

## ANNEX 8

of the Commission Implementing Decision on ENPI East Regional Action Programme 2013  
Part II

### Action Fiche for the Eastern Partnership Territorial Cooperation Programmes

#### 1. IDENTIFICATION

Title/Number	Eastern Partnership Territorial Cooperation Programmes CRIS number: ENPI/2013/24-835		
Total cost	Total estimated cost: EUR 12.5 million Total amount of EU budget contribution: EUR 12.5 million		
Aid method / Method of implementation	Project Approach Indirect centralised management with GIZ		
DAC-code	43010	Sector	Multi-sector aid

#### 2. RATIONALE AND CONTEXT

##### 2.1. Summary of the action and its objectives

This Action Fiche aims at establishing four territorial cooperation programmes between the border regions of the Eastern Partnership (EaP) countries. The objective is to promote sustainable territorial cooperation between these border regions to support their social and economic development. More specifically, these programmes aim at strengthening cross border contacts between local authorities, communities and civil society organisations (CSOs) to help develop joint solutions to common social and economic development challenges in the participating border regions of the EaP countries.

##### 2.2. Context

The Joint Communication ‘A New Response to a Changing Neighbourhood’<sup>1</sup> highlights cross border cooperation between the EaP countries as one of the instruments to tackle economic disparities between regions and raise the quality of life across the area in a sustainable manner. Territorial cooperation between the EaP countries complements bilateral and regional development programmes (including pilot regional development programmes, PRDPs), which promote a strategy-based, inclusive approach to reduce economic and social regional disparities and realise the regional (hence national) economic potential.<sup>2</sup> In the Joint Declaration of the Warsaw Eastern Partnership (EaP) summit of 29-30 September 2011,<sup>3</sup> the participants acknowledged multilateral cooperation and recalled that the EaP could help develop closer ties between the partner countries themselves.

<sup>1</sup> COM(2011) 303 final, 25.5.2011

<sup>2</sup> SWD(2012) 109 final, 15.5.2012

<sup>3</sup> Council of the European Union, 14983/11, 30.09.2011

The ENPI Regional East Programme Strategy Paper 2010-2013 and Indicative Programme 2010-2013 identify territorial cooperation in partner countries as one of the sub-priorities of the Priority Area 2 “Economic Development”.

In this context, a total of EUR 17.5 million has been allocated to the EaP Territorial Cooperation Programmes. Two components are envisaged: 1) The Eastern Partnership Territorial Cooperation Support Programme (EAPTC), a technical assistance programme (EUR 5 million) launched in November 2012 to strengthen the capacity of local and regional state and non-state actors along the Ukraine-Belarus, Ukraine-Moldova, Georgia-Armenia, and Georgia-Azerbaijan borders to develop and implement cross-border projects; and 2) The Eastern Partnership Territorial Cooperation Programmes.

The Eastern Partnership Territorial Cooperation Programmes will largely build on the experience of the ENPI cross border cooperation (CBC) programmes implemented along the EU external borders in what concerns focusing on local development needs as well as thematic coverage. A distinctive feature – and novelty for the EaP region – of these programmes lies in the fact that the interventions will support the creation of genuine, effective and operational cooperation between border regions of the EaP countries only, whereas ENPI CBC always include an EU Member State as one of the partners.

### **2.3. Lessons learnt**

The EaP multilateral dimension offers the partner countries the opportunity to develop closer cooperation. The EaP multilateral platforms (democracy, good governance and stability; economic integration; energy; contacts between people) encompass cooperation in areas that do not necessarily possess a distinct territorial dimension.

Experience in implementing territorial cooperation programmes exists in the EaP, although it relates to traditional CBC initiatives involving EU Member States, donor interventions over the years (initiated by bilateral donors, such as USAID or UN agencies) and EU interventions focused on regional and local development in specific regions of the EaP countries. Much of this experience has been localised on large economic centres or capital regions with limited experience existing in other regions.

### **2.4. Complementary actions**

Some of the most relevant multi-sector complementary actions at both inter-regional and specific country level include:

- The abovementioned EAPTC technical assistance programme launched in December 2012. Complementary to the present action, this component aims at creating a conducive environment for the territorial cooperation programmes as well as strengthening institutional capacities of local and regional actors along the selected borders;
- The 2007-2013 ENPI CBC Programmes covering a specific geographical area of the EaP (Black Sea Basin, Latvia-Lithuania-Belarus, Poland-Belarus-Ukraine, Hungary-Slovakia-Romania-Ukraine and Romania-Ukraine-Republic of Moldova);

- The 2007-2013 South-East Europe (SEE) Transnational Cooperation Programme funded by the European Regional Development Fund (ERDF) under the European Territorial Cooperation Objective;
- Bilateral regional development programmes (including the PRDPs) that aim at sharing experience and key elements of the EU cohesion policy with each EaP partner country, especially on how to reduce socio-economic disparities among regions within the same country.
- The Neighbourhood Civil Society Facility aimed at strengthening non-state actors' capacities in the EaP countries.

The existing sector-specific EU initiatives which include local development activities comprise: (i) the CIUDAD programme, (ii) the EU Water Initiative (EUWI), (iii) the European Union Border Assistance Mission to Moldova and Ukraine (EUBAM).

Other relevant donor interventions comprise: (i) the South Caucasus Cross-Border Programs implemented by the Eurasia Foundation to support multi-country projects; (ii) the Caucasus Initiative and the capacity development project for regional and cross-border cooperation in the Republic of Moldova of the German Federal Government, and (iii) a three-year programme to support municipal cross-border cooperation between Armenia and Georgia implemented in 2009-2012 by the Dutch government.

## 2.5. Donor coordination

In the EaP region, international donors focus their regional/local development programmes and projects mainly on strengthening regional and/or local public administrations and civil societies. These activities support the regional development of beneficiary countries without any reference to the opportunities offered by cross border cooperation. Within this action, EU Member States and other donors will be consulted at the programme development stage within the framework of the relevant in-country donor coordination fora. When applicable, stakeholders will be advised on the availability of other donors' funding as additional resources. To ensure coherence, complementarity with local development plans will be sought when preparing the territorial cooperation programmes.

## 3. DETAILED DESCRIPTION

### 3.1. Objectives

In accordance with the ENPI Regional East Programme Strategy Paper 2010-2013 and Indicative Programme 2010-2013 (sub-priority 6.2.2), the **overall objective** of the action is to promote sustainable development between neighbouring regions through territorial cooperation.

The **specific objective** is to strengthen cross border relations between local authorities, communities and civil society organisations to help develop joint solutions to common social and economic development challenges in the participating border regions of the EaP countries.

### 3.2. Expected results and main activities

The expected results of Eastern Partnership territorial cooperation are as follows:

- An established cooperation pattern between the participating countries.

This result is achieved through functioning territorial cooperation programmes where joint decision-making bodies representing all partners are established, calls for proposals are launched by a managing authority, small scale projects are selected and implemented on the two sides of the borders;

- Cooperation between local authorities, communities and CSOs in the eligible border regions of the EaP countries' is increased.

Contacts between local authorities and CSOs in the eligible border regions are sporadic and unsystematic. This is a weakness given the existence of common cross border development issues. Therefore, the action aims at intensifying those contacts and increasing cooperation. Structured dialogue platforms may emerge though they are not an immediate objective of the action.

- The capacity of local and regional authorities in the EaP countries to effectively participate in EU-funded programmes is strengthened.

The target groups are not familiar with sound project management techniques, which results in projects having limited impact. At the end of the action, the target groups will use these techniques effectively.

### ***3.2.1. Geographic coverage***

Geographically, the Eastern Partnership Territorial Cooperation programmes (EaP TC) encompass the land borders between the following countries, with the eligible regions specified:

- **EaP TC Ukraine – Belarus** programme
  - Ukraine: Volyn, Rivne, Zhytomyr oblasts, northern districts of Kyiv oblast, and Chernigiv oblast
  - Belarus: Brest and Gomel oblasts
- **EaP TC Moldova – Ukraine** programme
  - Moldova: the whole country's territory
  - Ukraine: Chernivtsi, Vinnytsya and Odesa oblasts
- **EaP TC Georgia – Armenia** programme
  - Georgia: Samtskhe-Javakheti and Kvemo Kartli regions
  - Armenia: Shirak, Lori and Tavush regions (marzes)
- **EaP TC Georgia – Azerbaijan** programme
  - Georgia: Kvemo Kartli and Kakheti regions
  - Azerbaijan: Ganja-Gazakh and Sheki-Zaqatala regions

### ***3.2.2. Thematic coverage***

The activities under each EaP TC programme will be developed in a way that best serves the aforesaid objectives and allows the achievement of the expected results.

Priorities will be defined based on a socio-economic analysis of the border areas covered by the territorial cooperation programmes. They will be addressed by well-targeted calls for proposals in order to maximise the impact and optimise the use of

resources. By limiting the number of applications, this approach will help ensure a swift and efficient selection process.

Each territorial cooperation programme may focus on the following **priorities**:

*a) Improving the living conditions of local communities in the target cross-border regions through joint projects supporting economic and social development*

This priority may have the following operational objectives:

- Enhance the competitiveness of local economies by (i) improving business services such as access to regulatory information (taxes, customs, market entry and exit); (ii) establishing cross border business networks and (iii) providing training to local entrepreneurs;
- Develop joint touristic routes based on common natural resources as well as historic and cultural heritage;
- Develop common solutions to social issues in the border regions, notably youth unemployment and “brain drain,” access to education, health care and social protection services at local level;
- Establish cross-border research networks for coordinated or joint research activities on local development issues.

By targeting business services that are typically underdeveloped in the eligible regions, actions in the field of economic development will aim at supporting business development across the borders stimulating employment in the regions.

Project beneficiaries may be chambers of commerce, business associations and local development agencies.

Supporting cross-border tourism and preserving and promoting the natural, cultural and historical heritage can help enhance the attractiveness of the area and create new opportunities for business development. Specifically, the actions may aim at promoting the sustainable use of natural resources as well as the renovation of regional cultural heritage sites, museums and libraries. As the available funding is limited, only small-scale investments in infrastructure renovation will be eligible for financing.

*b) Addressing common challenges in the fields of environment, employment, public health and any other field of common interest*

The operational objectives of this priority may comprise:

- Promote common management of protected areas and natural resources by exchanging information, coordinating protection measures and measures to reduce air and water pollution affecting the neighbouring region(s);
- Enhance cooperation between emergency services across the borders to address common challenges such as trans-boundary floods, forest fires, air and water pollution;
- Develop common solutions to public health issues such as communicable diseases, mother/child health care and the common use of available medical resources;

- Establish and develop direct contacts among local and regional organisations and professionals across the borders.

Border regions may face a number of challenges that could be best addressed with joint initiatives. This is very much the case for environmental, public health, and emergency management issues.

Shared natural resources often lack proper attention and a common approach to their management on both sides of the border. The unsustainable use of these resources has an impact on local and regional communities. Therefore, the territorial cooperation programmes may support joint initiatives in such fields as environmental monitoring, management of protected areas, water management as well as mitigation and limitation of possible negative impacts of intense economic activity.

Similarly, local natural and man-made disasters may have a regional or even trans-boundary impact. To address these emergency situations successfully, the competent services on both sides of the border need to have a mutual understanding of the issue and be ready to react in a coordinated and efficient manner. The territorial cooperation programmes may contribute to build/strengthen capacities in this sense.

Border regions are often characterised by low income rural population and high seasonal unemployment. By promoting cooperation and exchange of experience between local and regional education, health and social care institutions, the programmes may help improve the social adaptability and employability of vulnerable social groups. As for public health, they may help tackle the issue of transmissible diseases by supporting joint surveillance, prevention, public awareness and education initiatives.

#### *c) Culture, education and sports.*

The operational objectives of this priority may comprise:

- Promote common cultural/sports events and meetings as means of bringing people from the border regions together;
- Increase cooperation and communication between organisations across the border;
- Promote cultural diversity.

Cooperation in such fields as culture, education and sports helps create direct links among people, educational and research institutions, foundations and communities on both sides of the border. This in turn helps promote a common understanding of common problems and develop joint solutions. Special emphasis may be placed on activities focused on gender equality and cooperation among young people.

This priority may be addressed also via umbrella projects with sub-granting opportunities, which would allow small organisations and small communities to actively participate.

Particular importance will be attached to people-to-people actions aimed at strengthening contacts at local level under the three aforesaid priorities.

### ***3.2.3. Steps to design and adopt territorial cooperation programmes***

Each territorial cooperation programme listed in section 3.2.1 will be designed on a participatory basis and will be approved by the European Commission. The following steps are envisaged in the programming process:

**a) Adoption of the strategy document**

The EAPTC technical assistance project will prepare a strategy document defining the overall objectives of the four programmes that will be established and listing the geographical eligible area and the allocation of funding for each programme. This document will be discussed with the participating countries before being approved by the European Commission.

**b) Adoption of the territorial cooperation programmes**

The EAPTC technical assistance project will also prepare the operational document for each territorial cooperation programme in close cooperation with the participating countries. This document will list the specific priorities and will describe the implementation modalities based on the abovementioned strategy document. The balanced participation of national, regional and local stakeholders in the process will be ensured. The operational documents will be approved by the Joint Decision Making Committees (JDMC) (see below) before being approved by the European Commission.

**3.2.4 Joint Decision Making Committee (JDMC)**

Each programme will establish a JDMC. The JDMC is the body where the participating countries will consult each other and will take decisions concerning the programme implementation.

The JDMC will bring together representatives of the central government, local authorities and CSOs – including the Eastern Partnership Civil Society national platform representative – of each participating country. A representative of the European Commission will participate in the JDMC meetings as an observer. The JDMC will ensure ownership of the programme by the participating regions.

As part of its functions, the JDMC will:

- Define the priorities of each programme in consultation with the EAPTC project and approve the programme document;
- Decide on the optimal allocation of the programme's resources to priorities;
- Advise on the selection criteria for projects including guidelines for applicants;
- Monitor progress towards the objectives of the programme by reviewing the reports submitted by the managing authority.

The participating countries may establish JDMCs in the framework of their bilateral inter-governmental commissions on economic cooperation, or in any other form that they deem appropriate.

It is important to ensure a balanced representation of national, regional and local authorities as well as CSOs in the JDMCs.

### 3.3. Risks and assumptions

The following assumptions are essential for the implementation of the four EaP TC programmes:

- Politically, the EaP region remains sufficiently stable;
- Central governments and regional/local authorities maintain a shared interest in developing closer territorial cooperation and participating in the joint programming and programme implementation processes throughout the duration of the action;
- Other donors are willing to give information about their on-going activities in the region and to participate in possible donor working group meetings on matters relating to territorial cooperation;
- CSOs and local authorities are able – and allowed – to participate in regional networks;
- National regulatory frameworks allow an effective joint planning process with adequate involvement of the relevant stakeholders;
- Consensus building in regions/structures across borders is possible with regard to the priorities of the future joint programmes and actions;
- At the local/regional level, the interest in jointly addressing the common challenges identified in the programmes remains throughout the duration of the action.

The following risks shall be taken into account and risk mitigation measures planned:

- The escalation of frozen regional conflicts prevents the participation of stakeholders from certain regions or countries. Political embargos and sanctions impede programme implementation.

*Mitigation measures:* use of broad based capacity development activities including observers, members of informational networks and opportunity for transnational cooperation to ensure that activities continue in non-affected regions/areas.

- National authorities impede the participation of certain key regional/local stakeholders.

*Mitigation measures:* careful consideration of the optimal level of direct involvement of central state authorities.

- Over-participation of the most active and experienced organisations at national, regional and local levels resulting in the crowding out of newer participants ("elite capture" phenomenon).

*Mitigation measures:* local actors that are generally less visible and/or experienced will receive direct support by the EAPTC technical assistance programme. This may be the case of certain eligible regions (for instance, the Zhytomyr oblast in Ukraine and the Sheki-Zaqatala region in Azerbaijan) which have no experience in utilising EU funds and implementing cross border cooperation.



- Stakeholders' insufficient or limited capacity to ensure high quality project preparation and implementation.

*Mitigation measures:* additional tailored technical assistance by the EAPTC programme.

### **3.4. Cross-cutting Issues**

Environmental sustainability is one of the priorities for the countries participating in the EaP TC programmes. Tackling river pollution and potable water scarcity (such as in Eastern districts of Azerbaijan) as well as ensuring joint management of preserved natural areas are among the challenges that territorial cooperation can address successfully.

Moreover, the territorial cooperation programmes will be designed and implemented in accordance with the principles of good governance, the respect for human rights and gender equality in accordance with the relevant EU legal framework. The programmes will facilitate initiatives to promote active participation of women<sup>4</sup> in local policy making and ensure that their contribution to the programmes' objectives receives full recognition and support.

### **3.5. Stakeholders**

The territorial cooperation programmes will address local and regional development issues in the eligible areas as described above. Beneficiaries can be both State and non-State actors.

State beneficiaries comprise local and regional authorities, public service providers such as hospitals, educational and research institutions, organisations rendering communal and social services, cultural institutions and associations. Non-state beneficiaries include CSOs in all their diversity (independent political and research foundations, citizens' initiatives and unions, trade unions, youth organisations, small and medium-sized enterprises and their associations). Local state and non-state stakeholders are the main target group that will retain ownership of the programmes' results.

Small and medium sized enterprises can participate provided that the activities do not generate any profit.

National decision makers interested in promoting territorial cooperation with the neighbouring countries also constitute a stakeholder group. This group comprises members of legislative and executive bodies in charge of economic, regional and (wherever appropriate) infrastructure development. Representatives of this group will play an important role in setting the priorities of the respective territorial cooperation programmes.

During the inception phase of the EAPTC programme, the abovementioned stakeholder groups have been mapped in all the eligible regions and their baseline capacity analysed. A specific capacity building plan has been developed to prepare them for the programme development and implementation phases.

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<sup>4</sup> Cf. EU Plan on gender equality and women's empowerment in development (2010-15), SEC(2010) 265 final, 08.03.2010.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Financing agreement**

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner countries, referred to in Article 184(2)(b) of the Financial Regulation.

### **4.2. Indicative operational implementation period**

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 60 months, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements.

### **4.3. Implementation components and modules**

This action will be implemented in indirect centralised management with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit).

The delegation agreement is expected to be signed by the fourth quarter of 2013 or the first quarter of 2014.

#### ***Indirect centralised management with a Member States agency***

This action, with the objective of promoting sustainable territorial cooperation between the border regions of the EaP countries to support their social and economic development will be implemented in indirect centralised management by Member States agency, GIZ, in accordance with Article 54(2)(c) of Financial Regulation 1605/2002. GIZ is expected to work in consortium with other Member States agencies.

Indirect centralised management with Member States' agencies ensures sound financial management and solid guarantee for the transparency of all processes within the implementation of the programmes. Furthermore, this management mode allows for immediate start of operations as of the signature of the delegation agreement and offers the possibility of co-financing from the Member States participating in the action while promoting donor coordination.

GIZ has a consolidated presence in the EaP region. They implement six regional programmes in the South Caucasus, with an overall budget of EUR 58.5 million (2008-2015) in such sectors as rule of law, local governance, environment and economic development; four bilateral projects of EUR 10.2 million (two in Georgia and two in Azerbaijan) as well as two training programs (EUR 12.8 million) under the Global Human Capacity Development. Moreover, GIZ is currently working at 16 locations in Ukraine in the sustainable economic development and energy efficiency sectors. In addition, since 2003 GIZ has been promoting social and economic reform through the Belarus Promotion Programme in the fields of education, regional development, energy efficiency and renewable energies, health and social development and capacity building for non-governmental organisations operating at the local and national level.

GIZ will be responsible for launching calls for tenders and calls for proposals as well as evaluating those tenders and proposals. It will also act as contracting authority concluding and managing contracts, carrying out payments, recovering sums due and cancelling debts that cannot be recovered.

GIZ can sign the contracts with the grant beneficiaries only after the European Commission has approved the final list of projects selected for funding. The EU Delegations to the participating countries will be involved in the approval process. The purpose is to ensure that the selected projects pursue objectives that are in line with the overall policy framework as well as to avoid duplication of activities and double funding.

If negotiations with the abovementioned Member States agency fail, this action may be implemented in joint management with an international organisation, UNDP.

This implementation is justified because UNDP has been implementing a number of EU-funded activities in the EaP countries related to economic and social development, in particular in the regional context. In addition, UNDP is well perceived by local stakeholders and national governments in the South Caucasus and has a consolidated presence in all participating partner countries.

Joint management with this international organisation in accordance with Article 53d of Financial Regulation 1605/2002 is possible because the organisation is bound by a long-term framework agreement "FAFA".

UNDP will be responsible for launching calls for tenders and calls for proposals as well as evaluating those tenders and proposals. The agency will also act as contracting authority concluding and managing contracts, carrying out payments, recovering sums due and cancelling debts that cannot be recovered.

The change of method of implementation constitutes a substantial change except where the Commission "re-centralises" or reduces the level of budget-implementation tasks previously entrusted to the agency or international organisation.

#### **4.4. Scope of geographical eligibility for procurement in direct centralised and decentralised management**

Subject to the following, the geographical eligibility in terms of place of establishment for participating in procurement procedures and in terms of origin of supplies and materials purchased as established in the basic act shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 21(7) of the basic act on the basis of the unavailability of products and services in the markets of the countries concerned, for reasons of extreme urgency, or if the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

#### **4.5. Indicative budget**

The total cost is estimated at EUR 12.5 million.

Co-financing by the Member States agencies participating in the consortium is expected but no amount has been confirmed yet.

<b>Module</b>	<b>Amount in EUR</b>	<b>Third party contribution</b>
Indirect centralised management with GIZ	12,500,000	not know yet

#### **4.6. Performance monitoring**

The following quantitative and qualitative indicators of achievement will be applied:

- The territorial cooperation programmes are launched and implemented, with each programme maintaining an implementation record (progress reports);
- The increased level of structured and institutionalised contacts between local authorities of the bordering regions;
- The number of joint projects implemented across the borders;
- The increased intensity of cross border contacts between the local communities compared to the programme inception level.

#### **4.7. Evaluation and audit**

An external evaluation of the results, impact and sustainability of the action will be carried out at the end of the implementation of the territorial cooperation programmes. A mid-term evaluation may also be conducted during the implementation of the action. The evaluation will be based specifically on the objectively verifiable indicators. The evaluation will be entrusted to independent consultants, as well as external audits (which will be carried out if necessary). These evaluations and audits will be funded from other sources than the project budget.

#### **4.8. Communication and visibility**

Communication and visibility activities will ensure wide and timely information and publicity. They will raise public awareness of (i) the territorial cooperation programmes in general and of (ii) the opportunities for stakeholders of joining the different activities.

Communication and visibility activities will have three target groups. The first group comprises state and non-state stakeholders as described in Section 3.5. The second target group comprises informational multipliers, donors, international financial institutions as well as the broad public countrywide. The third target group comprises media and internal stakeholders (such as the European Commission and EU Delegations, members of the territorial cooperation programmes' management bodies, EU information centres and projects) as well as programme beneficiaries at the implementation stage.

The aforesaid communication activities will be carried out with the assistance of the EAPTC support programme. In parallel, project beneficiaries will implement communication and visibility actions as foreseen in the grant contracts. Communication activities will be carried out in line with the Communication and Visibility Manual for the EU External Actions.