Cross-border Cooperation in Central and South-East Europe:
A Croatian perspective

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ABSTRACT: Cross-border cooperation (CBC), as a part of European Union (EU) regional development policy aiming at territorial cohesion, is implemented based on operational programmes and projects prepared jointly in a participatory and strategic manner. This represents an opportunity for enabling development in border areas that usually lag behind and are often marked by past conflicts.

In this paper a critical review of developmental and institutional effects of CBC in Croatia is presented with emphasis on the intention of re/building territorial cohesion in the countries of the Western Balkan region or Central and South-East Europe. This process is enabled through cooperation based on strict rules set by the European Commission, responsible authorities in member states, candidates and potential candidate countries for EU accession. Important are transparent procedures based on which better governance practices can evolve through cooperation in new institutional settings and territories. Implementing joint projects can also be seen as an opportunity to re-establish social and economic links between inhabitants of border regions that were severely affected by the war in former Yugoslavia during the 1990s. Also, environmental issues can be tackled easier than before.

A number of questions are addressed in this paper based on research and practical experience in local and regional development, participatory approaches and sustainable development. These are: To what extent can CBC be seen as a good opportunity for capacity building in countries aiming at joining the EU? What theories regarding CBC can provide further insights? What impact has EU cross-border cooperation policy on the regional and local level?

Keywords: Cross-border cooperation, regional development, sustainability, governance, Europe

Introduction

In this paper we present a critical review of developmental and institutional effects of cross-border cooperation (CBC) in Croatia in the period 2004-2010. During this period, Croatian regions and localities had the opportunity to experience for the first time creation and implementation of EU funded cross-border cooperation projects. At the same time, institutional structures have to be built on national level in order to organise and implement CBC programmes and projects. During that period programming frameworks and EU funding sources have changed for Croatia, from the initial CARDS and PHARE programmes to the current IPA programme that were and are established as special tools and funds for technically supporting EU candidate countries. This very demanding process of institution building contributes to necessary preparations of Croatia for EU accession and the ability to

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1 CARDS - Community Assistance for Reconstruction, Development and Stabilisation; PHARE - Poland and Hungary: Assistance for Restructuring their Economies; IPA – Integrated Pre-accession Assistance.
fully participate and use funds that will be available through the European structural funds in the near future.

Our research as well as practical experience in local and regional development including cross-border cooperation, participatory approaches and sustainable development, is reflected in this paper. Firstly, we intended to give insights on the current institution building process with regard to CBC in Croatia, reflecting the premise that new institutions are characterised by old institutional habits, which affects the pace of Croatia’s accession process. Background information is given on the current state and the future of the EU accession process in Croatia and the neighbouring countries belonging to the Western Balkans region or Central and South-East Europe. An important question refers to what extent can CBC be seen as a good opportunity for capacity building for the future of the countries in the wider region? Theoretical insights behind CBC processes can be found within the regional development framework including spill over effects, institutional capacity, absorption capacity, etc.

As cross-border cooperation programmes are implemented through projects on regional and local level, this level is the main focus for analysis and evaluation of CBC policy. Impacts on territorial cohesion among bordering countries as well as impacts on EU level need to be viewed from a wider regional perspective, wherefore we consult respective research literature, as well as monitoring and evaluation reports. In this regard, the Croatian experiences on national, regional and local level serve as examples in presenting more insights on how EU policy works in candidate countries as well as in relation to the neighbouring potential candidate countries for EU accession. We conclude with thoughts on prospects of cross-border cooperation programmes and projects and EU Territorial cohesion.

1. Territorial Cohesion and Cross-Border Cooperation Policy in Europe

The meaning of territorial cohesion in the regional and spatial development theory context is still not fully explained and will further evolve as real life experiences in policy implementation feed back to academic discussions. This is clearly a scientific research field that needs to be built on reflective approaches and evaluation of diverse experiences made throughout the European territories.

An important step forward has been made with regard to outcomes of communication between the representatives of the academic and policy society, as the notion of territorial cohesion entered the most important development documents on EU level, enabling the transfer of these policies into national legislative and development policy frameworks. In the
Community strategic guidelines on Cohesion, the Council of the European Union explicitly referred to the importance of the territorial dimension of cohesion policy and the possibility for all areas to contribute to growth and jobs. In addition, investment needs of urban and rural areas should be taken into account in order to promote balanced development, sustainable communities and social inclusion. The importance of the European territorial cooperation objective is also emphasised and its role in ensuring balanced and sustainable development of the territory of the Community. Transfer of this objective into national, regional and local frameworks is crucial and shall enable the transfer of these ideas to mainstream national and regional cohesion programmes. (CEU 2006, art. 12 and 13) Today, almost five years after the publication of this document, it can be stated that in Croatia important institutional and developmental impacts can be recognised. In particular, this is reflected in the ability of local and regional actors to understand the importance of strategic planning as one of the main condition for project financing from EU sources, which has contributed to the existence of numerous comprehensive or integrated strategic development documents. Also, these trends need to be viewed differentiated across localities and regions as the level of understanding the importance and existence of strategic documents is not explicit. Evolution in institutional cultures takes time and cannot be externally imposed through legal acts or funding conditions.

In 2008, the European Commission introduced its position on Territorial cohesion in its Green Paper (CEC, 2008). It is stated that Territorial cohesion is about ensuring the harmonious development of all these places (emphasizing the rich territorial diversity of the EU) and about making sure that their citizens are able to make the most of inherent features of these territories. As such, it is a means of transforming diversity into an asset that contributes to sustainable development of the entire EU. Also, it is stated that the concept of territorial cohesion builds bridges between economic effectiveness, social cohesion and ecological balance, putting sustainable development at the heart of policy design. Here it needs to be stressed once more, that sustainable development as a concept does not refer only to ecological development, but to overall, integrated and balanced development of all aspects (economic, social and environmental including spatial and ecological dimensions). With regard to actions within territorial cohesion policy, in the Green paper concentration (overcoming differences in density), connection (overcoming distance) and cooperation (overcoming division) are emphasized, in particular with regard to geographical regions that pose particular challenges to territorial cohesion (incl. border, rural, islands, and mountainous areas). With regard to “cooperation” within territorial cohesion, cross-border cooperation
receives its right importance within the framework of territorial cohesion. Here cooperation is necessary on various territorial and administrative levels as well as among various sectors.

Faludi (2009) discussed in its paper possibilities for the future of territorial cohesion within Cohesion policy and proposed that the Commission could put territorial cohesion forward as a new rationale for sustaining cohesion policy and as a platform for improving, by means of integrated territorial strategies, upon its famous programmatic approach. Indeed, squaring the complex, multi-dimensional and sometimes conflicting objectives of EU and national sector policies with each other would represent a great leap forward. In addition, he emphasized that all reactions to the Green Paper (on Territorial Cohesion) stress the point that coordination of EU policies is a first requirement, maybe the most important one.

2. EU and National Policy Context for Cross-border Cooperation in Croatia

2.1 The Croatian borders

Borders are important for Croatia’s development, because of its specific geographical shape and lengths of borders. According to the Statistical information (2010) of the Central Bureau for Statistics, Republic of Croatia, the total length of the land boundaries of the Republic of Croatia is 2,375 km (incl. Bosnia and Herzegovina 1,011.4 km, Hungary 355.5 km, Slovenia 667.8 km, Serbia 3.176 km, and Montenegro 22.6 km) and the total lengths of the sea coast incl. islands is 5,835 km (wherefrom 1,777 km belongs to the mainland). (See Map 1.)

Additional specificities of Croatia’s borders can be linked to the historical and cultural aspects impacting the traditions and habits of individual regions (e.g. the Adriatic region is influenced by Roman culture, the north-western and eastern region by the Austro-Hungarian and Ottoman cultures). Also, socio-economic and territorial problems among peoples of former Yugoslavia still prevail as a consequence of the war in the 1990s. Due to the recent conflict, communication and cooperation was sporadic and on individual basis, primarily among businesses (e.g. trade in oil, investments in agricultural industries and retail). Now, twenty years later, in the light of new political challenges, cross-border cooperation represents an open window for re-establishing old ties and creates new platforms for joint development, by building new relations based on common interests and needs. The European Union can represent a useful and positive vehicle for these processes in the problematic territories of the Western Balkans in the forthcoming decade. This task might be considered as a good example of European territorial cohesion at work.
2.2 The Croatian policy context for CBC

As acknowledged by the Croatian Ministry of Regional Development, Forestry and Water Management (MRDFWM) in the official presentation on its internet web site, cross-border cooperation (CBC) is an important part of EU regional policy. Accordingly, its importance for national policy is demonstrated by the inclusion of the CBC issue in the National Regional Development Strategy and accompanying legal acts (2010). On EU level, the aim of that policy is to improve the economic and social cohesion and to reduce disparities among EU regions. Following that goal, the EU also supports cross-border cooperation within its borders, as well as within the Candidate Countries. Cross-border cooperation aims at minimizing the adverse effects of borders on the social and economic situation of border areas. Though cross-border and transnational cooperation in the EU was initiated in 1990 as a separate Community Initiative (INTERREG) financed from the European Regional Development Fund (ERDF), in the current financial perspective (2007-2013), it became one of the three main EU Cohesion Policy Objectives, recognizable namely as part of the “territorial cohesion” objective.

During the programming period 2000 – 2006, INTERREG III (A– cross-border cooperation, B– transnational cooperation, C– interregional cooperation) aimed at enhancing economic and social cohesion in the EU by promoting balanced development of European territory through cross-border, transnational and interregional cooperation. A specific new
emphasis was put on cooperation on the external borders of the EU, i.e. with the Candidate Countries. In the programming period 2007 – 2013, Territorial cooperation belongs to EU Cohesion Policy Objective 3, supporting three main types of cooperation: development of economic and social cross-border activities; establishment and development of transnational cooperation, including bilateral cooperation between maritime regions; increasing the efficiency of regional policy through interregional promotion and cooperation, the networking and exchange of experiences between regional and local authorities.

Croatia’s initial steps in EU cross-border programmes date back to 2004 by participating in the New Neighbourhood Programme Slovenia-Hungary-Croatia and Adriatic New Neighbourhood Programme. While the Member States with which Croatia cooperated under these programmes (Hungary, Slovenia, and Italy) used Structural Funds (i.e. the European Regional Development Fund - ERDF) for their participation, Croatia used the financial resources provided through the pre-accession programmes, i.e. CARDS and Phare. Croatia also participated in one transnational programme, the New Neighbourhood Programme CADSES. The fact of different sources of funding required significant additional administrative and legal efforts for the organisation of the programme and project implementation in the neighbouring countries. These initial experiences as well as lessons learned were described in a previous work by Dokic, Sumpor and Puljiz (2006).

For the period 2007-2013, a single Instrument for Pre-accession (IPA) for financing the programmes between EU member countries, candidate countries and potential candidate countries was introduced. Importantly, this instrument is also being used by the member countries that participate in CBC programmes with non-member countries of the IPA programme area. Within the IPA Cross-border Cooperation Framework, Croatia has elaborated operational programmes with all neighbouring countries. This is also an important time for the Croatian administration responsible for EU programme implementation, as transfer of cooperation experiences with member countries to potential candidates for EU membership is expected. Under IPA 2007-2013, Croatia participates in 8 cross-border cooperation programmes. All programmes are elaborated in accordance with the EU programming methodology, following standard steps in strategic planning starting with a situational analysis, incl. SWOT, followed by the formulation of strategic objectives, priorities and measures, and definition of implementation procedures and structures. Programmes are implemented through grant schemes and publication of calls for project proposals with predefined financial allocations.
Table 1. Implementation of CBC programmes in which Croatia participates (April 2011)*

<table>
<thead>
<tr>
<th>IPA CBC Operational Programmes</th>
<th>Total contracted amount in Euro</th>
<th>Total No. of Projects</th>
<th>Total No. of Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adriatic</td>
<td>13.160.112,50</td>
<td>27</td>
<td>37</td>
</tr>
<tr>
<td>Hungary – Croatia</td>
<td>6.093.359,53</td>
<td>42</td>
<td>74</td>
</tr>
<tr>
<td>Slovenia – Croatia</td>
<td>5.164.237,28</td>
<td>21</td>
<td>58</td>
</tr>
<tr>
<td><strong>Subtotal with EU member countries</strong></td>
<td><strong>24.417.709,31</strong></td>
<td><strong>90</strong></td>
<td><strong>169</strong></td>
</tr>
<tr>
<td>Croatia - Bosnia and Herzegovina</td>
<td>1.664.778,38</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Croatia – Montenegro</td>
<td>716.631,11</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Croatia – Serbia</td>
<td>1.439.930,01</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Subtotal with non-EU member countries i.e. Western Balkan (potential EU candidates)</strong></td>
<td><strong>3.821.339,50</strong></td>
<td><strong>29</strong></td>
<td><strong>29</strong></td>
</tr>
<tr>
<td>Mediterranean (MED)</td>
<td>111.576,47</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>South Eastern European Space (SEE)</td>
<td>575.494,27</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td><strong>Subtotal within Transnational cooperation programmes</strong></td>
<td><strong>687.070,74</strong></td>
<td><strong>8</strong></td>
<td><strong>8</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28.926.119,55</strong></td>
<td><strong>127</strong></td>
<td><strong>206</strong></td>
</tr>
</tbody>
</table>

Source: Republic of Croatia, Ministry of Regional Development, Forestry and Water Management

* Results refer to 1. Calls for proposals within each CBC Operational Programme

Based on the data presented in Table 1 and Graph 1, it is evident that the most active programmes and corresponding number of projects is contracted with neighbouring EU members (84.4%). This development can be related to the fact that experiences in CBC among Croatian partners on all governance levels with EU neighbours, i.e. Slovenian, Hungarian and Italian partners already existed.2

Graph 1. Distribution of projects by type of IPA CBC Operational Programme

Source: Republic of Croatia, Ministry of Regional Development, Forestry and Water Management.

2 Besides all mentioned CBC programmes, in which Croatia is involved, only the ones with Slovenia and Hungary were subject to the Cross-programme Evaluation in Central and South-Eastern Europe. (Interact, 2010)
In addition to the results of the First call for proposal, the Second call for proposals with Slovenia resulted in additional 43 projects involving 65 partners and a total of 4.8 mil. Euro is contracted. The relatively weaker results with non-EU members represent first steps in the reestablishment of cross-border relations with neighbours that used to belong to the same country, but where besides physical, also social and economic ties were damaged as a consequence of the war in the 1990s. Also, the funds foreseen for grant schemes with the WB countries were much lower than those allocated for the cooperation with EU member countries. Besides the facts on implementation of programmes, our intention is also to look further and behind the administrative issues and review the impacts of these programmes on the institutional structures in Croatia and developmental aspects across levels of government.

Croatia has finally adopted, after a long negotiation process among governmental levels, its National Regional Development Strategy and Act on Regional Development (2010) within which cross-border cooperation has to be considered in regional (county) development plans elaborated on the level of counties (NUTS III regions)\(^3\). Interestingly, the EU accession process and programming experiences on local and regional level have significantly contributed to the development of the national regional development policy framework. It can even be stated that significant know-how and institutional capacities have been built from the bottom-up. However, without a clear national policy framework, neither scarce EU resources provided through first CBC programmes nor local and regional needs presented in “early” regional development plans and programmes could be seriously addressed in a sustainable way. With regard to NUTS II level regions, there are 3 statistical regions in Croatia (Adriatic, North-west and Central and East (Pannonian) Croatia) and on this level coordinators and partnership councils are established. From the national level, recommendations for formulating interregional development projects (among NUTS III regions) are regularly given or indirectly required through funding criteria.

The implementation of EU cross-border cooperation programmes positively influences the evolution of Croatia’s regional development policy and practice. First project proposals being prepared in accordance with the project cycle management approach have significantly contributed to improvements in strategic thinking in local development actions. Though, this learning process has been reserved for the time being for a number of interested local experts and consultants’ dealing with EU projects, while general awareness is rising only slowly due to the demanding administrative procedures requiring new ways of thinking and working.

\(^3\) NUTS – Nomenclature of territorial units for statistics
Positive aspects of cross-border cooperation experiences in Croatia can be seen in the transfer of institutional know-how through cooperation in sustainable economic, social and environmental development. It can be stated that the EU accession process represents an opportunity for building as well as rebuilding territorial cohesion in the territories of the Western Balkan, Central and South-East Europe. This process is being enabled through territorial cooperation based on new and strict rules set by the EC, the responsible managing authorities in member states and candidate and potential candidate countries for EU accession. Of high importance are transparent procedures based on which better governance practices can evolve through cooperation in new institutional settings and territories. Also interesting, for areas that were mostly affected by war, the new CBC programmes can be considered as useful development tools. The process of creating and implementing joint projects can be seen as an opportunity to re-establish social and economic links between inhabitants on local level in these border regions. Environmental issues can as well be tackled easier than before.

3. Institutional and development impacts of Cross-border Cooperation in Croatia

3.1 Institutional aspects

The most important issue emphasised regularly in the context of joining the European Union refers to institutional capacities for handling European laws and regulations, e.g. adoption of the “Acquis communautaire” by translating all relevant legal acts into the national legislative framework and demonstrate the ability to implement them. Another institutional issue refers to the strengthening of the administrative capacities for future coordination and use of structural funds within the framework of the EU Cohesion policy.

Institutional and administrative capacities on national level are being built in a particular way, as parallel administrative structures are evolving, namely those dealing with EU and those dealing with national policy issues. The latter are embedded in existing bureaucratic procedures that lack transparency and clear principles and criteria for implementing development actions. While in the administrations (e.g. departments, units) dealing with EU issues implementation of very strict and “different” administrative regulations and procedures are being adopted and handled often by younger and enthusiastic public administration professionals. As implementation of new procedures causes significant pressures and burdens a relatively low number of professionals, fluctuation of competent staff is high, using the gained knowledge in the field of more rewarding private consultancies.
These professionals often reoccur in the same administrations as external national experts in cooperation with more experienced international consultants funded through EU technical assistance projects. Outsourcing of administrative tasks became very common in the early stages of the EU accession process. These problems have been considered by the Croatian public administration system, and the intention is to raise the wages of staff working on EU related tasks by cca 40% above the level of other colleagues working on national policy issues. In this way, the necessary additional competences such as fluency in English as well as ability to work under pressure should be compensated. The combination of working on challenging EU topics and higher wages should provide additional motivation for interested and highly qualified individuals to enter the Croatian public administration.

Institutional change and raising administrative capacities represent a long and painful process. To request an overall and rather fast change in institutional traditions and cultures is almost an impossible quest. However, gradual adaptation seems and is more realistic. This can be seen as a gradual systemic change and public administration reform, as those administrative departments that work on EU related issues can represent beacons within the sphere of closed, uncooperative and administratively strictly separated departments and units as they are most common in unreformed public administrations. On regional and local level, changes occur at different paces. Those regional and local authorities that are successful in applying for EU funds show also a significant step forward towards more modern administrations. These can predominantly be found in the border regions towards the EU member countries. Those regions and localities lagging behind in development that can be found in the border areas towards non-EU member countries have significant administrative capacity deficiencies. Continued technical assistance is highly recommended. The ability to transfer institutional know-how can in these cases be primarily expected from national authorities and its departments. Croatia has an explicit opportunity to prove their newly gained competences in managing EU programmes, as it is responsible for the management and implementation of 3 operational programmes referring to cross-border cooperation with Bosnia and Herzegovina, Serbia and Montenegro.

3.2 Developmental aspects

Conceptually, cohesion policy is built on three pillars of economic, social and territorial cohesion. The concept of sustainable development does also refer to the same three integral elements or dimensions of development, namely the economic, social and environmental. In
this respect, these two concepts do not have to be viewed as complementary or even competitive, but they are clearly overlapping as all descriptive explanations of the notion of territorial cohesion are actually based on the concept of sustainability and need for policy coordination implying integrated policy approaches.

When looking at the objectives and priorities in operational programmes for cross-border cooperation, in which the Republic of Croatia participates, all of them are built on the idea of sustainability and integrated development. All of them include social, economic and environmental aspects. Participatory development approaches are inherent in the obligatory requirement that project proposals need to be developed by at least two cross-border partners. The mentioned sectors in the programmes are often regarded to as the vertical elements of the programmes within which the objectives and priorities and measures are formulated. Proposed projects have to comply also with EU policies referring to social inclusion, gender equality, environmental aspects, accessibility, information and communication technology, which are most commonly integrated in the programmes as the horizontal policy axes. Project proposals have to comply with these objectives and policies in order to be considered for financing. The programmes provide in that sense a top-down development framework for the respective border areas with a clear indication of funding opportunities. The implementation of the programme is accomplished by projects developed by the targeted institutions (usually local and regional authorities, non-profit organisations) and funded through the respective operational programme grant schemes. In this way, bottom-up development is fostered and capacity building of the lowest levels of governance is enabled. There is hardly any local authority in Croatia that did not thought of applying for EU grants.

All over Croatia the project cycle management and logical framework approach is being taught and promoted. Regional levels (i.e. counties) have established and accredited regional development agencies and coordinators that support this process and coordinate the submission of project proposals for the various grant schemes. Cross-border cooperation grants schemes represented the first opportunities for the local and regional institutions to participate in EU funded programmes and learn about the complexity of administering such projects. As visibility and communication strategies are obligatory, these grant schemes and projects funded through them can be considered as very useful vehicles for promoting the EU as an important development partner. In this sense, these developments and experiences can be taken as examples for the national levels in promoting the partnership with the EU. Obviously, most benefits are generated in those areas that have developed significant competences in using these schemes in funding their development ideas and needs. In Croatia,
these regions are also the most vibrant (statistically just behind the most developed capital city of Zagreb) and economically advanced. These regions (Varaždin County, Medjimurje County and Istria) are bordering with the EU member states – Slovenia, Hungary and Italy (Adriatic Sea). Partners from these regions and localities are regularly invited to various conferences and seminars to present their experiences and are also active as lead partners with other less experienced partners in joint project development. In this way, transfer of know-how and experiences is regularly promoted through the operational programmes and fully used by various partners in the various programming areas (with EU and non-EU members).

3.3 Responses from the Regions participating in Cross-border Cooperation

For the purpose of this research a short on-line survey was conducted during April 2011, where 21 regional authorities, 21 development agencies and 8 joint technical secretariats (for each CBC programme) were contacted. A total of 65 fully completed survey forms were received, including several responses coming from same institutions.

Chart 1. Type of institution that provided answers in Survey

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Institution</td>
<td>4</td>
</tr>
<tr>
<td>County</td>
<td>14</td>
</tr>
<tr>
<td>City/Town/Municipality</td>
<td>9</td>
</tr>
<tr>
<td>Public company</td>
<td>7</td>
</tr>
<tr>
<td>Development agency</td>
<td>4</td>
</tr>
<tr>
<td>Tourism related Institution</td>
<td>28</td>
</tr>
<tr>
<td>Chamber of commerce or crafts</td>
<td>4</td>
</tr>
<tr>
<td>Nongovernmental Institution</td>
<td>1</td>
</tr>
<tr>
<td>Private company</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Authors, 2011.

In this simple survey 10 questions were asked. Besides general introductory questions such as type of organisation (Chart 1.), participation and role in particular CBC programmes, the main questions referred to institutional and developmental aspects of their participation in the CBC programmes. Specific questions targeted cooperation experiences with partners.
during and after the implementation of programmes (Chart 2.), assessment of the quality of their participation, gained benefits in terms of raised administrative capacities, and modes of institutional improvements as a result of new methodological approaches in project planning and implementation. Additional questions referred to the question, if the CBC programmes have enabled the implementation of projects and activities, which otherwise would not have been implemented; and if these projects were in line with sustainable development principles.

**Chart 2. Cooperation experience with cross-border partners**

![Chart showing cooperation experience](image)

Source: Authors, 2011.

Most of the respondents or 96.8 % commented that the participation in CBC programmes were overall a good experience, while for 3.2% the experience was partially good. For 79% of all respondents, the participation in CBC project strengthened the administrative capacities and for 12.9% only partially, while 8.1% stated no. For 85.7% of the respondents writing of project proposals improved as well as the implementation of projects improved due to the fact of using EU methodologies in preparation and implementation of projects. Also as a consequence, for 42.9 % the internal and external communication improved, and for 31.7% the coordination of activities between departments improved. An interesting question was, if participation in CBC has contributed to the implementation of activities that otherwise would not have been implemented, and 71.4% of respondents confirmed. While 17.5% did not share this opinion and 11.1% only partially. Though in the programmes the sustainable development principle was emphasised as well as by stressing the compatibility of the projects with horizontal EU policies, 84.1% of respondents confirmed that their projects have positive impacts on economic, social and environmental development.
4. Conclusions

*To what extent can CBC be seen as a good opportunity for capacity building of countries aiming to join the EU?*

Based on the developments referring to strengthening institutional and administrative capacities in Croatia through participation in CBC programmes and projects described above, it can be concluded that all levels of government have benefited. These new knowledge can be mostly validated through further networking and cooperation. Therefore, positive institutional spill over effects, visible through better governance and development policy implementation through joint CBC projects in the Western Balkan countries can be expected.

*What theories regarding CBC can provide further insights?*

Social and economic cohesion is not implemented in an amorphous unspecified space, it happens in a concrete locality with concrete people with concrete needs. Giancarlo Canzanelli emphasised also that development does not take place in a spatial vacuum devoid of any geographical attachments or context (cited in Pike at al., 2006). Therefore, territorial cohesion represents the natural third pillar of cohesion policy that will enable the full evolution of sustainable development policy throughout Europe and its neighbours. The policy coordination framework, integrating all development policy aspects of the EU cohesion policy as well as policies on all levels of governance, is visually presented below (Graph 2.).

*What impact has EU cross-border cooperation policy on the regional and local level?*

If thinking of future prospects of cross-border cooperation programmes and projects in Croatia and EU Territorial cohesion, it needs to be stressed that this policy is of very high importance for the local levels involved in the programme implementation process through its cooperative projects. This is where the European Union come the closest to the small people especially in peripheral border regions, towns and villages. This is where the EU is needed and matters the most.
Graph 2. Integrated Policy Coordination Framework

POLICY COORDINATION FRAMEWORK

CULTURAL DEVELOPMENT
(HISTORY, TRADITIONS, HABITS)

ECONOMIC DEVELOPMENT

SOCIAL DEVELOPMENT

ENVIRONMENTAL DEVELOPMENT

REGIONAL DEVELOPMENT

SPATIAL DEVELOPMENT

INSTITUTIONAL DEVELOPMENT
(FORMAL AND INFORMAL INSTITUTIONS)

Source: prepared by authors.
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