

# STRATEGIES FOR DEVELOPMENT OF MEDITERRANEAN CROSS-BORDER COOPERATION AS AN INSTRUMENT FOR INCREASING THE "WIDER" SECURITY

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**Abstract:** Cross-border cooperation (CBC) in the Mediterranean region is an effective instrument of the European Neighbourhood Policy (ENP) that gives different opportunities which have a positive influence on the aspects of the "wider" security – political, economic, social, ecological and cultural security. Seven members of the European Union and ten partners from the North Africa and the Middle East take part in the Mediterranean CBC.

The Mediterranean CBC is analysed as a system with two environments – external and internal. The report presents PESTEC-analysis and SWOT-analysis. Also, it shows the logical relation between external factors, internal characteristics and future results of cross-border projects. Applying a strategic tool of TOWS-analysis, it helps identify relevant strategic options that the Mediterranean CBC could pursue. Furthermore, the TOWS analysis enables to develop "maxi-maxi" strategies – those with the greatest potential for successful and effective CBC in regard to the aspects of the "wider" security.

**Keywords:** CROSS-BORDER COOPERATION, MEDITERRANEAN REGION, "WIDER" SECURITY, PESTEC-ANALYSIS, SWOT-ANALYSIS, TOWS-ANALYSIS

## 1. Introduction

Mediterranean cross-border cooperation (MedCBC) takes an important place in the general ENP policy context. Cross-border activities, outputs, achieved results and its effectiveness have an essential influence on the aspects of the "wider" security – political, economic, social, ecological and cultural security.

For the period 2007-2013 Med CBC was realized by seven EU members (Cyprus, France, Greece, Italy, Malta, Portugal, Spain) and six Neighbourhood partners from the North Africa and the Middle East (Egypt, Israel, Jordan, Lebanon, Palestine, and Tunisia). (Fig. 1). A total of 95 projects were awarded a total of €185,1 million (€107 million for 76 standards projects and the remaining €74,1 million for 19 strategic projects) [1].



Fig. 1 Map of the Cooperation area [1]

In this paper, the MedCBC is analysed as a complex system that has interconnected internal elements united by common goals, priorities, and principles. At the same time, the MedCBC system is under the influence of different external factors. The subject of research is MedCBC's capacity for strategic development. Therefore, the main purpose of this work is to propose strategies for development of MedCBC by applying strategic tools as PESTEC-analysis, SWOT-analysis, and TOWS-analysis.

There are some limitations in this study by:

- territorial limitations – Mediterranean cross-border region;
- time limitations – a mid-term perspective 2018-2020;
- a number of external factors and internal elements – 12 in each group;
- a number of strategies for development – between one and three strategies.

## 2. PESTEC-analysis

Focusing on external factors contributes to bringing out some specific causes that have positive and/or negative effect. A suitable method is PESTEC-analysis, an expanded version of PEST-analysis, which is required to fully understand the external macro environment. The outlined acronym consists the standard political, economic, social and technological factors of influence and two other groups of factors - ecological and cultural. All the six groups of factors are logically linked to the priorities and measures set out in the Mediterranean cross-border programmes under which CBC projects are being prepared. The effect of the priorities is aimed at improving the external environment, and hence the state of the various aspects of "wider" security.

An initial list of 48 external factors was formulated on the basis of literary and documentary studies. A control survey was prepared and was sent to experts (at European, national and local level), representatives of scientific institutions, business, and non-governmental organizations, randomly selected. They evaluated significant or insignificant is each of the factors.

The experimental sample represents 16% of the general set of potential evaluators to whom the control survey was sent. An imbalance is observed in the distribution by the EU Member States and EU partner countries - 81% of the respondents are the Member States, while only 19% are from non-EU countries (Diagram 1). Diagram 2 shows the distribution by type of institutions. 56% of the respondents occupy leadership or management positions.

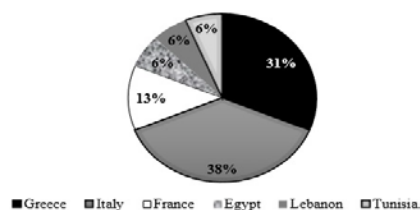


Diagram 1 PESTEC evaluators by country



Diagram 2 PESTEC evaluators by type of institution

Applying statistical tools as one sample Z-test, probability value  $P=95\%$ , significance level  $\alpha=0,05$ , twelve external factors (by two from each of the six groups) have been chosen like the most significant. (For more explanation about statistical methods and hypothesis testing to perform PESTEC-analysis see [2]).

The most significant components of PESTEC-analysis are:

- political factors: Cooperation agreements and financial instruments of EU/ENP (with positive effect), and Insufficient democracy and authoritarian regimes (with negative effect);
- economic factors (with positive effect): Resources availability (natural, human etc.) and Development of micro, small, medium enterprises;
- social factors (with negative effect): High rate of unemployment, especially among young people, and High levels of illiteracy, especially among girls and women;
- technological factors: Promote scientific research and facilitate the adoption of research results in commercial routes (with positive effect), and Overall technological delay of targeted regions (with negative effect);
- ecological factors (with positive effect): Awareness and understanding of environmental issues, and Effective and efficient utilization of natural resources;
- cultural factors (with positive effect): Improving the quality of education and Tourism development.

### 3. SWOT-analysis

The MedCBC's internal environment should be analysed and scanned too. It includes several groups of elements:

1.First group - the strategic objective of the MedCBC, sub-targets and target values to be achieved. For the period 2014-2020 there are:

- one General Objective - to foster fair, equitable and sustainable economic, social and territorial development, which may advance cross-border integration and valorize participating countries' territories and values;
- two Overarching Objectives – A. Promote economic and social development; B. Address common challenges in the environment;
- four Thematic Objectives - A.1. Business and SME development; A.2. Support to education, research, technological development, and innovation; A.3. Promotion of social inclusion and the fight against poverty; B.4. Environmental protection, climate change adaptation, and mitigation.

2.Second group – MedCBC's Content, including 14 principles, 11 priorities, budget and funding criteria, eligible costs;

3.Third group – MedCBC's Procedures: it brings together: authorities, structures and bodies that manage and administer the MedCBC (Joint Monitoring Committee, Managing Authority, National authorities, Audit Authority, Group of Auditors, Control Contact Points, Joint Technical Secretariat, Branch Office, National Contact Points, Project Selection Committee); and the procedural rules that these authorities follow in selection, approval, financing, and monitoring of projects;

4.Forth group - Participants: they can be classified to participants at European, national, regional and local level; another classification is Beneficent (EU)-Beneficiaries (eligible countries); Beneficiaries can be classified according to:

- their EU membership - eight eligible Member States and eleven eligible partner countries;
- their activity in MedCBC - active (seven Member States and six partner countries) and inactive (one Member State, United Kingdom, and five partner countries, Turkey, Algeria, Morocco, Libya, Syria);
- the level to which they belong - national, regional, local;
- the sphere of activity - state, regional and institutional, educational and research structures, business organizations, representatives of the non-governmental sector.

5. Fifth group - Results: there are several types of results, distinguished according to:

- their impact on the aspects of "wider" security - direct and indirect impact;
- the aspects of "wider" security that the results affect - political, economic, social, technological, environmental, cultural, mixed;
- the relations between results and objectives (see Fig. 2).

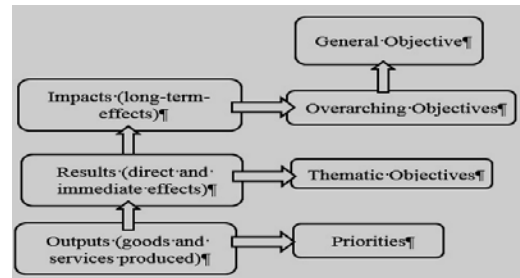


Fig. 2 Relations between results and objectives

The five groups of elements are not independent of each other but interact in the form of a dynamic complex. The stronger the connections between them are, the higher the effectiveness of their interaction is. The five groups of elements form the design of the MedCBC's internal environment. Its sustainability depends on:

- MedCBC capability for internal integration;
- MedCBC capability to adapt to external conditions.

In order to ensure the sustainability of its groups of elements, it is important the internal environment's strengths and weaknesses, opportunities and threats facing it, to be explored through SWOT-analysis.

For the study's benefits, experts were randomly assigned to two groups with mixed representation. The first group included ten experts who had the task of generating the maximum amount of characteristics from the four SWOT categories. For each of the internal groups and elements, strengths and weaknesses, opportunities and threats could be identified. Method of retrieving the SWOT characteristics is the so-called "unsynchronized virtual brainstorming" intuitive method.

The ten experts are representatives of eight countries of which just one is not part of the Mediterranean cross-border region. Diagram 3 shows a significant normal allocation by country. The distribution of the participants according to the institutions they represent is also fairly heterogeneous (see Diagram 4). 60% of the experts occupy leadership/management positions and the remaining 40% have executive/auxiliary positions.

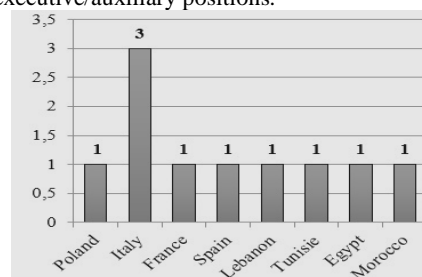


Diagram 3 Participants in the unsynchronized virtual brainstorming by country

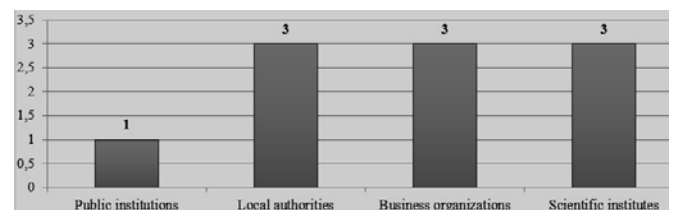


Diagram 4 Participants in the unsynchronized virtual brainstorming by type of institution

A total of 48 strengths and weaknesses, opportunities and threats had been generated. A five-degreed questionnaire was created in which experts from the second group reflected their

agreement or disagreement for each characteristic. The experts in the second group represent 27% of the general sample of potential evaluators. The sample could be defined as large, independent and on some signs evenly distributed. 83% of the evaluators are representatives of the EU Member States (Diagram 5). The percentage of the evaluators, by institutions of which they are a part, is fairly even (Diagram 6). The job positions of 54% of the respondents are expert/technical, and 46% are leadership/management.

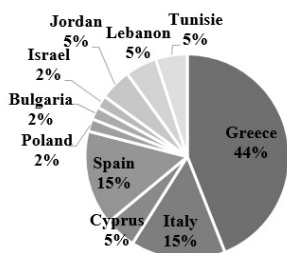


Diagram 5 SWOT evaluators by country



Diagram 6 SWOT evaluators by type of institution

Applying statistical tools as one sample Z-test, Spearman coefficient, probability value P= 95%, significance level  $\alpha = 0,05$ , twelve internal characteristics (by three from each of the four groups) have been chosen like the most statistically significant. (For more explanation about statistical methods and hypothesis testing to perform SWOT-analysis see [2]).

MedCBC SWOT-analysis includes:

- Strengths: Exchange of best practices; Clear priorities and measures, related to the goal; Clear and fair principles;
- Weaknesses: Complicated and bureaucratic project selection procedures and financial procedures; Difficulties in harmonizing project selection and financial procedures, caused by differences in national systems and legal basis; Limited financial resources;
- Opportunities: Creating multinational partnerships; Creating an appropriate model for measuring and evaluating the CBC's effectiveness, that would help the process of formulating future goals and priorities; Promoting strategic projects and capitalization projects;
- Threats: Strong bureaucracy and centralization; Procedures that are too complex and time-consuming; CBC budget amount is too low as a percentage of European Neighbourhood Instrument.

#### 4. TOWS-analysis

To construct a TOWS analysis, it is important to focus on the logical relation between the external factors, the elements of the internal environment and the cross-border projects' results.

For example, the first policy factor "Cooperation agreements and financial instruments of EU/ENP" is a prerequisite for the exchange of best practices (Strength) and the Opportunity of creating multinational partnerships. The results of the cross-border projects supporting this Strength and Opportunity would help to enhance political security in the Mediterranean cross-border region (see Fig. 3).



Fig. 3 Logical relation with positive influence on political security

There is also a logical relation between the negative political factor "Insufficient democracy and authoritarian regimes" and the difficulties in harmonizing project selection and financial procedures (Weakness), which poses the threat of too complicated and time-consuming procedures. The effectiveness of cross-border outcomes is limited by the negative influence of the external political factor and its effects on the MedCBC's internal environment (see Fig. 4).

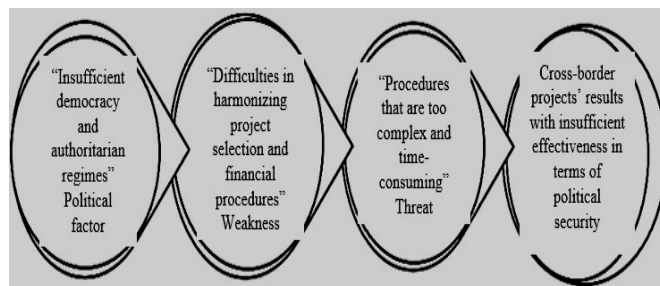


Fig. 4 Logical relation with negative influence on political security

Following the principle of logical relation, it is easier to understand and apply TOWS-analysis. As shown in Table 1, there are four types of strategies. These types of strategies help to identify relevant strategic options that MedCBC could pursue. Moreover, TOWS analysis can help MedCBC to see how it can take advantage of opportunities, reduce threats, overcome weaknesses and exploit any strengths. [3]

Table 1 TOWS-matrix

	Opportunities	Threats
Strengths	<b>SO</b> "Maxi-Maxi" Strategies – strategies that use strengths to maximise opportunities and effect of positive external factors.	<b>ST</b> "Maxi-Mini" Strategies – strategies that use strengths to minimise threats and effect of negative external factors.
Weaknesses	<b>WO</b> "Mini-Maxi" Strategies – Strategies that minimise weaknesses by taking advantage of opportunities and positive external factors.	<b>WT</b> "Mini-Mini" Strategies – Strategies that minimise weaknesses and avoid threats and negative external factors.

#### 5. Results of discussion

The main purpose of this research is to formulate between one and three strategies for MedCBC development. Therefore, the most proper type of strategies is the "Maxi-Maxi" Strategies - those with the greatest potential for success.

Using MedCBC strengths it could maximise its opportunities and effect of positive external factor "Cooperation agreements and financial instruments of EU/ENP". Three "Maxi-Maxi" Strategies are presented in Table 2 below.

Table 2 MedCBC strategies for development

	<p><b>Opportunities (O)</b></p> <p>1. Creating multinational partnerships;  2. Creating an appropriate model for measuring and evaluating the MedCBC's effectiveness, that would help the process of formulating future goals and priorities;  3. Promoting strategic projects and capitalization projects</p>
<p><b>Strengths (S)</b></p> <p>1. Exchange of best practices;  2. Clear priorities and measures, related with the goal;  3. Clear and fair principles</p>	<p><b>SO</b></p> <p><i>"Maxi-Maxi" Strategies – strategies that use strengths to maximise opportunities and effect of positive external factors</i></p> <p><b>S1-O1</b> Expanding the range of partnerships (including number of cooperation agreements) and strengthening already existing partnerships by using good experience and best practice.</p> <p><b>S2,3-O2</b> Creating better model for measuring and evaluating the MedCBC's effectiveness based on objectives, priorities and principles that are clear and comprehensible.</p> <p><b>S1,2,3-O3</b> Encouraging partners to initiate strategic projects and capitalization projects and to use available financial instruments more effective, applying the three Strengths.</p>

## 6. Conclusion

Three main tasks are implemented in this paper:

- examining MedCBC external factors of influence through PESTEC-analysis;
- exploring elements of MedCBC internal environment through SWOT-analysis;
- finding and explaining the logical relation between external factors, internal elements and cross-border projects' results with positive or negative influence on the aspects of the "wider" security.

By implementing these three tasks and the main goal is achieved - there are three MedCBC strategies for development, formulated applying TOWS-analysis. It does focus attention the areas where actions are required and given some indication of the nature of those actions.

This study provides a methodology that could be used and applied to other types of strategies, on the one hand, and to cross-border cooperations in other regions (e.g. Black Sea), on the other hand.

## 7. References

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