons (lake-mountain) developed,
- new partnership between the NGOs, local government and businesses established.

<table>
<thead>
<tr>
<th>Positive factors</th>
<th>Negative factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal context</strong></td>
<td><strong>STRENGTHS</strong></td>
</tr>
<tr>
<td>Objectives</td>
<td>Interest to open cooperation</td>
</tr>
<tr>
<td></td>
<td>Interest to open a new market</td>
</tr>
<tr>
<td></td>
<td>Interest to develop tourist activities</td>
</tr>
<tr>
<td>Actors</td>
<td>Private actors willing participating</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Target</td>
<td>Private sector participate in training</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Private actors recognizable and willing</td>
</tr>
<tr>
<td><strong>External context</strong></td>
<td><strong>OPPORTUNITIES</strong></td>
</tr>
<tr>
<td><strong>Objectives</strong></td>
<td>High potential for tourist sector exploitation of resources</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Actors</strong></td>
<td>Numerous private actors to be involved</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Target</strong></td>
<td>Numerous target destinations and attractions</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expected results</strong></td>
<td>Improvement of local economy</td>
</tr>
<tr>
<td></td>
<td>More integrated local marketing</td>
</tr>
<tr>
<td></td>
<td>Less negative impact of seasonality</td>
</tr>
<tr>
<td></td>
<td>More touristic information</td>
</tr>
</tbody>
</table>

6.3.2 SWOT ANALYSIS OF THE SECOND PROJECT: “BUSINESS WITHOUT BORDERS”

This project aims to contribute to improve the economy of the cross-border area of South-West region in Macedonia and Korca region in Albania thorough a promotion and enhancing bridges of economic cooperation between different stakeholders such institutions, business and citizens in two side of the border.
The direct beneficiaries are the Chamber of Commerce and Industry (CCI) of Tirana and Economic Chamber of North-Western Macedonia (OEMVP), the business community close to the border area and wider, the community around the border area and the relevant authorities. The indirect beneficiaries are business in general on both sides of the border.

The duration of the project is 10 months and the implementing agency is the CCI of Tirana (Albanian NGO).

The expected results are:

- links and access to information about business opportunities in both sides of the cross-border region improved,
- economic policy debate among key stakeholders on both side of the border established.

<table>
<thead>
<tr>
<th></th>
<th>Positive factors</th>
<th>Negative factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal context</strong></td>
<td><strong>STRENGTHS</strong></td>
<td><strong>WEAKNESSES</strong></td>
</tr>
<tr>
<td>Objectives</td>
<td>Albanian best practices</td>
<td>Poor trade between the two countries</td>
</tr>
<tr>
<td></td>
<td>CEFTA memberships</td>
<td>Lack of will and spirit of inventiveness of Macedonian private sector</td>
</tr>
<tr>
<td></td>
<td>Existence of signed Trade Agreement</td>
<td>Weak Albanian production</td>
</tr>
<tr>
<td></td>
<td>Potential of business opportunities</td>
<td>Lack of information</td>
</tr>
<tr>
<td></td>
<td>Potential of cross-border cooperation</td>
<td>Judicial and infrastructural obstacles</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Weak of institutional concrete cooperation activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lack of implementation of trade agreements</td>
</tr>
<tr>
<td>Actors</td>
<td>Chamber of Commerce and Industry of Tirana that is a private actor participating (NGO)</td>
<td>Lack of reliability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lack of capacity</td>
</tr>
</tbody>
</table>
### Target

- Public Authorities
- Business community
- Citizens

Lack of cooperation experience among these various stakeholders

### External context

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential economic cross-border cooperation between public and private sector</td>
<td>Insufficient development and promotion of the cross-border cooperation between public and private sector</td>
</tr>
<tr>
<td>Similar problems</td>
<td></td>
</tr>
</tbody>
</table>

### Objectives

- Improved information about cross-border business opportunities
- Established cross-border economic policy debate among public and private sector

Lack of funds
Lack of capacity
Lack of sustainability

### Actors

- Numerous actors to involve

Lack of dialogue interest
Lack of dialogue capacity
Lack of legal framework

### Target

- Too many competitors

### Expected results

6.3.3 SWOT ANALYSIS OF THE THIRD PROJECT: “CROSS-BORDER CIVIL SOCIETY FORUM”

The project aims to contribute in strengthening the role of the Civil Society Organizations (CSOs) in the sustainable to develop in sustainable way the cross-border region between Albania and Macedonia. Specifically, the project aims to stimulate the practice of share experiences, as well as the communication, cooperation, coordination and partnership building among CSOs on both sides of the border, with increase representation among the actors in that area.

The direct beneficiaries are the CSOs in the cross-border region, citizens, local self-governments, Media and businesses. The indirect are citizens form the cross-border region and CSOs.
The project duration is 1 year and the implementing agency is the Institute for Democracy and Mediation (Albanian NGO).

The expected results are:

- exchange of information and communication among CSOs improved,
- networking capacities of the CSOs increased,
- level of information provided for the public and other actors about the activities of CSOs in the cross-border region increased,
- experiences and common interests identified,
- joined actions among the CSOs from the cross-border region initiated.

<table>
<thead>
<tr>
<th>Positive factors</th>
<th>Negative factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal context</strong></td>
<td><strong>STRENGTHS</strong></td>
</tr>
<tr>
<td>Objectives</td>
<td>Needs of development</td>
</tr>
<tr>
<td></td>
<td>Presence of CSOs</td>
</tr>
<tr>
<td></td>
<td>Interest of the CSOs to communicate and exchange information with the others</td>
</tr>
<tr>
<td></td>
<td>stakeholders and actors</td>
</tr>
<tr>
<td></td>
<td>Lack of networking capacities in the two countries</td>
</tr>
<tr>
<td></td>
<td>Lack level of cross-border cooperation</td>
</tr>
<tr>
<td></td>
<td>Low level of trust in the public</td>
</tr>
<tr>
<td></td>
<td>Lack of awareness among general public and the other actors about CSOs</td>
</tr>
<tr>
<td></td>
<td>Lack of regional perspective in the stakeholders’ policies and operations</td>
</tr>
<tr>
<td>Actors</td>
<td>CSO</td>
</tr>
<tr>
<td></td>
<td>Lack of cultural cooperation among this actors</td>
</tr>
<tr>
<td>Target</td>
<td>CSOs</td>
</tr>
<tr>
<td></td>
<td>Citizens</td>
</tr>
<tr>
<td></td>
<td>Media</td>
</tr>
<tr>
<td></td>
<td>Businesses</td>
</tr>
<tr>
<td></td>
<td>Local self-governments</td>
</tr>
<tr>
<td><strong>External context</strong></td>
<td><strong>OPPORTUNITIES</strong></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Objectives

<table>
<thead>
<tr>
<th>Potential of cross-border cooperation for the target groups</th>
<th>Persistence of lack of regional perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential of representation between CSOs and citizens on both side of the border</td>
<td></td>
</tr>
</tbody>
</table>

### Actors

<table>
<thead>
<tr>
<th>Numerous actors to be involved (private, institutional and from the civil society)</th>
<th>Lack of common vision and interests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lack of cooperation attitude</td>
</tr>
<tr>
<td></td>
<td>Lack of sustainable policy</td>
</tr>
</tbody>
</table>

### Target

<table>
<thead>
<tr>
<th>Too many actors interests (competition)</th>
</tr>
</thead>
</table>

### Expected results

<table>
<thead>
<tr>
<th>Increased networking capacities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased level of information on CSOs activities in the cross-border region</td>
</tr>
<tr>
<td>Improved exchange of information among CSOs</td>
</tr>
<tr>
<td>Increased joint actions among CSOs from the cross-border cooperation</td>
</tr>
</tbody>
</table>

### 6.3.4 SWOT ANALYSIS OF THE FOURTH PROJECT: “BORDERS WITHOUT BOUNDARIES”

The project aims to contribute to the new relations and networks have been created as the most important tools for exchanging experience, develop cooperation and defining common cross-border development strategies. Specifically the aims are: to present the city of Korca (Albanian side) and the city of Bitola (Macedonian side) as potential and specific cities for cooperation in front of the general public in the cross-border area, to increase social cohesion among the youth from the two cities and to bringing down the prejudices regarding way of life and culture in the neighbouring country.

The direct beneficiaries are the Municipalities of Korca and Bitola, the municipality employees, cultural workers, NGOs dealing with valorisation of the cultural and historic heritage, unemployed youth, artists and tourists. The indirect beneficiaries are the citizens of the Municipalities of Bitola and Korca and wider cross-border region.
The duration of the project is 1 year and the implementing agency is the Municipality of Korca.

The expected results are:

- number of relations and cooperation between legal entities and individuals form Bitola and Korca increased,
- awareness on the possibilities for cooperation increased,
- tools for information on the two cities potentials available,
- interest for establishing relations aroused,
- number of exchange visits for business or tourism increased,
- comfort ability for cooperation increased,
- level of thrust in the entities and institutions across the border increased.

<table>
<thead>
<tr>
<th>Internal context</th>
<th>Positive factors</th>
<th>Negative factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives</td>
<td>Potential of cross-border cooperation (new relations and networks) Good infrastructures</td>
<td>Low level of cross-border cooperation Lack of information</td>
</tr>
<tr>
<td>Actors</td>
<td>Public sector (Municipality of Korca)</td>
<td>Lack of capacity</td>
</tr>
<tr>
<td>Target</td>
<td>Municipalities (Korca and Bitola) NGOs Citizens Tourists Artists</td>
<td></td>
</tr>
<tr>
<td>External context</td>
<td>OPPORTUNITIES</td>
<td>THREATS</td>
</tr>
<tr>
<td>Objectives</td>
<td>Enhance the awareness of the Korca and Bitola cities in the cross-border area Enhance social cohesion among youth of Korca and Bitola Decrease of prejudices in the neighbouring country</td>
<td>Persistence of lack of cooperation culture Persistence of prejudices</td>
</tr>
</tbody>
</table>
Similar context

<table>
<thead>
<tr>
<th>Actors</th>
<th>Numerous actors to be involved</th>
<th>Lack of coordination and interests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Lack of common strategy and objectives</td>
</tr>
<tr>
<td>Target</td>
<td></td>
<td>Too many actors come from various sector</td>
</tr>
<tr>
<td>Expected results</td>
<td>Increased number of relations and cooperation between the two cities</td>
<td>Lack of fund</td>
</tr>
<tr>
<td></td>
<td>Increased tools for information, interest and awareness on the possibilities of cooperation</td>
<td>Lack of sustainability</td>
</tr>
<tr>
<td></td>
<td>Increased number of exchange visits for business or tourism</td>
<td>Lack of capacity</td>
</tr>
<tr>
<td></td>
<td>Increased ability for cooperation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased level of trust in the stakeholders across the border</td>
<td></td>
</tr>
</tbody>
</table>

6.3.5 SWOT ANALYSIS OF THE FIFTH PROJECT: “PROMOTING BUSINESS WOMEN ENTERPRISES IN THE CROSS-BORDER AREA”

The project aims to contribute to the cooperation and commercial exchanges between business community at the cross-border area between Albania and Macedonia, to the creation of a supportive environment for the development of women SME/SMI as well as to the promotion of business women enterprises at the cross-border area between Albania and Macedonia. Specifically, the project aims to enhance business capacities of 30-40 business women, to promote their business and to increase their cooperation with other businesses at the cross border area.

The direct beneficiaries are women community in the cross-border area (30-40 business women), SME/SMI, NGOs, business associations and community as well as customers. The indirect beneficiaries are the Municipalities of Struga and Pogradec.

The target area is the region of Korca in Albania and the Southwest region in Macedonia.

The project duration is 9 months and the implementing agency is Partners-Albania, Center for Change and Conflict Management (Albanian NGO).
The expected results are:

- business related knowledge and capacities of a number of 15-20 business women at the cross-border area in customer care, product promotion and sales improved,
- promotion of business women SME/SMI at the cross-border area increased,
- cooperation and commercial exchanges among business women and other businesses at the cross-border area increased,
- networks and partnerships between business women and other businesses at the cross-border area established.

<table>
<thead>
<tr>
<th>Positive factors</th>
<th>Negative factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal context</td>
<td></td>
</tr>
<tr>
<td>Objectives</td>
<td></td>
</tr>
<tr>
<td>Context similarities</td>
<td>High unemployment rates</td>
</tr>
<tr>
<td>Presence of women’s businesses (mainly in trade)</td>
<td>Lack of women’s participation in the economic activities</td>
</tr>
<tr>
<td>High potentiality for the sector related to natural assets of the countries</td>
<td>Women discrimination</td>
</tr>
<tr>
<td>Existence of small enterprises in both countries</td>
<td>Lack of information on cross-border cooperation between stakeholders</td>
</tr>
<tr>
<td>High potential for promoting SME</td>
<td>Low income of the families</td>
</tr>
<tr>
<td>Potential for development of businesses</td>
<td>Lack of opportunities to development women’ businesses</td>
</tr>
<tr>
<td>Actors</td>
<td>Lack of knowledge and information</td>
</tr>
<tr>
<td>NGO</td>
<td>Lack of systematic approach</td>
</tr>
<tr>
<td>Target</td>
<td></td>
</tr>
<tr>
<td>Women private actors increased and witting</td>
<td>Low business capacity</td>
</tr>
<tr>
<td>External context</td>
<td></td>
</tr>
<tr>
<td>Objectives</td>
<td></td>
</tr>
<tr>
<td>High potential of improving the economy in the cross-border</td>
<td>Lack of sustainable policies</td>
</tr>
<tr>
<td></td>
<td>Lack of impact assessment</td>
</tr>
</tbody>
</table>

The role of PPP in CBC as strategic practice in the EU policies and cooperation tools for 2014-2020
### Actors

<table>
<thead>
<tr>
<th>Positive factors</th>
<th>Negative factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerous private actors to be involved</td>
<td>Lack of business attitude</td>
</tr>
<tr>
<td></td>
<td>Lack of initiatives/proposals</td>
</tr>
</tbody>
</table>

### Target

<table>
<thead>
<tr>
<th>Positive factors</th>
<th>Negative factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerous new sectors of activities</td>
<td>Too much competition</td>
</tr>
<tr>
<td></td>
<td>Scarce capacity of the new product/services to enter in the market</td>
</tr>
</tbody>
</table>

### Expected results

<table>
<thead>
<tr>
<th>Positive factors</th>
<th>Negative factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased number of SME at the cross-border area and promotion of business women SME at the cross border area</td>
<td>Scarce interest in cooperating of the other business at the cross-border area</td>
</tr>
<tr>
<td>Increased women’ business capacities and knowledge</td>
<td></td>
</tr>
<tr>
<td>Increased knowledge, cooperation and exchange between women and other business at the cross border area</td>
<td></td>
</tr>
<tr>
<td>Established networks and partnerships between business women and others businesses at the cross border area</td>
<td></td>
</tr>
</tbody>
</table>

### 6.4 SWOT ANALYSIS OF THE 5 PROJECTS - CONSOLIDATED TEMPLATE

<table>
<thead>
<tr>
<th>Internal context</th>
<th>Positive factors</th>
<th>Negative factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STRENGTHS</strong></td>
<td>Interest to open cross-border cooperation between different actors due to the interest to open a new market and new economic activities (i.e. tourism)</td>
<td>Lack and low level of cooperation on cross-border cooperation</td>
</tr>
<tr>
<td><strong>WEAKNESSES</strong></td>
<td>Lack of knowledge, networking and information</td>
<td></td>
</tr>
<tr>
<td>External context</td>
<td>OPPORTUNITIES</td>
<td>THREATS</td>
</tr>
<tr>
<td>------------------</td>
<td>--------------</td>
<td>---------</td>
</tr>
<tr>
<td>Objectives</td>
<td>Improving the economy in the cross-border area through PPP in different sectors such as tourism</td>
<td>Lack of sustainable policies in the cross-border areas able to take into consideration a common vision of development in different sectors such as the tourism one and thus promoting</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Actors</th>
<th>Not only PPP traditional actors are present (Public and business) but also presence of CSO (NGO) willing to participate in such practice</th>
<th>Lack of PPP due to the lack of cultural cooperation among the traditional actors</th>
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<td>Lack of reliability and capacity due to the low level of networking and facilitation practice</td>
<td>Lack of experience of cooperation among various stakeholders severely hampers their capacity to establish efficient PPP Economic actors have a limited resources to enter PPPs due to the lack of specific capacities of both parties</td>
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<th>Target</th>
<th>Private sector actors participation in specific training is represented across a vast array of sectors such as tourism, culture, media and citizens participation activities</th>
<th>Lack of experience of cooperation among various stakeholders severely hampers their capacity to establish efficient PPP Economic actors have a limited resources to enter PPPs due to the lack of specific capacities of both parties</th>
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<td>Public institutions participation in specific training – although less developed than in the private sector – is acknowledge as an essential component of the capacities building process at the local level</td>
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<td>Groups with specific interests i.e. artists, tourists</td>
<td>Lack of experience of cooperation among various stakeholders severely hampers their capacity to establish efficient PPP Economic actors have a limited resources to enter PPPs due to the lack of specific capacities of both parties</td>
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Lack of institutional concrete cooperation activities and policies with regional perspective able to remove obstacles, create job opportunities and fight discrimination on women

Low level of thrust in the public and awareness about CSO
From the analysis of the 5 projects, the elements characterizing the projects are: objectives, actors and target groups.
Referring to the objectives related to the internal context, they main strength is the mutual interest between different actors in both countries that engage in cross-border cooperation as has been shown in the project no 1.

This interest is essentially due to the fact that there is a need to open a new market and new economic activities (i.e. in the tourism sector considering also the beautiful natural resources exist in the cross-border area).

The main weaknesses in the cross-border area, as has been shown more in almost all analysed projects, are the lack of cooperation, lack of knowledge as well as lack of networking and information. In addition, it is possible to note that there is a lack of institutional concrete cooperation activities and policies with regional perspective able to remove obstacles, create job opportunities and fight discrimination on women and a low level of thrust in the public and awareness about CSO.

Then, the winning strategy appears to be that of focusing to the strong point rather than to the weaknesses. In other words, taking account of what was mentioned above, the right strategy is that of focusing to the interests of various stakeholders, the local institutions, also to enhance their credibility, for which there can be organized regular meetings in which they can know each-other, exchange information and best practices in either of the neighbouring countries, so that there can be discussed on the potentials of development and the new economic undertakings and new instruments to be employed, such as the PPP. Tourism may serve as a pilot sector where all the efforts can be concentrated, and in which it can be started with the actualization of gender policies which, in some way, facilitate the inclusion of women in business activities.

With regard to the actors, their strength stands in the presence of both the public - project number 2 - and the private sector as it is possible to see in the other analysed projects. By private sector is meant not only the traditional one (businesses) but also the non-profit organizations made up of NGOs, which as part of civil society, express the interest and desire to be part of public-private partnerships.

The main weak point, instead, stand in the lack of PPP, as has been shown in the project number 1, mainly due to a lack of culture of cooperation among the various stakeholders and a consequent lack of ability to cooperate and to use the facilitation techniques. Added to this is the lack of mutual credibility due to a low level of networking and, therefore, poor mutual knowledge.

As a consequence, the winning strategy could be applied also in this case by reinforcing of the strong points, and more concretely by having local actors such as the municipalities organize meetings, inviting the traditional and non-traditional private actors, in order to facilitate communication. Through this communication there could be achieved the introduction between various stakeholders interested in the PPP instrument, by at the same time laying the basis for the foundation of a network. This would be useful for increasing the credibility of each other and also to contributing to the overcoming of the lack of cooperation problem. These meetings could be used for an exchange of best practices in the sectors that are present in the certain areas. By employing a participatory methodology, these meetings could also serve to the construction of a sort of roadmap (lines of action during a defined time) that could
enable the definition of the obstacles to be overcome in order to effectively and efficiently realize this type of partnership.

Concerning the target, the strengths are essentially due to the fact that the Private sector actors are willing to participate in specific training, as it has been shown in the project number 1. This is represented across a vast array of sectors such as tourism, culture, media and citizens participation activities as well as the Public institutions - although less developed than in the private sector - is acknowledge as an essential component of the capacities building process at the local level. In addition, between the beneficiaries there are some specific groups with specific interests i.e. artists, tourists etc.

The weakness related to the target is mainly the lack of experience of cooperation among various stakeholders as expressly shown in the project number 2, which severely hampers their capacity to establish efficient PPPs as well as the fact that economic actors have a limited resources to enter PPPs due to the lack of specific capacities of both parties as is possible to understand from the other projects.

Therefore, the winning strategy could be employed to jointly organize awareness campaigns on PPPs and training courses, which could serve to overcome the lack of ability to establish efficient PPPs for both public and private sector. The interest of the public sector in this accrues from the widespread crisis of state finances, aggravated by the high debts and the strong budget constraints, translating into higher inability to finance and manage new public works, as well as to deliver services to citizens. The private sector generally acts in a more efficient and effective way; it possesses better organizational skills and is less bureaucratic, as, by engaging in these operations, it sees great profits in both the economic and image aspects.

Moving to the external context, particularly in relation to the objectives it can be noted how an important opportunity is provided by the improving of the different sectors, such as tourism - project number 1-, in the cross-border area also through PPP as said in the project number 2. Moreover, a great opportunity is also given to the enhancement of social cohesion, improving the position of the most vulnerable people living in the cross-border area through the fading of the prejudice about them in the neighbouring country as it can be noticed in the project number 4.

The major threat is linked to the lack of sustainable policy in the cross-border areas, as has been shown from almost all the projects that, for instance, are able, to take into consideration a common vision and regional perspective of development in different sectors such as tourism - project number 1 - and promoting PPP - project number 2 -. In addition, there is an insufficient development of awareness raising activities and of cooperation activities in the cross-border area contributing to combat prejudices stressed in project number 4.

As a result, at the end of responding to the necessity and opportunity of improving the economy in the cross-border area, the winning strategy could be due to the possibility that the public authorities should first change their national optics and then transform their national policies into regional ones, starting from the cross-border policies with neighbouring countries, in which PPP should be promoted as a development instrument. At this point, there should be
also organized meetings between the different stakeholders, and more generally between citizens living in the border areas of the neighbouring countries, with the end objective of promoting the necessary knowledge for overcoming the prejudices and for opening way to (partnerships and) cooperation activities.

Looking at the actors it can be revealed how the opportunity, that which is external to the projects, as it can be noticed in quite all projects, is provided from the presence of numerous actors (private, institutional and civil society) to be involved as beneficiaries and actors.

The related principal threat consists of lack of cooperation and business attitudes (i.e. tourism sector), as it has been shown in several projects, due to lack of common vision, strategy and objectives and due to lack of institutional strategy and sustainable policies at local level as well as lack of legal framework.

Accordingly, the strategy to be adopted for overcoming these threats can be obtained by taking advantage of the presence of and influencing the numerous actors to be involved from the organization of local and non-local institutions through a participatory process, specific courses of information and the revision processes of normative policies that could facilitate and reinforce both the cooperation between different stakeholders and the capacity of doing business and create PPPs.

Concerning the target, the opportunity given by the context consists of numerous destinations and attractions as well as of numerous new sectors and activities, as it can be noticed in the projects number 1 and number 5.

The related threats instead are too many competitive actors as has been shown in every project and also dependent on tourism essentially - project no 1 - due to the scarce capacity of the new product/services to enter in the market as well as too many actors come from various sector - projects number 1 and number 5.

For this reason, the strategy that can be selected is the one that - regarding the public sector - implements policies for purposes of facilitating investments in sectors other than tourism, taking advantage of the actors from different sectors and directing them to training courses to gain knowledge in areas of investment that are different from their traditional ones.

Regarding the expected results, it is possible to note two opportunities. The first is the improvement of local economy also due to the increased number of SME at the cross-border area. This has been possible especially through the increased capacity to create networks and partnerships between the different stakeholders. Consequently this will allow the exchange of experiences and best practices and all this will contribute to the enhancement of trust between all of them and it will allow also the implementation of sustainable cooperation activities. The second one is due to the increased number of relations and cooperation between municipalities and CSOs in the cross-border area.
The threats stand essentially in the lack of capacity and PPP as well as of the lack of sustainability and the lack of funds as has been shown in all projects.

Then, taking into account what was said above, the preferred strategy could be that which both strengthens the existing networks and creates new ones through continuous meetings between different stakeholders with the aim of overcoming the threats, which essentially come from the lack of funds. Actually, it should be emphasized that added to this, the improved and expanded relations between the various actors could bring an improvement in raising needed funds.

In conclusion, for regarding what was mentioned above and answering to the question ‘Which are the winning strategies to increase the effectiveness of the CBC projects through the use of PPP?’, considering that the weaknesses and the threats are less incisive, stable and strong then the strengths and opportunities, it is possible to affirm that to present more successful projects in the future increasing the effectiveness of the CBC projects through the use of PPP, the development strategies are essentially the enhancement strategy and the overcoming strategy above mentioned. In particular, to reinforce the internal and external positive aspects and factors in the cross border area and to mitigate and/or dissipate internal negatives as well as to attenuate the external ones, the recommended actions referred to the public and private sectors are:

- to organize jointly regular meetings in which they can know each-other, exchange information and best practices in either of the neighbouring countries, so that there can be discussions on the potentials of development and the new economic undertakings and new instruments to be employed, such as the PPP. Tourism can serve as a pilot sector where all the efforts can be concentrated, and in which it can be started with the actualization of gender policies which, in some way, facilitate the inclusion of women in business activities,
- jointly organize awareness campaigns on PPPs and training courses, which could serve to overcome the lack of ability to establish efficient PPPs for both public and private sector,
- to organize, for the numerous actors present in the territory, specific courses and/or informative events related to the revision processes of normative policies that could facilitate and reinforce both the cooperation between different stakeholders and the capacity of doing business and create PPPs,
- to enhance the existing networks and creates new ones through continuous meetings between different stakeholders with the aim of overcoming the threats considering that the improved and expanded relations between the various actors could bring an improvement in raising needed funds.

There are also some actions recommended only to the public sector. These are:

- (especially at local level) local actors such as the municipalities can organize meetings, inviting the traditional and non-traditional private actors, in order to facilitate communication. Through this communication there could be achieved the introduction between various stakeholders interested in the PPP instrument, by at the same time...
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- the authorities should first change their national optics and then transform their national policies into regional ones, starting from the cross-border policies with neighbouring countries, in which PPP should be promoted as a development instrument. In addition, when necessary, they should review the legal framework in order to facilitate the establishment of PPP. After this, they should organize meetings between the different stakeholders, and more generally between citizens living in the border areas of the neighbouring countries, with the end objective of promoting the necessary knowledge for overcoming the prejudices and for opening way to partnerships and cooperation activities,

- to implement policies for purposes of facilitating investments in diversified sectors, taking an advantage of the actors from different sectors and directing them to training courses to gain knowledge in areas of investment that are different from their traditional ones.

6.5 SUMMING UP

This chapter offered focus on the analysis of the methodologies used during the various phases of drafting this dissertation, and in particular on the explanation of the SWOT analysis. It also aimed to identifying winning strategies to increase the effectiveness of the Cross-border cooperation through the use of the PPP instrument.

More specifically on the methodology, the first part of the dissertation made use of several documentary sources, most notably and especially in the early stage the work carried out a secondary analysis. The second part of the dissertation made use of administering open-ended and informal non structured interviews, to some key stakeholders in the field of IPA/CBC Programme and IPA CBC Programme Albania/FYROM to collect more material and to understand in depth the context. There were used some primary questions as well as secondary questions, and whenever necessary ‘decoy’ questions following a non-standardized procedure in order to understand the topic dealt with by the dissertation since although the qualitative analysis allows for a lesser ‘generalisation of the results’ but allows to reach farther fetching levels of argumentation.
After this presentation, this chapter presents the Annual Work Programme for Grants 2009 - DG ENLARGEMENT, the CBC Programme Albania - FYROM which aims is to facilitate the cooperation between the two countries to improve living conditions in the target area. This Programme, which has been included in the fifth Chapter, aims to fostering cross-border economic, environmental and social development and includes three different measures and for each measure a list of potential activities for projects.

Furthermore, the chapter analyses - through the SWOT analysis - five concluded projects funded by the EU within the IPA I CBC Albania - FYROM having a link with the private sector.

Particularly important in this chapter is the SWOT analysis. In other words this is the tool to identify the strengths (S), weakness (W), opportunities (O) and threats (T) that characterize projects which are analysed in relation to PPPs.

This was considered necessary to elaborate and present the key results of the dissertation emerged from the initiatives analysed and proposing some possible actions that could improve the CBC through the use of the PPP.

In conclusion, for what above mentioned and to answer to the question ‘Which are the winning strategies to increase the effectiveness of the CBC projects through the use of PPP?’, it is possible to affirm that to present more successful projects in the future increasing the effectiveness of the CBC projects through the use of PPP, the development strategies are essentially the enhancement strategy and the overcoming strategy as mentioned above. In particular, the recommended actions referred to the public and private sectors are:

- to organize jointly regular meetings in which they can know each-other, exchange information and best practices in either of the neighbouring countries, so that there can be discussions on the potentials of development and the new economic undertakings and new instruments to be employed, such as the PPP. Tourism can serve as a pilot sector in which it can be started with the actualization of gender policies facilitating in some way the inclusion of women in business activities,
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The role of PPP in CBC as strategic practice in the EU policies and cooperation tools for 2014-2020.

The aim of this dissertation is trying to answer the following question: ‘Which are the winning strategies to increase the effectiveness of the CBC projects through the use of PPP?’

To achieve this goal, this dissertation tried to deal with the complexity of the Public-Private Partnership (PPP); an instrument applied most in infrastructural projects and relatively new in the field of the development cooperation. The aim is to identify the potentiality of PPP in the development cooperation, especially in the cross border cooperation programme and projects.

In particular, the dissertation explained how the PPP originated and when Europe has demonstrated an increasing interest on this form of partnership following the restraint of the public expenditures. It was stressed that the European Commission draw up the Green Paper on PPP in 2004 but that still now there is not a community normative either any common definition of this form of partnership. It was mentioned that the Green Paper presents two principal typologies of PPP and four principal categories of trust related to them. In addition, it explains their principal characteristics and opens a public consultation, a debate, at European level, on the question-marks regarding different topics aiming to improve their use.

Nowadays, it can be affirmed that PPPs are in good growth and are seen more and more as an important instrument of economic and social development. The importance of this partnership is also recognized in the international and trans-border cooperation. In fact, the public administrations both beneficiaries of the interventions and donor countries, and the international organizations believe in this kind of instrument.

Generally it can be affirmed that the reference to PPP is used to contribute to solving difficulties caused from public balance cuts but also to overcome the scarcity of technical and management competencies of the public administration and also related to bureaucratic constrains.

It is seen afterwards that an instrument which opens the way to potential PPPs is the IMC instrument, in other words the instrument which permits to bridge the gaps in the municipalities and make them stronger also in applying for donor funds. In fact, they can establish municipal enterprises and/or associate with it in a PPP; they can subcontract a private company or creating an IMC entity constitutes a viable market attracting private investors as established by CoE.

Thanks to PPP it can be affirmed that the private sector also has become at all its effects a potential actor of the international development cooperation and that what was a prerogative of the non-profit sector in the recent past, is now increasingly becoming an objective of the private sector for profit. By pooling and combining activities of international cooperation and economic activities, both perform solidarity actions and a new model of entrepreneurship based on international and trans-national co-operation.

After this analysis, the dissertation analysed the EU policies (cohesion, enlargement and neighbouring) and the relevant instruments of those policies starting from the Schuman Declaration of 1950, in which the European states were called to participate in cooperation frames that would later be harmonized. Then, the dissertation went into viewing how these...
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policies intersect with CBC and in addition, it has been analysed the intersection of those policies with PPP, coming to the resulting finding that even when those policies do not provide explicitly the adoption of PPP instrument, it is however not excluded. This means that the policies at issue give valuable support to the adoption and use of PPP. Based on this affirmation, the dissertation focused on the European regional policy as an adequate context of PPP application, as well as the relevant programming for the new seven-year plan 2014-2020.

What this dissertation is more interested in is to give evidence of the strong points of PPP application, and to show that, when there is a lack of applied PPP framework, as it is the case of the country cases under analysed (Albania and Macedonia), the CBC component of IPA programme may be due not to give the envisaged results and to achieve the objectives.

Furthermore, the dissertation considered it important to analyse the border and peripheral area concepts in order to better understand the concept of the cross-border cooperation and its practical application. For this reason the chapter explains the above mentioned concepts and presents the main legal instruments that regulate precisely the cross-border cooperation at European level and its ad hoc mechanisms that are used to apply such cooperation.

Particularly, after having introduced the acts that have been brought into life in the frame of CoE, among which Madrid Convention - a central instrument for the type of cooperation that is subject of study in this dissertation - there have been introduced its 3 protocols. The additional Protocol essentially gives the possibility to create an organism for cross-border cooperation; the second Protocol (no 2) provides above all a legal framework for the inter-territorial cooperation between the parties; and the third Protocol (no 3) concerns the possibility of forming the ECG by creating the legal status, the institution and the functioning of such Groups. Following this, in view of how cross-border cooperation has acquired more importance through time, it has come useful to explain the functioning of EGTC institution, its modality of action and its fields of applications. It was eventually created to facilitate the cross-border cooperation and to overcome the obstacles that had been encountered at that time. The EGTC has come to be a new legal/financial instrument that integrates the Madrid Convention and the relevant Protocols. In addition, it has also been regarded as appropriate to consider the steps that have been taken from the EU with regard to this type of cooperation, which, more particularly, have consisted of making available important financial instruments such as INTERREG. This instrument supports from the top to the bottom the Strategy of Macro-Regions, which, in spite of not having its own official definition in the sphere of the EU, has come to be really useful in contributing to the realization of the cohesion policy, and more specifically in fulfilling its objective nr 3 (of the ETC). And it is internally to this policy, as mentioned before, that there is a seven-year plan program.

For this reason, after introducing the EU program 2007-2013 for the main purpose of understanding what would have changed in the following seven-year-program 2014-2020, the dissertation analysed in a more detailed way the useful instruments for the realization of the cross-border cooperation (CBC).
Regarding the various Funds foreseen from the first seven-year-plan at stake, this dissertation is focused on the ERDF with a specific interest in the cross-border cooperation. Then, it was interesting to find out that in general, all the EU policies, including regional ones, must contribute to the achievement of Europe 2020 objectives. And it is actually the re-examination of such policy vis-à-vis Europe 2020 Strategy that has made regional policy central to the realization of the Strategy itself. Such re-examination has then brought to the definition of a new seven-year-programming: the 2014-2020 one. In fact, the priorities and objectives fixed in 2010 for the following decade are fundamental, as much as the mechanisms employed to reach them, which have been analysed in the dissertation. In order to fulfil such an ambitious strategy, the key instrument identified is exactly the instrument of partnership, among which that with the private sector.

As it has been observed, there will be changes also in other aspects and procedures of implementation of the new regional politics, as well as in the proposed package of legal measures, which constitute the legal frame of the new program containing one general regulation (umbrella regulation) and 5 regulations dedicated to single Funds. From these 5 regulations, it has not been analysed that two concerns the European Social Fund (ESF) and the Cohesion Fund (CF) because these two regulations are not relevant for the dissertation. The thesis analysed more the 2 regulations that concern transnational cooperation. Furthermore, exactly because they were closely related to the ETC, the IPA instrument and the ENPI instrument have been also examined in the two seven-year programs. In addition, the dissertation analysed the strong points in the new regional policy examined previously for the application of the PPP instrument with a special focus on the new ENPI (ENI) and IPA II Programmes (the more relevant instrument for this dissertation).

Indeed, in the following chapter it will be generally presented the case of Albania (a specific case taken as an example), a country which is eligible to IPA funds, its context and its relation between the Former Yugoslav Republic of Macedonia (FYROM).

After this analysis, the dissertation showed in particular the IPA Albania - Macedonia 2007-2013 programming periods and the 2014-2020 programming periods’ focus on the component of the cross-border cooperation. Also, the main difference between these programming periods, mainly focusing on Albania, have been highlighted. Moreover, it was stressed which would be the positive aspects of this changes in relation to PPPs considering also the concept of Social Corporate Responsibilities as an added value for the private companies and the Global Compact initiative started by Mr. Kofi Annan in 1999, at that time the Secretary-General of the United Nations.

All this held necessary to then introduce in the dissertation the methodology of the work and the SWOT analysis of five projects funded through IPA CBC Albania - Macedonia in the 2007-2013 programming period. In the end, through this analysis, the dissertation will identify the winning strategies, that can enhance the effectiveness of the CBC projects through PPP instrument.
CONCLUSIONS

It was considered necessary to elaborate and present the key results of the dissertation that emerged from the initiatives analysed, as well as to propose some possible actions that could improve the CBC through the use of the PPP.

In particular, the first part of the dissertation made use of several documentary sources, most notably and especially in the early stage the work carried out what it is commonly defined as a secondary analysis, particularly articulated through: collection and review of existing literature and of the official documentation and statistics available mainly on-line but also with the Albanian Ministries and national institutes i.e. the Albanian National Institute of Statistics, as well as with the various donors in the Country, international organisations and especially with the Delegation of the European Commission to Albania.

Instead, the second part focuses on the analysis of the IPA CBC program in general, and IPA CBC Albania - Macedonia in particular. To this end it was decided to proceed with the analysis of specific projects activated in the context of this program to highlight the role of actual or potential PPP projects in developing virtuous CBC. Although the PPP is not explicitly defined among the tools used in the implementation of these projects, it was decided to identify the prodromal factors present in some PPP projects with the end purpose of assessing their potentials, especially in view of the next programming period of the EU (2014-2020). The detailed information on the projects carried out or that are in progress are not publicly available as they are under the ‘ownership’ of the Delegation of the European Commission in Albania and of the Managing Authority of the program. In order to collect the necessary materials to identify the most relevant projects and, subsequently, to proceed to their analysis, it has proved necessary to proceed through in-depth interviews with qualified actors. Given that, interviews have been conducted with interlocutors, mainly from the European Commission in Albania, the Albanian Ministry of Integration and of Austrian Cooperation.

Through these interviews, specific information relating to five projects, in which the instrument of the PPP was present at least in embryonic form, has been added to the data relating to the context and to the program. The information gathered has been structured so as to proceed to a qualitative analysis of the data through the development of a SWOT analysis of these five projects funded by the IPA CBC Albania – FYROM First Call for Project Proposals. Finally, this work presents the results of this analysis through a process of data interpretation.

The general concluding remarks of the dissertation, to answer to the question ‘Which are the winning strategies to increase the effectiveness of the CBC projects through the use of PPP?’, affirmed that to present more successful projects in the future increasing the effectiveness of the CBC projects through the use of PPP, the development strategies are essentially the enhancement strategy and the overcoming strategy above mentioned. In particular, the recommended actions referred to the public and private sectors are:

- to organize jointly regular meetings in which they can know each-other, exchange information and best practices in either of the neighbouring countries, so that there can be discussions on the potentials of development and the new economic undertakings and new instruments to be employed, such as the PPP. Tourism can
serve as a pilot sector in which it can be started with the actualization of gender policies facilitating in some way the inclusion of women in business activities,

- jointly organize awareness campaigns on PPPs and training courses, which could serve to overcome the lack of ability to establish efficient PPPs for both public and private sector,
- to organize, for the numerous actors present in the territory, specific courses and/or informative events related to the revision processes of normative policies that could facilitate and reinforce both the cooperation between different stakeholders and the capacity of doing business and create PPPs,
- to enhance the existing networks and creates new ones through continuous meetings between different stakeholders with the aim of overcoming the threats considering that the improved and expanded relations between the various actors could bring an improvement in raising needed funds.

Finally, it is important to mention that there are also some actions recommended only to the public sector. These are:

- (especially at local level) institutions such as the municipalities can organize meetings, inviting the traditional and non-traditional private actors, in order to facilitate communication. Through this communication there could be achieved the introduction between various stakeholders interested in the PPP instrument, by at the same time laying the basis for the foundation of a network. This would be useful for increasing the credibility of each other and also to contributing to the overcoming of the lack of cooperation problem. These meetings could be used for an exchange of best practices in the sectors that are present in the certain areas. By employing a participatory methodology, these meetings could also serve to the construction of a sort of roadmap (lines of action during a defined time) that could enable the definition of the obstacles to be overcome in order to effectively and efficiently realize this type of partnership,
- the authorities should first change their national optics and then transform their national policies into regional ones, starting from the cross-border policies with neighbouring countries, in which PPP should be promoted as a development instrument. In addition, when necessary, they should review the legal framework in order to facilitate the establishment of PPP. After this, they should organize meetings between the different stakeholders, and more generally between citizens living in the border areas of the neighbouring countries, with the end objective of promoting the necessary knowledge for overcoming the prejudices and for opening way to partnerships and cooperation activities,
- to implement policies for purposes of facilitating investments in diversified sectors, taking an advantage of the actors from different sectors and directing them to training courses to gain knowledge in areas of investment that are different from their traditional ones.
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