

Foreign Policy Perspectives in Regional and Cross-Border Cooperation



Foreign Policy
Initiative BH
FPI BH

Table of contents

Foreword	3
Cross-Border Cooperation as Imperative	4
Introduction	4
1. First Regional Initiatives for Cooperation among Countries of Western Balkans	4
2. Bordering the EU- Cross Border Cooperation to Boost Opportunities	5
2.1. Why Regionalization?	7
3. Cross-Border Cooperation in Euroregions and New Regional Initiatives	9
4. Concluding Remarks and Recommendations	11

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Foreword

Within its project “Foreign Policy Perspectives”, the Foreign Policy Initiative BH (FPI BH), in cooperation with the Committee on Foreign Affairs of the House of Representatives of the Parliamentary Assembly of Bosnia and Herzegovina and with the financial support by the Embassy of the Swiss Confederation in Bosnia and Herzegovina, organised a regional conference “Foreign Policy Perspectives in Regional and Cross-Border Cooperation”. The conference was held in Sarajevo on 14 May 2014 and it was attended by over 100 representatives of legislative and executive authorities on state and entity levels, representatives of the non-governmental sector and diplomatic and consular offices in BiH.

Objectives of the conference were to increase awareness and enhance knowledge about the relevance of regional cooperation and to increase participation of all relevant actors in cross-border processes and projects. Regional cooperation is of particular relevance for Bosnia and Herzegovina and its neighbouring countries which are undergoing the process of EU integration. Through different forms of mutual cooperation, these states improve their regional development, thereby contributing to economic and social cohesion in a wider European area.

The conference focused on the processes and developments in the design of regional development policies and support to the establishment of cross-border networks, partnerships, initiatives and common projects. Presented experiences of the experts from Switzerland, neighbouring countries (Montenegro, Croatia and Serbia) and Bosnia and Herzegovina revealed possibilities for taking a proactive approach in implementation of projects and programmes of cross-border cooperation through the development of new and reactivation of the existing cross-border partnerships.

Support by the representatives of Foreign Affairs Committees from Bosnia and Herzegovina, Serbia, Croatia and Montenegro in this project and their readiness to continue active participation in designing regional development policies gave the conference a true significance. In addition to highlighting the importance of parliaments in regional and cross-border cooperation in the Western Balkan countries, emphasis was put on the need to strengthen good relations between neighbours and relevance of local communities in the process of EU accession of the Western Balkan countries.

For the successful realisation of this regional Conference, we would like to give special thanks to the Embassy of the Swiss Confederation in Sarajevo, particularly H.E. Ambassador André Schaller, whose engagement and endeavour in this project further confirmed how necessary and significant are efforts invested in regional development and cross-border cooperation.

This analysis is an integral part of the project “Foreign Policy Perspectives”. The final chapter contains conclusions and recommendations formulated based on the presentations of the panellists at the regional conference “Foreign Policy Perspectives in Regional and Cross-Border Cooperation”.

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Director FPI BH

Cross-Border Cooperation as Imperative

Introduction

From among common policies of the European Union, especially relevant is regional development policy, of which cross-border cooperation is an integral part. The main goals of regional development policy of the European Union are reflected in their endeavor to achieve equitable development and ameliorate disparities across European regions. It is implemented through allocation of funds from the EU budget to those regions in the European Union that lag behind in their development. In this way, through various cooperation projects financed from structural funds, the European Union invests close to one third of its overall budget. The EU policy of cohesion and solidarity has even prompted certain traditionally centralized European states to set up a regional governance structure.

This analysis will shed some light on the importance of embracing and using the European concept of the region, seek answers to the questions as to the requirements to be met in further integration process between Bosnia and Herzegovina and the EU, and depict the effects of cross-border, inter-regional cooperation and implementation of regional policies on the development of the EU member states and on European political and economic space in general. Moreover, based on participation of Bosnia and Herzegovina in cross-border cooperation projects and new regional initiatives, we will examine the possibilities for stronger inter-regional cooperation between Bosnia and Herzegovina and the neighboring states as a response to their common challenges.

1. First Regional Initiatives for Cooperation among Countries of Western Balkans

In order to promote stabilization and cooperation between and among countries in the region, after the establishment of peace in Bosnia and Herzegovina, the international community has formulated a number of regional initiatives. The Conclusions by the European Council on Former Yugoslavia of 26 February 1996¹ have endorsed the platform for cooperation among the countries in South-Eastern Europe, and the European Union has communicated its preferences on the course of development in this part of

Europe by formulating the so-called **regional approach**.² However, relevant changes in terms of political and economic cooperation between the countries in the region have only occurred after having instituted the Stability Pact for South Eastern Europe³ in 1999 and Stabilization and Association Process⁴, as multidimensional instruments for enhancing development and stability in South-Eastern Europe, strengthening regional cooperation and involving countries from South-Eastern Europe in the European and Euro-Atlantic integration.

On their part, Western Balkans countries declared their foreign policy orientation towards membership in the European Union, their commitment to the goals of the European Union and their political acceptance of the Stabilization and Association Process at the Zagreb Summit in November 2000. European prospects for the countries in the region were confirmed by the Thessaloniki Agenda for the Western Balkans in June 2003.⁵ The Salzburg Declaration of 2006 has reiterated political commitment of the European Union to future membership of the Western Balkans countries in the Union.

In the process of European integration, Western Balkans countries have been making reforms apart from each other, finding themselves at various stages of integration. Having implemented relevant reforms and having successfully completed the negotiations on all chapters, the Republic of Croatia became a full-fledged member of the European Union on 1 July 2013. Macedonia, Montenegro and Serbia

1 EU Bulletin 10-1996; Bulletin 1/2 - 1996, point 1.4.108 The Royamont Process on Stability and Good Neighborliness in South-East Europe.

2 For more details see Vukadinović, R. (2006): "Pravo Evropske Unije" /EU Law/, Banja Luka/Kragujevac, Faculty of Law in Banja Luka and Center for EU Law of the Faculty of Law in Kragujevac.

3 Stability Pact for Southeastern Europe constitutes the framework for regional policy of the international community. The Federal Republic of Germany was the principal initiator of the project. The document was adopted at the International Conference in Koln on 10 June 1999. Conference participants were foreign affairs ministers of 15 EU states, nine states of the Southeastern Europe, the Russian Federation and the USA, as well as representatives of the European Commission, OSCE and the Council of Europe. The Stability Pact has been transformed into a cooperation process, with an accent on the process of regional cooperation; institution-wise, the Regional Cooperation Council was formed, it replaced the Stability Pact on 28 February 2008 and has the seat in Sarajevo.

4 The Stabilization and Association Process (SAA) is part of the enlargement process and the framework for European orientation of the Western Balkans states. For results of the former regional approach, compare the Communication from the Commission to the Council and European Parliament, COM (99) 235 of 26 May 1999.

5 Compare the Thessaloniki Declaration of 21 June 2003, "Vreme" no. 652, 3 July 2003.

have candidate country status, while Albania and Bosnia and Herzegovina are countries with the status of potential candidates for membership in the European Union.

2. Bordering the EU- Cross Border Cooperation to Boost Opportunities

After the accession of the Republic of Croatia to the European Union and the “arrival” of the European Union at the boundaries of Bosnia and Herzegovina, cross-border cooperation has assumed quite a new dimension. For the Republic of Croatia, it has opened the possibility for using Structural and Cohesion Funds of the European Union; for the countries in the neighborhood, it has opened up the prospects for stronger cooperation in various cross-border, inter-regional projects. Cross-border cooperation implies cooperation between candidate countries and potential candidate countries with the member states and cooperation of frontier regions among potential candidate countries and candidate countries.⁶ One of the goals of cross-border cooperation is to ameliorate negative impact of the borders on economic and social development in frontier areas.

Given their traditional economic, social, cultural and communication ties, as well as their complementary natural resources, the countries in the territory of the former Yugoslavia are interdependent in terms of economy and development. As a rule, any advances or stagnation in the development of neighboring countries reflect directly on the developments in your economy, and in the society as a whole. This interdependence in development of the countries in the region has been confirmed by a number of studies and researches carried out to date. Analyses of experiences in cross-border cooperation have demonstrated that cross-border cooperation is a precondition for economic development and stabilization in the countries of South-Eastern Europe and their inclusion in the European Union.⁷ Regional connections have been encouraged by the European Union through various funds, projects and programs. For the countries in transition, and in particular for the regions partaking in such projects, cross-border cooperation has become the means for achieving economic and social cohesion. From the aspect of foreign policy, by virtue of common interests in development programs, projects of inter-regional cross-border cooperation can constitute good foundation for political and economic affiliation with EU member states to support the process

6 For more details, see Klapić, M. (2008): “Prekogranična saradnja i evropske integracije” /Cross Border Cooperation and European Integration/, Collection of Papers “Euroregije i Jugoistočna Evropa” /Euroregions and Southeastern Europe/, Sarajevo, Social Sciences Department, Academy of Sciences and Arts of Bosnia and Herzegovina, Center for Development of Local and Regional Self-Government of the Faculty of Political Science in Sarajevo, Sarajevo Institute of Economics, p.186.

7 “International Conference on Cross-Border Cooperation in South-East Europe: Obstacles and Possibilities for Euro-regional Cooperation” 2002, referred to in Osmanković J., Pejanović, M., (2006): “Euroregije i Bosna i Hercegovina” /Euroregions and Bosnia and Herzegovina/, Sarajevo, Faculty of Political Science, Center for Local and Regional Self-Government, p. 200.

of European integration and membership in the European Union. In bilateral terms, these projects can help resolve certain open inter-state issues. Projects and programs of cross-border cooperation can finance feasibility studies, environmental projects, preliminary designs and project designs for various local-level infrastructure projects, projects aimed at promoting entrepreneurship and innovation, as well as cultural and scientific cooperation with the countries in the neighborhood.

While member states of the European Union have an option for regional development projects to be co-financed from Structural and Cohesion Funds of the Union, special funds of pre-accession financial assistance have been setup for development and cross-border cooperation for the countries in the process of integration in the European Union. From among instruments of pre-accession financial assistance of the European Union IPA (2007-2013)⁸, Bosnia and Herzegovina took part in six programs of cross-border cooperation: three bilateral programs of cross-border cooperation (CBC) with the neighboring countries of Croatia, Montenegro and Serbia, one program of cross-border cooperation with EU member countries (IPA Adriatic CBC Program)⁹ and two transnational programs (South East Europe¹⁰ and the Mediterranean¹¹). Under this EU assistance instrument, recipients of financial aid are candidate countries and potential candidates for membership in the European Union.¹² In the next EU budget period 2014-2020, BiH will, within the Instrument for Pre-accession Assistance II, have a possibility to participate in six programs of territorial cooperation, as follows: two bilateral programs (Serbia and Montenegro), one trilateral

8 Council Regulation EU 1085/2006 has established IPA for the financial prospects of 2007-2013, as assistance to countries in their efforts to become EU members.

9 It includes the states (municipalities) in the Adriatic region (Italy, Greece, Slovenia, Croatia, Bosnia and Herzegovina, Albania and Montenegro).

10 Program area covers regions from 16 European states: Romania, Bulgaria, Slovenia, Hungary, Greece, Albania, Montenegro, Serbia, Croatia, Bosnia and Herzegovina, Macedonia, Austria, Slovakia, Italy (regions of Lombardy, Veneto, Puglia, Friuli-Venezia-Giulia, Trento, Bolzano, Emilia Romagna, Umbria, Marche, Abruzzo and Molise), Ukraine and Moldova.

11 Acceptable areas are certain coastal regions from the EU countries of Cyprus, France, Greece, Italy, Malta, Portugal, Slovenia, Spain and United Kingdom (Gibraltar). After having expressed their interest in participating, included in the program are also Mediterranean candidate states and potential candidate states of the Republic of Croatia, Bosnia and Herzegovina and Montenegro.

12 IPA is based on long-run strategic planning, determined in accordance with the enlargement policy guidelines, and it has five components: Component I – Transition Assistance and Institution Building; Component II– Cross-Border Cooperation; Component III– Regional Development; Component IV – Human Resources Development, and Component V – Rural Development. As a country with the status of potential candidate for membership, Bosnia and Herzegovina has had access to the funds from the first two components, and total allocated funds to BiH have amounted to around EUR 660 million (Table 1). Resources from all five components of the IPA Fund are available to countries with the candidate status and a developed system for decentralized assistance management.

program BiH-Croatia-Montenegro (Croatia Gateway) and three transnational program (Danube, Adriatic-Ionian and Mediterranean).

Cross-border cooperation as part of IPA combines the goals of cohesion and foreign relations, taking into account specific individual needs of frontier regions. Depending on actual program priorities, beneficiaries can be units of regional and local governance, non-governmental organizations, research and development institutions and other non-profit institutions and organizations. Priorities of cross-border cooperation programs include, inter alia, support for economic, social and territorial cooperation in frontier areas – creation of common economic space, promotion of social and economic development of frontier regions and resolution of common problems in various fields.¹³

Joint cross-border actions by local communities aimed at economic revitalization and environmental protection, like the Project “Una – Unique Resource for Sustainable Development” or the project of cooperation between the municipality of Prozor-Rama in Bosnia and Herzegovina and the municipality of Vrlika in Croatia, best illustrate IPA operational model. Beneficiaries of the first project are the Municipality of Kozarska Dubica, with its partners, the Municipality of Kostajnica and the local tourist office in BiH, and the Town of Hrvatska Kostajnica in the Republic of Croatia, with its partners, the Municipality of Hrvatska Dubica and the Tourist Board of Hrvatska Kostajnica. Through the construction of infrastructure, cleanup of the banks of the Una River and a series of other measures taken, they have created the conditions for tourism development and increased competitiveness of the local tourist economy by creating joint tourist tours in the lower course of the Una River. For this project, the EU has secured EUR 236,023.97 from the Instrument for Pre-Accession Assistance (IPA) – Cross-Border Cooperation Program, of which EUR 118,170.00 have been allocated to Bosnia and Herzegovina and EUR 117,000.00 to Croatia.¹⁴ The Municipality of Prozor-Rama and the town of Vrlika in Croatia are connected by way of two artificial lakes: Ramsko and Peručko. The two municipalities have jointly applied for IPA funds and have been granted funds to the amount of EUR 350,000.00. Thanks to this project, artificial Ramsko Lake, which had been used solely for electricity production, has become a sporting and tourist destination.

Likewise, as part of cross-border cooperation between Bosnia and Herzegovina and Montenegro, a number

13 Cross-border programs are adopted by the Commission, and are jointly implemented by partner states through common calls for submission of proposals. The financing of IPA programs involves the so-called co-financing by the beneficiary state in the amount of 25% of the project value. The structure of the IPA program coordination and management is as follows: National IPA Coordinator (NIPAC), Project Preparation Council (PPC) and Program Management Council (PMC). For more details, see Directorate for European Integration of Bosnia and Herzegovina at www.dei.gov.ba and Delegation of the European Union to BiH at <http://www.delbih.ec.europa.eu/>

14 Delegation of the European Union to BiH, at <http://www.delbih.ec.europa.eu/>

of programs have been implemented to the end of stimulating sustainable development of cross-border areas. The Chamber of Commerce of the Sarajevo Canton and Montenegro Business Alliance have partnered up to implement the Project titled “Development of Tourist Itinerary for the Cross-border Region between Bosnia and Herzegovina and Montenegro”. The area covered by this project includes seven municipalities in Bosnia and Herzegovina (Stari Grad Sarajevo, Konjic, Jablanica, Mostar, Čapljina, Stolac and Trebinje) and four Montenegrin municipalities (Nikšić, Kotor, Tivat and Herzeg Novi). The Project is valued at EUR 219,605.31, whereby the European Union has provided the funds to the amount of EUR 101,566.51 for Bosnia and Herzegovina and EUR 72,863.22 for Montenegro. Project beneficiaries are tourist boards and offices, tourist agencies, import-export companies, and branded product manufacturers.¹⁵

An example of good practice in IPA programs of cross-border cooperation between Serbia and Bosnia and Herzegovina is the project of the municipalities of Priboj and Rudo titled “Environmental Binocular”. The project is aimed at environmental protection in the frontier area by instituting a waste collection and disposal system and establishing a call center network in order to improve efficiency and address citizens’ problems. The value of the project for both municipalities is close to EUR 300,000, and the municipalities take part with 15% of the project value.¹⁶

Table 1. Allocation of Funds to BiH for Two Available Components, in EUR Mil.

IPA Component	2007	2008	2009	2010	2011	2012
I Transition Assistance and Institution Building	58.1	69.9	83.9	100.7	102.7	104.7
II Regional and Cross-border Cooperation	4.0	4.9	5.2	5.34	5.4	5.5
Total (in Millions of Euros)	62.1	74.8	89.1	106	108.1	110.2

Source: Delegation of the EU to BiH

Notwithstanding a number of successful projects of cross-border cooperation between Bosnia and Herzegovina and the neighboring states in the recent years, financial resources from IPA funds have not been sufficiently used in Bosnia and Herzegovina. Absorption of these funds greatly depends on country’s readiness to co-finance programs with

15 More information on cross-border cooperation projects between Bosnia and Herzegovina and Montenegro are available at www.cbc.bih-mne.org

16 More details on examples of good practice and implementation of projects of cross-border cooperation between Serbia and Bosnia and Herzegovina are available at www.srb-bih.org

own financial resources and its ability to create adequate programs for implementation and management of these funds. Lack of an efficient mechanism of coordination between the state and the entities and lack of strategic documents and development policies further undermine efficient use of these funds.

With the new seven-year budget of the European Union for the period of 2014-2020 and with the establishment of a new, revised instrument of pre-accession assistance IPA II (2014-2020), development of adequate sectoral strategies has become a sine qua non of successful use of EU pre-accession assistance. In this way, the European Union has continued providing assistance to the states involved in the association process in their implementation of reforms towards membership in the European Union; however, instead of the components, the new pre-accession instrument has introduced sectoral programs and policies. Sectoral approach requires the existence of a coordinating mechanism, as well as sectoral policies and strategies.¹⁷

By using financial resources from pre-accession funds of the European Union, the countries actually learn and prepare themselves for the use of structural funds when they become full members of the European Union. Candidate countries and countries in the process of acquiring candidate status are obliged to *harmonize their regional development policies with the standards and goals of the European Union*. This also implies defining statistical regions – NUTS regions (Nomenclature des unités territoriales statistiques – Nomenclature of Territorial Units for Statistics) as a precondition for access to structural and cohesion funds when they acquire membership in the European Union. Priorities in funding projects from EU funds are set based on these institutional grounds and statistical data on the regions. Statistical units have a hierarchical structure, according to the number of inhabitants in a region. NUTS of the first level corresponds to statistical units with 3 to 7 million inhabitants, NUTS 2 has on average between 800,000 and 3,000,000 inhabitants, and NUTS 3 from 150,000 to 800,000 inhabitants. As a rule, statistical regions of the second level are used as regions for assistance from the EU funds earmarked for regional development.¹⁸

To define statistical (NUTS) regions on the EU principles, on top of demographical size, one must incorporate criteria of desirable territory size, natural and geographical diversity, historic tradition and geopolitical circumstances, economic structure, homogeneity of the region and regional

identity. Under the European concept of region,¹⁹ region is defined as a territory which constitutes, from a geographical point of view, a clear-cut entity whose population possesses certain shared cultural, historic, economic, transport and other features and wishes to safeguard the resulting specific identity with the object of stimulating cultural, social and economic progress.²⁰ Within the European Union, regions are the first political and administrative units below the level of national states. They also play a role in the shaping of policies of the European Union. Given the need for the co-decision procedure in devising new EU regulations, of which as much as three quarters are conducted at the local or regional level, the Maastricht Treaty has created the Committee of the Regions as a link between local and regional authorities and the EU bodies.²¹ The role of the Committee is consultative by nature. This body must be consulted when deciding on the issues of EU regional policy, economic and social cohesion, Trans-European network of priority infrastructure routes, healthcare, education, and culture. The work of the Committee is based on the principles of subsidiarity, proximity to citizens and partnership. The principle of subsidiarity implies strengthening of local authorities by delegating powers to the lowest practical administrative level, defining at the same time that the European Union should not take on tasks which are better suited to national, regional or local administrations.

2.1. Why Regionalization?

Motives of the European states for regionalization and decentralization of government on the principle of subsidiarity are based, inter alia, on economic interests arising from subventions given to structural and cohesion funds. Financial resources from the Structural Funds are aimed at regions in the EU member states that are significantly lagging behind in development, whose GDP per capita is less than 75 percent of the European Union average, independent of the national GDP figure. Disparities at the regional level are very pronounced across the territory (Figure 1). More than one quarter of regions in the territory of the EU has GDP per capita below 75% of the EU average. Under the second most relevant criterion for intervention, aid is given to regions caught up in restructuring, high rate of unemployment or high population outflow. When it comes to the Cohesion Fund, an assessment for aid giving is carried out at the national, rather than regional level. Financial resources from the Fund are aimed at member states whose GDP per capita does not exceed 90 percent of the EU average.

17 For beneficiary states, key areas are identified in strategic documents in which substantial improvements are necessary as preparation of a country for EU membership, that is, key reform plans are determined in connection to accession. On top of other things, strategic documents for the beneficiary country need to be harmonized with national and regional strategies and development priorities.

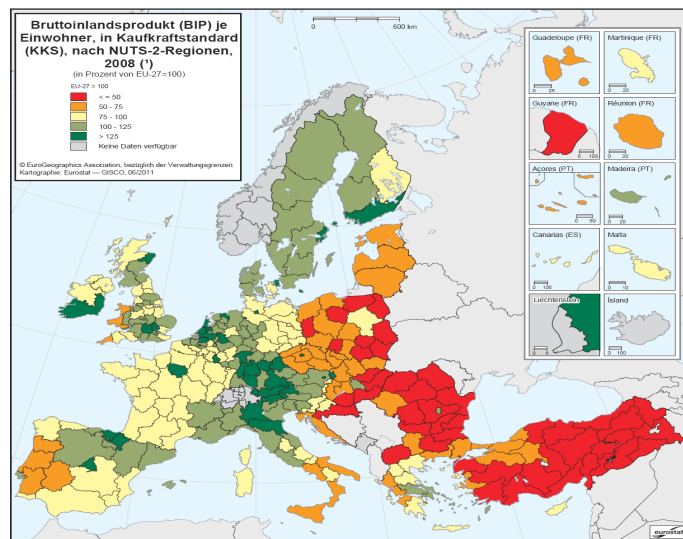
18 The Stabilization and Association Agreement (Article 88) between Bosnia and Herzegovina and the European Communities envisages harmonization of the Bosnian-Herzegovinian statistical system with the European Statistics Code of Practice and provisions of the EU law in the field of statistics, which should head in the direction of *acquis communautaire* of the Community.

19 Among most important documents are Community Charter for Regionalization (1988), European Charter of Local Self-Government (1985), European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities (1989), Declaration on Regionalism in Europe (1996), Helsinki Declaration on Regional Self-Government (2002);

20 Community Charter for Regionalization of 1988, For comparison, see also to Sadiković, E. (2010/2011): "Fenomen regionalizma i regionalizacije Evrope" /Phenomenon of Regionalism and Regionalization in Europe/, 2010/2011, Almanac of the Faculty of Political Science, Sarajevo, Faculty of Political Science, p. 87.

21 For comparison, see the Maastricht Treaty (Article 130b), available at <http://www.eurotreaties.com/maastrichtec.pdf>.

Figure 1. Regional Disparities across European Union, GDP per Capita



Source: Eurostat

Comparative studies conducted after the enlargement of the European Union in 2004 and the accession of ten new countries from the territory of Central and Eastern Europe show that the membership in the EU has had positive impact on their economic development.²² Access to various EU funds has played a particularly important role therein. Use of these funds has enabled municipalities and regions to implement many projects which they could not have implemented had they been left out of the European integration process. Municipalities have been given many new possibilities to share experience through connection and networking with municipalities in other European states. *“Czech cities and municipalities are confident the EU membership has had positive impact. Local governments have reacted swiftly and seized all the opportunities offered by the Union. They have modernized the operations of their services, increased their capacity for project management, and gained new experience in building cooperation with the private sector.”*²³

Positive effects of membership in the European Union have also been observed in other states from the territory of Central and Eastern Europe. *“Having joined the European Union, Slovenian trade exchange has even increased. Furthermore, in 2005, Slovenia received from Brussels more resources (EUR 68-70 million) for specific projects than it gave (around EUR 60 million).”*²⁴ From the European Fund for Regional Development, EUR 88,510,600 have been used to finance the project of modernization of the national rail fleet in Slovakia, while EUR 70,000,000 from the EU Cohesion

22 For comparison, see “Analysis: New member states’ stock exchanges, one year after EU accession”, 30 June 2005, available at <http://www.euractiv.com>

23 Thus, for example, the region of Jeseniky in the Czech Republic has received close to EUR 23 million from the EU funds for the implementation of two projects. For more details, go to www.ceec-logon.net

24 Interview with the Ambassador of the Republic of Slovenia in Croatia, Dr. Milan Orožen Adamič, of 18 April 2006, published in the magazine “Geografija”.

Fund have been earmarked for a new bridge over the Danube River along 430 km of borderline between Romania and Bulgaria. Construction of the Danube Bridge in order to speed up international traffic in Bulgaria and Romania is one of good examples of bilateral cooperation supported by European resources from the Cohesion Fund.²⁵

In order to be able to make optimal use of the resources from the Structural Funds of the European Union, prior to its accession to the European Union, the Republic of Croatia had set up two statistical regions of the second level – Continental and Adriatic, in accordance with the Nomenclature of Territorial Units for Statistics and had adopted the Law on Regional Development of Croatia. During the negotiations with the European Commission and Eurostat, the Government of the Republic of Croatia has defined the division of Croatia onto two statistical regions, instead of the previous three (Northwestern Croatia, Central and Eastern Croatia, and Adriatic Croatia). In this way, all units of local government and self-government will be able to use the resources from the EU Structural Funds with highest degree of convenience at least through 2027.²⁶

The strongest, the most intensive and the most direct incentive for the development of economically less developed regions and EU member states is provided through regional policy of the European Union, that is, its structural and cohesion policy, based on the principle of solidarity. Advantages of membership in the EU for the local government can be summed up in few main segments pertaining to recognition of the special role of local authorities when it comes to issues of development, possibility to use EU funds to finance projects at the local level, which are managed by municipalities, and support to transnational connections among various local authorities in order to solve common problems and challenges.²⁷ Positive effects of the membership are seen not only at the regional level, but also at the overall macro-economic level of the state – increase in employment rate, higher inflow of foreign direct investments, and increase in Gross Domestic Product.

In further process of integration of Bosnia and Herzegovina in the European Union, imminent is regionalization as a precondition for access to the EU funds earmarked for regional development. Unlike neighboring countries, which have made major steps in the regionalization process,²⁸ Bosnia and Herzegovina has not yet established

25 For comparison, see “EU fondovi 2014-2020” /EU Funds 2014-2020/, Institute for Promotion of Entrepreneurship and European Projects of the Republic of Croatia.

26 Ministry of Regional Development and EU Funds and Jutarnji List of 28 August 2012, available at <http://www.jutarnji.hr/hrvatska-udvije-regije--kontinentalna-i-jadranska/1050208/>.

27 For comparison, see “Iskustva novih država članica EU” /Experience of New EU Member States/, available at http://ceppei.ba/bos/index.php?option=com_content&view=article&id=318:iskustva-novih-drava-lanica-eu&catid=51:korisni-tekstovi&Itemid=49.

28 In 2009, Serbia adopted the Law on Regional Development, as well as the Strategy of Regional Development of the Republic of Serbia 2007-2012. Other countries in the territory of the Western Balkans have also established the legal foundation for regional development in accordance with European principles.

either legal or institutional basis for regional development in compliance with the principles of the European Union. There are several proposals for the regionalization of Bosnia and Herzegovina as possible solutions to its developmental problems. Incorporation of chief determinants of the proposals for regionalization of Bosnia and Herzegovina, founded on studies prepared by Bosnian-Herzegovinian authors, non-governmental and international organizations, institutions and experts, into application of the criteria of regional competitiveness and the principle of the European statistics would be based on *regionalization of the country through establishment of functional geographic and economic regions*.²⁹ The EURED Project – European Union Support to Regional Economic Development (March 2003 – October 2005) has instituted regional development agencies (ARDA, NERDA, REDAH, REZ, and SERDA),³⁰ which are treated by the international community as partners for regional development of Bosnia and Herzegovina. Regional development agencies take part in the preparation and implementation of strategies for economic development at the local level, with active participation of municipalities from the territory of both entities in Bosnia and Herzegovina in regional bodies and agencies.

3. Cross-Border Cooperation in Euroregions and New Regional Initiatives

A particular form of cross-border cooperation is **cooperation in Euroregions**. Euroregion constitutes a form of cooperation between regional and local corporations on both sides of the border.³¹ It is at the core of cooperation between administrative units among various countries. Cross-border organizational structure and cross-border modus operandi are the principles on which the operation of Euroregions is founded. Although varying in legal form and organization, Euroregions do have several common features which are reflected in the existence of an identity (own features), administrative, technical and financial resources, and defined procedures of internal decision-making. Euroregions have their permanent seats and

administrative staff, often even parliamentary assemblies.³²

The oldest Euroregion was formed at the border between Germany and the Netherlands in the late 1950s. Over the following decades, Euroregional structures have been established in almost all European frontier areas. In the 1990s, we are witnesses of more dynamic shaping of Euroregions even on external boundaries of the European Union and the border areas of the countries of South Eastern Europe. At that time, the European Union has established INTERREG Initiative for stronger support to projects of cross-border cooperation. In the programs of cross-border cooperation inside Euroregions, resources from the European Fund for Regional Development are withdrawn by the member states of the European Union.³³ As partners in the implementation of cross-border cooperation projects within Euroregions, countries that are not EU members can also solve their development problems in this way. An example of cooperation between Poland and Ukraine in cross-border cooperation is believed to be among the most successful ones.³⁴ In the territory of Europe, there are over 150 Euroregions as a form of cooperation between member states, between member states and candidate countries, as well as among countries candidates for the membership in the European Union.

Bosnia and Herzegovina has been a member of four Euroregions: *Danube-Sava-Drava* since 1998, *Drina-Sava-Majevisa* since 2003, *Adriatic Euroregion* since 2006, and *Drina Euroregion* since 2012. More than one fifth of the Bosnian-Herzegovinian territory and more than third of its population takes part in the Euroregions. Cooperation of the Euroregion *Danube-Drava-Sava* started upon signing the Statute in Pécs on 28 November 1998.³⁵ Common actions to achieve goals that are based on geographic connectivity and historical ties, desire to advance the status of ethnic minorities on both sides of the border, desire to stimulate and enhance the implementation of inter-state and regional projects and to improve the situation of inter-state relations of the countries they belong to, as well as commitment to promoting the process of the Central European and Euro-Atlantic integration, are only some of the established forms of cooperation.³⁶

The founders of the Euroregion *Drina-Sava-Majevisa* in 2003

29 Proposals and ideas for regionalization of Bosnia and Herzegovina, based on studies carried out by B-H authors, nongovernmental and international organizations, institutions and experts, have been presented in the Book by Osmanković, J., Pejanović, M., (2006): "Euroregije i Bosna i Hercegovina" /Euroregions and Bosnia and Herzegovina/, Sarajevo, Faculty of Political Science, Center for Local and Regional Self-Government. Singled out as the most desirable model of regionalization from the aspect of access to EU funds is the proposal of regionalization of BiH as the first level NUTS statistical region, four regions of the second level (Banjaluka-Bihać, Tuzla-Doboj, Sarajevo-Zenica and Mostar-Trebinje) and eight regions of the third level (Banjaluka, Bihać, Tuzla, Doboj, Sarajevo, Zenica, Mostar, Trebinje)

30 ARDA – encompassing the economic region of Northwestern Bosnia, NERDA – covering the economic region of Northeastern Bosnia, REDAH – comprising the economic region of Herzegovina, REZ – involving the economic region of the Central Bosnia, SERDA – implicating the Sarajevo Macro-region.

31 Association of European Border Regions, AEBR, www.aebr.eu

32 Ibid, AEBR (2000)

33 Countries candidates for membership can also be granted access to pre-accession funds for financing of INTERREG programs. There is also the Neighborhood Program, which is carried out at external boundaries of the EU (maritime and land)

34 Poland takes part in a total of fourteen Euroregions. The Carpathian Euroregion (Hungary, Poland, Ukraine, Romania, and Slovakia) involves cooperation in the fields of culture, education, trade, environmental protection and promotion of tourism. For comparison, see Osmanković J., Pejanović, M., (2006): "Euroregije i Bosna i Hercegovina", Sarajevo, Faculty of Political Science, Center for Local and Regional Self-Government, p. 111-112.

35 Statement of Intent to create interregional cooperation for Danube-Drava-Sava was signed on 26 June 1998. The Statement was signed by the representatives of the cantons, cities and chambers of comers from Osijek, Pécs and Tuzla.

36 For more details, see www.ddseuro.org.

were municipalities and cities from Bosnia and Herzegovina and the then State Union of Serbia and Montenegro. Development projects in which members are interested pertain, inter alia, to the commissioning of the waterway of the Sava River, development of tourism, agriculture, putting to work geothermal resources, environmental protection, and media connection.³⁷

The *Adriatic Euroregion* was established on 30 June 2006. It comprises Italian regions, counties of the Republic of Croatia, Slovenian coastal municipalities, the Herzegovina-Neretva Canton from Bosnia and Herzegovina, and municipalities from the territory of Albania and of Montenegro. This Euroregion has around 22 million people.³⁸ The purpose of founding the Adriatic Euroregion is based on the efforts to improve efficacy of exploitation of common natural resources and traffic connections, creation of an area of peace, stability and cooperation, safeguarding of cultural heritage, environmental protection, sustainable economic development, resolving transportation and infrastructural issues, and support to the entry of all Adriatic countries in the European Union.³⁹

The *Drina Euroregion* is an association of units of territorial self-government in Bosnia and Herzegovina, the Republic of Serbia, Montenegro, and the Republic of Croatia and other governmental levels below the national level located in the basin of the Drina River. It was established in 2012. Members of this Euroregion aim to create the conditions for economic development, promote cultural exchange and enable flow of experience through implementation of cross-border projects.⁴⁰

Through joint actions, Euroregions seek to prosper and make progress in their territory, opening in this way prospects for development. There have already been initiatives for the establishment of new Euroregions, such as forming Euroregion that would connect the national parks of Una and Plitvice. Standing in the way of implementation of this and similar initiatives is lack of clear positioning of frontier development areas or Euroregions as a special form of regional cooperation in developmental, territorial and other strategic documents of Bosnia and Herzegovina.⁴¹

Emerging as a new form of cooperation between neighboring regions inside and outside the EU is the *macro-regional approach*. The European Commission uses the term macro-region to denominate an area covering several administrative units with sufficient common interests and topics to justify their having a single strategic concept. The

purpose of establishment of a macro-region is better use of existing instruments of EU assistance, such as structural funds, and expansion of development opportunities. The European Commission plays a coordinating role. Established under this model are the Baltic Macro-Region⁴² in 2009 and the Danube Macro-Region in 2011.⁴³ Taking part in the Danube Macro-Region are 14 countries, including Bosnia and Herzegovina. This is a region with over 115 million inhabitants. The Danube Strategy is based on four key areas – infrastructure, environmental protection, socio-economic development and institutional development. Given that it also comprises countries that are not members of the European Union, the strategy constitutes a good way to link cohesion policy of the European Union and the European neighborhood policy.

The initiative to establish the *Adriatic-Ionian Macro-Region* was launched in 2011. Upon recommendation by the Committee of the Regions to start preparing the strategy for the Adriatic-Ionian Macro-Region as soon as possible and for it to be included in the priorities for funding from structural funds in the seven-year budget framework for the period of 2014 to 2020, the European Commission was tasked with the making of the EU Strategy for the Adriatic-Ionian Macro-Region in December 2012. The strategy should be adopted by the end of 2014. This macro-region, encompassing eight countries – Italy, Greece, Slovenia, Croatia, Albania, Bosnia and Herzegovina, Montenegro, and Serbia⁴⁴, can contribute to stronger cooperation and opening of possibilities for stronger development of tourism, infrastructure and marine protection.

In its infancy is the initiative for stronger cooperation within the **Western Balkans Six – G6**. The initiative has been launched with the goal to achieve closer cooperation among the countries in the region in various spheres of common interest. This pertains, inter alia, to supporting economic cooperation – removal of economic barriers, building of transport infrastructure, reduction of transaction costs for citizens and the business sector alike, and establishment of parliamentary cooperation. From the aspect of the European integration process, and even from the institutional aspect, this initiative has its origin in the Thessaloniki Declaration.

New concept of cooperation in the G6 Group could have the potential to ensure faster integration of the countries in the region into the European Union. Through implementation of regional cooperation projects and integrated approach to the funds of regional interest, this

37 For comparison, see Osmanković, J., Pejanović, M., (2006): “Euroregije i Bosna i Hercegovina”, Sarajevo, Faculty of Political Science, Center for Local and Regional Self-Government, p. 206.

38 The Adriatic Euroregion has the status of a non-profit legal entity. It has president, vice-president, assembly, executive and supervisory board, as well as standing commissions: for environment, tourism and culture, agriculture, fishing, and transport and infrastructure.

39 <http://www.adriaticeuroregion.org>.

40 For comparison, see the Statute of the Drina Euroregion, <http://euroregijadrina.com/>.

41 Osmanković, J., Pejanović, M., (2006): “Euroregije i Bosna i Hercegovina”, Sarajevo, Faculty of Political Science, Center for Local and Regional Self-Government, p. 226.

42 This Macro-region comprises eight states: Denmark, Sweden, Finland, Estonia, Lithuania, Latvia, Poland, Germany, and Russia.

43 On 18 June 2009, the European Commission was tasked by the European Council with the preparation of the Joint Strategy for the Danube Region. The European Council formally adopted the Strategy during the Hungarian presiding over the EU (24 June 2011). The Strategy for the Danube Region was made with the participation of 14 Danube countries (FR Germany, Austria, Slovakia, Czech Republic, Hungary, Bulgaria, Romania, Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Ukraine, and Moldova).

44 Seven member states have exit to the Adriatic and the Ionian Sea: Albania, Bosnia and Herzegovina, Montenegro, Greece, Croatia, Italy, and Slovenia. Serbia – under the principle of membership succession.

initiative could contribute to stronger development of local communities, in particular in frontier areas. When further defining the goals and formulating cooperation policies, it is vital to accentuate frontier development zones in development and strategic documents of the countries participants in the G6 initiative. Experience and cooperation with countries in other regional structures, such as the Visegrad Group, in particular in the realm of European integration, can be very useful.⁴⁵

4. Concluding Remarks and Recommendations

Processes of European integration and regional, cross-border cooperation go “hand in hand”. By participating in projects of cross-border cooperation, countries and regions gain multiple benefits – at European, economic, political, institutional, and social-cultural levels. Experiences and examples of cross-border cooperation indicate that it contributes to competitiveness and sustainable economic development of local communities partaking therein. Political goals of regional cooperation and regionalization of European states are comprised, inter alia, in their efforts to contribute to equitable development in broader European political and economic space, through implementation of coherent regional policies and removal of disparities and inequalities.

Both the presentations of the panellists presented at the regional conference “*Foreign Policy Perspectives in Regional and Cross-Border Cooperation*” and the examples of projects of cross-border cooperation implemented at local level confirmed the importance of the development of regional development policies and affirmation of cross-border cooperation. These served as a basis for the **conclusions and recommendations** presented in this analysis.

Taking into account the fact that the isolation of regions and states in modern globalisation developments limits their competitiveness and development, *regional cooperation has become an imperative*. Through regional cooperation within and outside the European Union, i.e. through participation in projects of cross-border cooperation, states have greater possibilities and perspectives for the development. This has been confirmed by numerous projects of cross-border cooperation of Swiss regions with the regions within the European Union implemented in the wider Upper Rhine region. *In the process of regional cooperation, it is essential to ensure participation of central and local authorities, as well as the establishment of cooperation of the executive and legislative authorities*.

Importance of cross-border cooperation has been recognised and it is defined as a priority in foreign policies of Western Balkan countries. *Role of parliaments* in the implementation of these policies is of particular importance, as it contributes to the strengthening of bilateral relations and political stability. Western Balkan states can, already in

the pre-accession phase of EU integration through different funds and programmes, improve their regional development and capacities for use of structural and cohesion funds of the European Union once they become EU member states. However, there are no guarantees for these funds, as they are granted only to well prepared projects. Recommendations for more efficient preparation and implementation of projects are reflected in the need to establish own funds for regional cooperation programmes, identification of common interests and intensification of good relations between neighbours. *Development of state regional development strategies* and identification of border areas in developmental and strategic documents are an integral part of the successful implementation of projects of cross-border cooperation. In addition, experiences of other countries show that the efficient implementation of cross-border cooperation also implies *continuity in promotion of best practices and in education and informing of citizens*.

Although there is, in principle, an *internal political agreement in Bosnia and Herzegovina on the need to accept the European concept of a region and macro-regional approach*, BiH political actors *unfortunately have not achieved political consensus on the principles of regionalisation in BiH itself*. Therefore, Bosnia and Herzegovina, unlike other countries in the Western Balkans, does not have a regional development strategy or a legal basis for regional development in line with the European principles. Accordingly, from the point of view of full involvement in the European Union cohesion policy and possibility for efficient use of EU pre-accession funds and at a later stage EU structural funds, *Bosnia and Herzegovina will, in the future EU integration process, have to establish an efficient mechanism of coordination between different levels of government, strengthen institutional capacities for use of EU funds, intensify regional cooperation with neighbouring countries as a basis for use of funds for projects of cross-border cooperation, develop state development strategies and action plans, establish legal and institutional basis for regional development in accordance with the EU regional development policy and define statistical regions (NUTS regions) in accordance with the European Statistics Code of Practice*.

In terms of regional initiatives, such as the initiative for stronger cooperation within the Western Balkans Six, it can be concluded that although there are numerous initiatives of this kind, there is no sufficient coordination among them. Therefore, it is essential to *institutionalise regional initiatives*. In the future activities concerning the regional development, particular attention should be paid to the idea of the establishment of Euroregions in border areas in BiH which, from the perspective of economic development, are below BiH average.

Initiatives to establish regional connections, although numerous, are not mutually exclusive. They represent a logical following step in future integration policies from the aspect of foreign policy course of Bosnia and Herzegovina and countries in the region – Euroregions instead of the periphery.

⁴⁵ Such as establishment of a joint fund for regional development, following the model of the Visegrad Group Fond (Hungary, Slovakia, Czech Republic and Poland).

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