

TERCO

European Territorial Co-operation as a Factor of Growth, Jobs and Quality of Life

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1 Problem setting

Territorial co-operation has been gradually developing over the years into a comprehensive system of support within Europe. Not only is it an objective of Cohesion Policy (Objective 3), but it is also the basis of European Neighbourhood Policy (ENPI CBC). A new legal instrument has recently been created – the European Grouping for Territorial Co-operation – and many unsupported/spontaneous movements are also operating in the form of city networks, and non-EU-supported, macro-regional and country-specific types of co-operation.

With the growth in co-operation activities, there are increasing expectations for territorial co-operation to meet economic, social and environmental challenges formulated in various policy documents. In particular, territorial co-operation (TC) is expected to contribute to **economic development and competitiveness**,¹ **territorial integration**,² **good neighbourhood relations**,³ the **reduction of negative border effects between OMS and NMS** (or weaker/stronger regions),⁴ **city networking**,⁵ **labour markets**,⁶ and the **unification of natural ecosystems** divided by borders.⁴ However, in contrast to those expectations, territorial co-operation faces many weakness (see the Main Report Ch. 2.5.4), and accordingly there is a need for more studies that comprehensively analyse the different types of territorial co-operation at different levels (projects, programmes, regions) with comparable methods and data to find solutions.

The TERCO project has filled many of the gaps. It established the working definition of territorial co-operation, it built database on the twinning-city network for the first time, and it applied new methods that had never been used in research on territorial co-operation (i.e. models of successful co-operation and network analyses of twinning cities). It analysed five types of territorial co-operation (twinning cities, cross-border, interregional, transnational, and transcontinental) for the whole ESPON area as well as within nine case studies covering 19 countries.⁷ It carried out analyses at the various levels of beneficiaries/stakeholders, programme, and regions. TERCO also investigated the impact of the five TC types on socio-economic development (indicated by economic growth, job creation, and quality-of-life improvements) and various types of international flows (such as FDI, migration, and international trade). It also tackled the issue of the TC contribution to territorial integration. All TC types were examined for their current adequacy and future needs in terms of (i) geographical coverage, (ii) thematic domains, (iii) specific structures and (iv) governance.

This Executive Summary presents the results of the Main Report (MR) and the Scientific Report (ScR) with clear references to these documents. Other reference files include (i) the Bibliography, and (ii) the Abbreviations with Glossary, as well as four databases provided with the Final Report. The report contains new definitions related to TC and a short explanation of innovative data and methods for analysing TC (Section 2), evidence on how TC contributes to economic development and territorial integration (Sections 3 and 4), and discussion on the adequacy of current TC in terms of geographical and thematic coverage (Sections 5 and 6). Thereafter, a typology of co-operation in different types of regions is presented (Section 7), followed by a section on governance and good practices of TC (Section 8). The report concludes with key policy messages (Section 9) and propositions for future research (Section 10).

¹ Territorial Agenda of the European Union 2020 (2011), Towards an Inclusive, Smart and Sustainable Europe of Diverse Regions, Gödöllő, Hungary, p.7; Fifth Cohesion Report (2010), Investing in Europe's future. Fifth Report on Economic, Social and Territorial Cohesion, European Commission, p.235; The Territorial State and Perspectives of the European Union (2011), Background document for the Territorial Agenda of the European Union 2020, Gödöllő, Hungary, p.13; Böhme, K., Doucet, P. *et al.* (2011), How to strengthen the territorial dimension of 'Europe 2020' and the EU Cohesion Policy. Report based on the Territorial Agenda 2020, Warsaw, p.20.

² Territorial Agenda of the European Union 2020 (2011), p.7; Fifth Cohesion Report (2010), p.202.

³ The Territorial State and Perspectives of the European Union (2011), p.28; Territorial Agenda of the European Union 2020 (2011), p.7.

⁴ The Territorial State and Perspectives of the European Union (2011), pp.13 and 27.

⁵ Territorial Agenda of the European Union 2020 (2011), p.7.

⁶ Proposal for a Regulation of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund to the European Territorial Co-operation goal (2011), European Commission, p.3..

⁷ Belgium (BE), Bulgaria (BG), Czech Republic (CZ), Germany (DE), Spain (ES), Finland (FI), France (FR), Greece (EL), Latin America (LAT.A.), Morocco (MO), Norway (NO), Poland (PL), Russia (RU), Sweden (SE), Slovakia (SK), Turkey (TR), Ukraine (UA), United Kingdom (UK).

2 New definitions, data and methods for investigating TC

Based on a comprehensive literature review (see ScR, Part I, Ch. 2), territorial co-operation (TC) has been defined as 'collaboration between administrative bodies and/or political actors in Europe and beyond, representing their respective territories, which can also engage other stakeholders as long as their involvement is within the same institutionalised framework'.

Five types of TC fulfilling this definition were investigated: (i) **Twinning City co-operation** – between cities or communes having twinning-city agreements that are either adjacent (e.g. Twin Cities) or distant (e.g. Sister Cities); (ii) **Cross-border co-operation** – among NUTS 3 regions and their non-EU equivalents that are neighbours across a national border (INTERREG A); (iii) **Interregional co-operation** – among NUTS 2 regions and their non-EU equivalents located in different countries, not directly neighbouring across a national border (INTERREG C); (iv) **Transnational co-operation** – among NUTS 2 regions and their non-EU equivalents co-operating within close proximity to each other within boundaries of some larger geographical macro-region, such as Baltic Sea, Alpine, Mediterranean regions (INTERREG B); and (v) **Transcontinental co-operation** – among regions and cities in the EU (at levels of NUTS 3, NUTS 2, and LAU 2) undertaking co-operation with equivalent non-EU territorial units located in other continents (see ScR, Part II, CSs on co-operation of Spain with Morocco, Argentine and Uruguay). Apart from that, considerable attention was devoted to the **European Grouping of Territorial Co-operation** (EGTC) based on separate case studies (see case study on Governance in ScR, Part II, Ch. 2.10) and other territorial co-operation activities/programmes (for a full list, see MR, Table A2).

The methods in the project were chosen to complement each other. First, desk research was carried out, producing a comprehensive literature review and extensive data collections. The conceptual model of successful territorial co-operation was derived from the former, and unique databases were created from the latter, focused on twinning cities and transcontinental co-operation. Second, case studies were carried out in 19 countries based on standardised electronic questionnaires and in-depth interviews, which provided the necessary data to realise the conceptual model empirically. Once the primary data had been collected, it was used as a basis for calibrating the Structural Equation Model called the TERCO-SEM. Secondary data, on the other hand, facilitated the creation of typologies and patterns of territorial co-operation and its determinants. Additional cases studies were carried out to investigate governance issues and the EGTC in greater detail (read more about methodology in ScR, Part I, Ch.1).

3 Impact of Territorial co-operation on development

Impact of TC on socio-economic development is positive but weak

The impact of TC instruments on joint socio-economic development (growth, jobs, and quality of life) of co-operating regions is statistically significant and positive. However, the surveyed TC beneficiaries indicated that the impact is minimal to moderate, depending on the type of TC programme and aspect of development. Among the five main types of TC investigated, according to respondents, INTERREG A had the highest impact on socio-economic development, followed by INTERREG C and Transcontinental co-operation, and then INTERREG B and Twinning City agreements.

Impact of TC is mainly manifested by its influence on quality of life

From all the aspects of socio-economic development, TC had the greatest influence on **quality of life**, then on quality of natural environment and service provision, rather than on economic growth and job creation. However, TC does influence the latter indirectly, through facilitation of knowledge exchange, solving common problems vital for development. Directly, and with higher funding, the issue of economic development is addressed under national and regional Cohesion Policy programmes.

TC also has small but significant and positive **impacts on various flows and exchanges that facilitate development**. The largest impacts are on **tourism, educational exchange** and **social commuting**. There is almost no influence on FDI or migration. INTERREG A has the highest influence on tourism, INTERREG B on social commuting, INTERREG C on educational exchange, Transcontinental on tourism, educational exchange and international trade, and Twinning Cities on tourism and educational exchange (MR, Figure 3 and Table A4).

TC's contribution to cohesion depends primarily on the forms, domains, stakeholders and resources

The probability of successful territorial co-operation - defined as that which brings the highest, joint socio-economic development to the co-operating territorial units - is highest when it is based on simpler **forms** of collaboration. They include *exchanging experience* and *sharing tools to tackle common problems*. This is because such co-operation contributes to the trust-building and is a prerequisite to development of more advanced forms of co-operation such as *jointly implementing common actions or investments to solve local problems* and *jointly implementing a spatial strategy*. This may seem surprising, but it can be explained in that more ambitious forms may simply require more experience and time to produce the desired effects.

The probability of success occurred relatively higher when the **domains** of co-operation are *cultural events, tourism, economy, protection of natural environment or building physical infrastructure*. This is explained again by the fact that those domains are relatively easy to implement, which increases the probability of positive outcomes, especially in terms of quality of life. It also matters who the **stakeholders initiating TC** are, with the probability of TC success being higher if they are *NGOs and local and regional government*, rather than Euroregions and other cross-border institutions, national government, EU bodies, development agencies or chambers of commerce. With regard to **resources involved**, the most successful TC projects were funded from *own or EU sources* rather than public-private partnerships, foreign partners or national funds other than own.

Summary: The direct impact of TC instruments on socio-economic development is rather weak since it is not the main goal of this instrument. Mostly this impact is noticed in increased quality of life. However, indirect impact of TC on socio-economic development is more vital, through building trust and competencies among co-operating actors. The contribution of TC to cohesion depends primarily on TC forms of collaboration, domains and stakeholders initiating it and the resources applied.

Read more: on socio-economic impact of TC – ScR, Part II, Ch.1; on successful TC – ScR, Part I, Ch.3.

4 Territorial co-operation as a means of territorial integration

According to TC stakeholders, TC brings territorial integration in certain cases

The TERCO survey shows that territorial co-operation contributes to territorial integration - defined as jointly solving cross-border problems on both sides of the border by means of co-operation - in particular cases.

The highest percentage of respondents indicated that territorial integration was achieved thanks to INTERREG A. In fact, this type of co-operation was the only one in which respondents from all case studies confirmed evidence of territorial integration (ca. 39 percent of respondents from the case study on Greece-Turkey-Bulgaria, ca. 28 percent from the case study on Finland-Russia, and ca. 26 percent from the case study on Poland-Czech Rep.-Germany – see Table 1). Low values for the Belgium-France case study are explained in MR 2.5.1. Examples of territorial integration achieved thanks to INTERREG A are: the provision of cross-border healthcare access e.g. cross-border Centres for Public Health on the Greece-Bulgaria border (case study on Greece-Turkey-Bulgaria), developing missing cross-border transport links (case study on Finland-Russia), and retaining water in upstream regions to avoid floods in downstream regions e.g. on Poland-Germany border (case study on Poland-Czech Rep.-Germany).

Quite often, territorial integration was also declared in twinning cities co-operation, especially in the cases of Greece-Turkey-Bulgaria, Poland-Czech Rep.-Germany, UK-Norway-Sweden, and Poland-Slovakia-Ukraine. In most case studies, 20-26 percent of respondents declared that territorial integration was achieved within this type of co-operation (see Table 1). Examples of city networks contributing to territorial integration include the 'Network of Cities of the Carpathian Euroregion', which integrates cities by promoting the Carpathian Euroregion as a network of cities worth visiting in each country, and the 'WHO European Healthy Cities Network', which integrates cities through the exchange of good practices, knowledge and internationalisation of their business.

Within INTERREG B, greatest experience in joint-solving cross-border problems was visible in the case study of Belgium-France co-operation, where ca. 18.5 of respondents experiencing territorial integration declared it was thanks to INTERREG B. Evidence of territorial integration was also reported in the co-

operation between UK-Norway-Sweden and Greece-Turkey-Bulgaria (see Table 1). The Northern Periphery Programme is an example of co-operation contributing to territorial integration, as it increased accessibility through providing advanced ICT and transport.

Table 1: Territorial Integration identified by respondents in case studies

Case Study	Jointly solving cross-border problems by co-operation				
	Twinning Cities	INTERREG A	INTERREG B	Share of respondents declaring joint solving cross-border problems	All respondents
CS1: Belgium-France	0.0	11.1	18.5	29.6	100.0
CS2: Finland-Russia	11.1	27.8	0.0	38.9	100.0
CS3: Poland-Slovakia-Ukraine	19.6	8.9	1.8	30.3	100.0
CS4: Poland-Czech R.-Germany	23.3	25.6	2.3	51.2	100.0
CS5: Greece-Turkey-Bulgaria	25.9	38.9	13.0	77.8	100.0
CS6: UK-Norway-Sweden	21.1	19.7	14.1	54.9	100.0
CS7: Spain-Morocco, Uruguay, Argentina	4.5	4.5	0.0	9.0	100.0

Source: Based on TERCO electronic survey (see questionnaire in ScR, Part I, Annex 1).

Note: Relative column shares are indicated as high (red), medium (black) or low (blue).

Summary: Not all TC generates territorial integration, but most evidence of integration was found in INTERREG A programmes, which include various forms of cross-border services triggering mutual flows (e.g. transport, commuting, tourism).

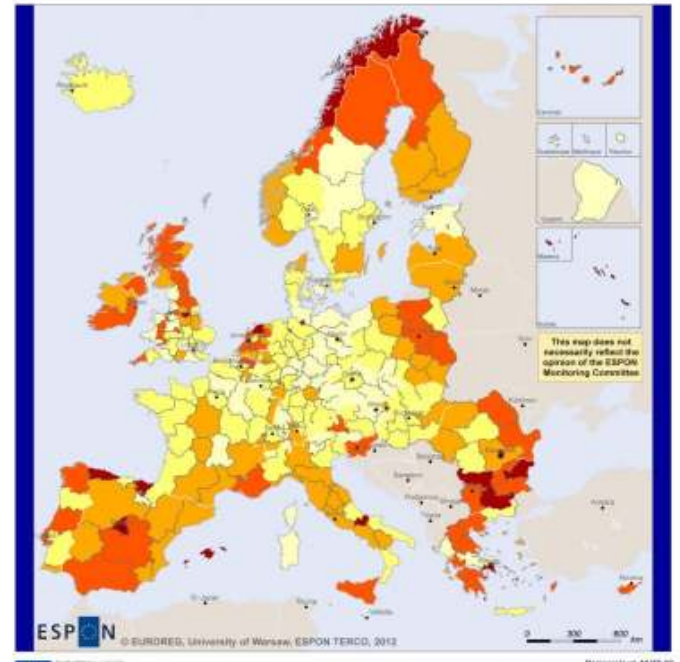
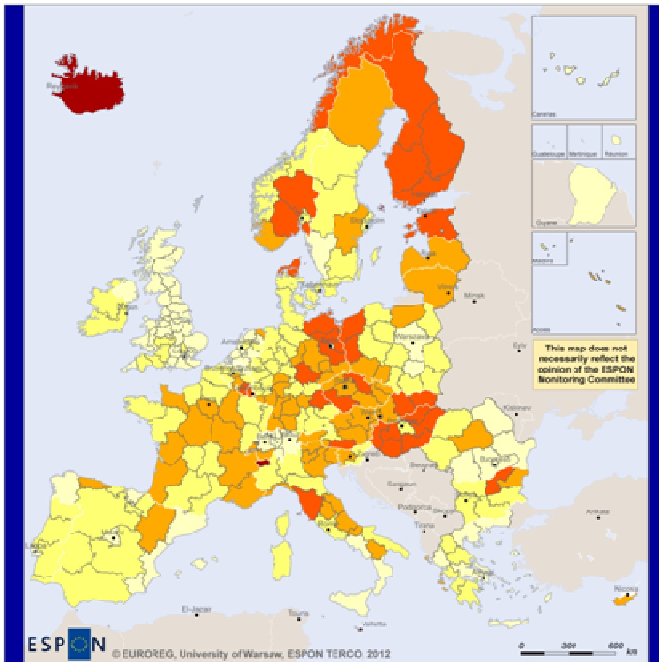
Read more: on integration – MR, Ch. 2.5.1, 2.5.2; on Case Study Reports – ScR, Part II.

5 Adequacy of territorial co-operation geographical areas

Current TCs are well delineated, though some new TC areas are possible

Various types of territorial co-operation complement each other quite well in the ESPON area (see Map 1). This is because the eligibility criteria and abilities of co-operating partners complement each other among different types of co-operation. Twinning City co-operation occurs in regions with the highest number of municipalities, such as France, Italy, Spain and Germany and in large cities. The number of Twinning Cities related to population is highest in the border regions (Map 1, top left). In addition, co-operation of this type takes place with the closest neighbours, because historical and cultural links are most important for establishing this co-operation (see MR, Map A4). It is also evident that cities in peripheral regions tend to have more twinning-city agreements, especially outside the ESPON area, as a means of feeling more connected (Map 1, top right). In contrast to unrestricted twinning-city agreements, INTERREG A and B co-operation takes place in the strictly delimited regions: border regions of EU countries in the former case and macro-regions in the latter (see legend of Map 1- bottom left for INTERREG B programmes). Accordingly, the choice of co-operation partners and regions is predetermined in those cases. By contrast, in the case of INTERREG C, co-operation is significantly broader because partners from different parts of the continent are preferred. Most project partners involved in INTERREG C are located in North Italy, South Spain, Estonia, Latvia, Lithuania, Finland, Hungary and Greece. Last but not least, transcontinental co-operation with North Africa or South and North America is based on historical links and the political will of the partners. Consequently, most co-operation with South America is within Spain, Portugal and Italy (MR, Map 4); while co-operation with the USA is within Ireland, France, Italy, Germany Switzerland and Spain (MR, Map A5); and with North Africa it is mainly within Spain (see Scientific Report, Part II, Ch. 2.9).

Map 1: Geographical coverage of ESPON area: a) Twinning Cities per 100,000 population (top left), b) links of Twinning Cities with non-MS (top right), c) INTERREG B (bottom left), d) INTERREG C (bottom right)



Regional level NUTS 02
Source: EUROREG, University of Warsaw, 2012
Origin of data: EUROREG, University of Warsaw, 2012
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Regional level NUTS 02
Source: EUROREG, University of Warsaw, 2012
Origin of data: EUROREG, University of Warsaw, 2012
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Legend
Twinning cities agreements per 100 000 population

0.0 - 2.0
2.1 - 4.0
4.1 - 6.0
6.1 - 12.0
12.1 - 22.1
No data

Legend
Per cent of non-ESPON space twinning cities agreements

0.0 - 10.0
10.1 - 20.0
20.1 - 30.0
30.1 - 50.0
50.1 - 94.0
No data



Regional level NUTS 02
Source: EUROREG, University of Warsaw, 2012
Origin of data: EUROREG, University of Warsaw, 2012
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Regional level NUTS 02
Source: EUROREG, University of Warsaw, 2012
Origin of data: EUROREG, University of Warsaw, 2012
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Legend
Number of project partners in INTERREG IVB programmes (as of January 2011)

Alpine Space	Northern Periphery
Atlantic Area	South East Europe
Central Europe	South West Europe
Mediterranean	Baltic Sea Region
North West Europe	North Sea Region

Legend
Number of project partners in INTERREG IIC and IVC programmes

80
40
10

Source: TERCO results.

Note: The names INTERREG IVB and IVC are used in the project as abbreviations for transnational and interregional cooperation programmes launched since 2007 (read the explanation in ScR I, Ch.4)

Hence, there is no immediate need for the geographical expansion of TC programmes. However, detailed analyses of co-operation overlaps revealed that some regions could potentially benefit from extended eligibility of the INTERREG B areas, as the institutional links are already there, particularly from intensive twinning-city co-operation. Map 2 shows those territories that could benefit from extended eligibility of INTERREG B to more than one macro-region: the central and north-west regions of Germany, eastern regions of the Netherlands, regions of the Massif Central in France, the Romanian North-East region and Iceland.

Map 2: Areas that potentially could benefit from belonging to two INTERREG B programmes



Source: TERCO results

Summary: There is good coverage of TC in the ESPON area, and good co-operation contacts beyond ESPON space, but expansion is still possible that may bring additional benefits.

Read more: on delimitation of extended INTERREG B regions – MR, Ch.2.3; Maps of co-operation of each type – Annex 1 of MR.

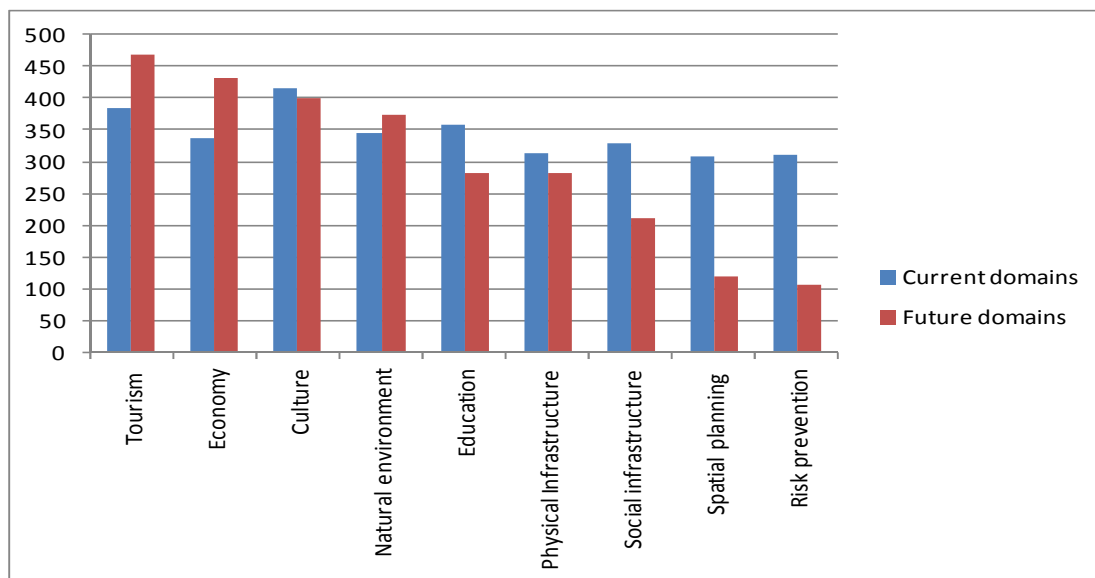
6 Adequacy of territorial co-operation thematic areas

Domains of co-operation evolve over time with growing experience in TC

The most popular **current domains of TC** (analysed by case studies) are **culture, education, tourism, environmental protection** and **infrastructure development**. Other less frequent domains include social and health care, technology transfer, spatial planning, cross-border employment, mobility and transport, sustainable management of rural areas, and economic exchange. With regard to **future**

domains, the respondents seek a shift towards **economy, tourism** and **natural environment**. Conversely, culture, education, infrastructure and spatial planning may decline in popularity (see Figure 1).

Figure 1: Respondents' opinion on current domains of TC vs. domains desired in the future



Source: Base on TERCO electronic standardised questionnaires (frequency of responses).

In most old Member States (and also in Norway), **synergies between different domains** are planned at the very early stages of programming new TC projects. By contrast, in new Member States, synergies are investigated ex post after completion of the projects, and in non-MS European countries synergies are generally rare. In old Member States, synergies are considered for a group of projects or even the whole programme, and in this process the role of higher-level institutions (such as regional councils, joint technical secretariats) is often very important. In other cases, it is based on informal activities and reflection, evolving towards a stable framework such as EGTC and national and international positioning. In these cases, the synergy effect is often one of the factors taken into consideration during programming and planning, e.g. pro-active project clustering in which programme bodies identify projects with similar themes. By contrast, in new Member States, synergies are not considered very often, not only before but also after project completion. Nonetheless, even in these countries some synergies do occur: in space (within one country and cross-border), in complementary domains (culture/education/tourism/infrastructure, risk prevention/disaster management/education, social infrastructure/social entrepreneurship), and in time (follow-up projects, exchanging experience, building mutual trust).

Infrastructure projects are still needed but only as a path to mainstream investments

Interest in infrastructure projects within TC differs among countries, but the majority of respondents still wanted it to remain a domain of TC. Those most in favour of infrastructure were the new Member States (80 percent of electronic survey respondents) and non-Member States (79 percent); the old Member States were less in favour (66 percent).

The groups of countries also differ with respect to the type of infrastructure they prefer. Old Member States have most of their investments involved in *cultural facilities* and *schools*, while the smallest percentages are in railways. The new Member States have been more involved in *roads* but also in *cultural facilities*. The smallest percentages are recorded by this group in railways and hospital/medical facilities. The non-Member States favour *cultural facilities* and *schools*, with the smallest percentages accounting for railways and wastewater management. In relation to the non-continental group, infrastructure related to *cultural facilities* (26 percent) and *schools* (14 percent) are the highest.

According to the respondents, the most appropriate types of TC for infrastructure investments were INTERREG A (indicated by 67 percent), followed by Twinning Cities (42 percent) and INTERREG B (30

percent). Obviously, infrastructural investments are less relevant in INTERREG C and Transcontinental co-operation because of the larger distance between the co-operating regions.

Hence, infrastructure is an important theme of TC but it depends on TC type. First, it contributes to accessibility, which is one of the 'territorial keys' (Böhme, Doucet *et al.*, 2011),⁸ and second, it is still demanded by the programme participants, especially in new and non-Member States. Moreover, supporting infrastructure is consistent with the ESDP agenda, which indicates that within territorial co-operation, 'support should be given to actions that seek to improve the physical interconnection of territories' (CEC, 2005, p.32).

Limiting co-operation issues rather than domains is desirable

No single domain of co-operation is able to solve complex problems, while at the same time there is financial pressure on TC to focus on a more thematic approach. It is suggested that those two factors can be satisfied simultaneously, not by limiting the choice of TC domains but by prioritising issues that TC should address. Case studies showed that such TC priority issues could be the 5 territorial keys: accessibility, services of general interest (social, welfare and health services in particular), city networks, functional regions, and territorial capacities/ endowments/assets (Böhme, Doucet *et al.*, 2011).¹⁰ Solving particular problems within those policies may require supporting several domains at the same time, and therefore domains as such should not be restricted because they will differ from issue to issue. This approach would also be in line with the Commission's draft regulation on European Territorial Co-operation.⁹

Summary: An issue-based approach is recommended rather than a domain-oriented one. Infrastructure projects are still needed, but only as a path to mainstream investments; non-investment themes are also important because they lead to greater trust amongst partners, good neighbourhood relationships, and establish the basis for more complex co-operation in the future.

Read more: on issue-based approach in policy recommendations - MR, Ch.4 on thematic areas of TC; on justification of investment within TC - MR, Ch. 3.2.2

7 Territorial co-operation in different types of regions

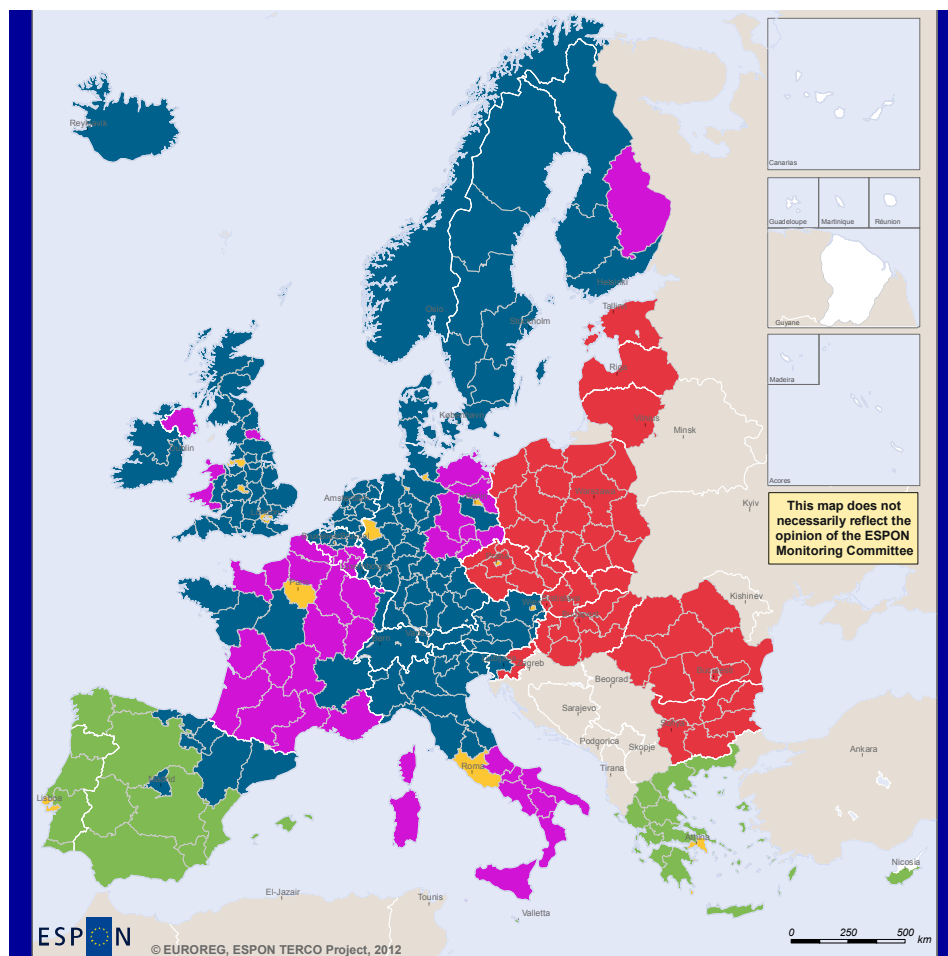
The following general types of territories could be distinguished from the perspective of territorial cooperation, based on average values (see Map 3). Type 1 regions with **Twinning City territorial co-operation** prevail in new Member States in the eastern part of Europe. In this type, twinning-city cooperation per number of the population, regional income, and number of municipalities was the strongest. Low GDP obviously does not exclude those regions from this relatively cheap co-operation that connects them with the core of Europe and neighbouring countries. Type 2 regions are **INTERREG-oriented with high co-operation beyond the ESPON area** and comprise relatively attractive regions with good overseas connections – regions of Spain, Portugal, and Greece are included in this category. This type is characterised by the largest average distance between the twinning cities within the ESPON area and a very high share of linkages reaching beyond this area. On the other hand, co-operation per inhabitant, regional income and the number of territorial governments were rather poorly developed. Type 3 regions exhibit a **relatively low range and intensity of territorial co-operation**. Regions in this category are performing relatively worse than their countries' average, such as eastern Germany or southern Italy. Territorial co-operation in such regions is well developed in terms of demographic and economic potential, but it remains one of the weakest relative to the number of municipalities. Type 4 comprises **hubs of territorial co-operation**, and it occurs in the city-regions. It mainly consists of regions which, due to the respective administrative divisions, were encapsulated within the boundaries of large cities. In this particular type, territorial co-operation per territorial government is the most extensively

⁸ Böhme, K., Doucet, P., Komornicki, T., Zaucha, J. and Swiatek, D. (2011) How to strengthen the territorial dimension of 'Europe 2020' and the Cohesion Policy, Polish Ministry of Regional Development, Warsaw.

⁹ Proposal for a regulation of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund to the European territorial co-operation goal, Brussels, COM(2011) 611 final, 2011/0273.(COD):<http://www.europarl.europa.eu/RegistreWeb/search/simple.htm?fulltext=2011/0273%28COM%29>.

developed. Type 5 relates to regions with **medium-range and intensity of territorial co-operation** and occurs in the remaining regions, constituting the ESPON average. Linking types of TC with different types of regions contributes to understanding the geographical distribution of various TC types within the ESPON area.

Map 3: Territorial co-operation in different types of regions



EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

Regional level: NUTS 2, 2006; NUTS 0 for NO and CH
Source: EUROREG, University of Warsaw, 2011
Origin of data: ESPON TERCO Project, 2012
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Territorial cooperation in different types of regions

- Type 1: Twinning city oriented territorial co-operation
- Type 2: INTERREG oriented with high cooperation beyond the ESPON area
- Type 3: Relatively low range and intensity of territorial cooperation
- Type 4: Hubs of territorial cooperation (resulting from specific administrative divisions)
- Type 5: Medium range and intensity of territorial co-operation (constituting the ESPON area average)
- No data

8 Governance and good practices of territorial co-operation

There is no ideal framework for all TCs, but good partnership is essential

Governance structures, legal instruments and institutional frameworks play a key role in territorial co-operation efforts. However, **there is no ideal, generic framework for TC**. This study shows that one **prerequisite of good governance is good partnership**, at best **involving the state, the private sector, foundations and civil society at large**. This is particularly important in more peripheral regions with limited prospects for short-term 'returns' on social investment and where multiple support mechanisms are needed in order to nurture entrepreneurial activity.

The research findings are in line with the theoretical literature that partners prefer a bottom-up approach that is locally driven. However, a certain amount of rules and regulations in relation to budgets and

guidelines for co-operation is required in order to ensure stability and consistency of TC efforts. Nevertheless, TC should be flexible in terms of size, scale and scope to adapt activities to changing economic, social and political circumstances. Having such flexibility is particularly salient in times of economic crisis.

Despite a preference for a bottom-up approach amongst the actors involved in TC, they recognise that a top-down element to TC gives programmes a strategic focus. Programme authorities have a key role in adding value to project applications by engaging with applicants and bringing different projects together. Many programme authorities are already doing this, but some take it one stage further.

There should be recognition amongst policy-makers of the different levels of maturity in TC. In the initial phase, when TC is 'new', the motivation, scale and measurement are different from when TC is consolidated or TC efforts are embedded. This does not only relate to programmes. It should also be taken into account in order to attract new partners in existing programmes.

All in all, flexible, devoted partnerships with clear leadership are essential for good governance. In this sense, there has been an increasing drive for further harmonisation of legal frameworks in order to facilitate TC. The development of the European Grouping for Territorial Co-operation (EGTC), a European legal instrument that was introduced in 2006, provides a new opportunity for this objective. It aims to organise TC in a flexible yet structured and organised manner that can include actors from different levels that have competencies to implement solutions for TC.

Identified good practices are potentially transferable to other projects

Good governance practices - in particular innovative approaches that aim to overcome barriers and institutional constraints - identified in the research are of two types: in new Member States, they are usually local/locally-driven initiatives, whereas in old Member States they are more advanced structures and governance solutions. They seem to be transferable to other projects, and they include, for example:

- A multi-level governance approach: ENPI thematic calls are developed in co-operation and negotiated with the grassroots level, regional councils who are considered as key actors. This facilitates a strong level in coordinating bottom-up initiatives and 'channelling down' higher-level regulation.
- Inter-communal partnerships: to implement larger infrastructure projects or coordinate long-term co-operation within the same set of partners (communes).
- Civil society fora: they can provide a platform for discussion, exchange and building common knowledge and finding (future) partners. They are also considered useful instruments in the process of elaborating programme strategies
- The availability of seed money or preparatory funds: for example, in the Northern Periphery Programme, projects can benefit from increased guidance in the development stage whilst at the same time programme bodies can shape projects according to the overall strategic needs of the programme area (see MR Table A7 and A8).

European Grouping for Territorial Co-operation provides a new opportunity to organise TC

The implementation of EGTCs has in many cases been regarded as a way to harmonise legal frameworks and provide a multi-level governance framework that gives practical impetus to the principle of subsidiarity. This rather new European instrument has, until now, been scarcely implemented, but it is strongly promoted by the CoR and is also supported by the Commission's proposal on a future territorial co-operation framework (Com 2011/611/final 2). The EGTC tool is acknowledged as being extremely useful when implemented, as it provides security, stability and visibility for territorial co-operation groupings, as well as reducing multi-level mismatch. Besides, current propositions of EC (e.g. possibility for non-EU MS to participate in a bilateral EGTC, redefining status of EGTC, etc.) address some previous loopholes.

Summary: There is no ideal framework for all TCs, but good partnership among various actors is essential; identified good practices are potentially transferable to other projects.

Read more: ScR Part II, case study on Governance and EGTC, Ch.2.10.

9 Key policy messages for European Territorial Co-operation

The TERCO results indicate that the main contribution of EU-supported TC to cohesion and development lies in institutional capacity-building, the professionalisation of staff, the circulation of innovative management ideas, strategies, and education. This is particularly the case for disadvantaged regions, such as those at the EU's external borders. Those elements are vital for development and territorial integration because they facilitate various flows (of people, goods, and capital such as FDI) which otherwise would not cross the borders. However, these are long-term processes, and therefore stability of funding for European Territorial Co-operation activities should be assured to secure the benefits.

General policy recommendations

1. Rethinking the issues addressed by TC would be beneficial. There is a general consensus for a more focused thematic approach, but it should not be achieved by limiting the list of TC domains but rather the list of specific issues that TC should address. Actors on the ground, involved in stable partnerships and building a common strategy process, should be able to determine the themes most applicable to their context. Accordingly, the solution would be to specify a list of priority issues that TC should address. The case studies show that those issues could be: accessibility, services of general interest (social, welfare and health services in particular), city networks, functional regions, and territorial capacities/endowments/assets) – 5 territorial keys. At the same time, the choice of domains to tackle those issues should remain open.

2. Infrastructure investments in TC projects should be conditional. Generally, infrastructure within TC programmes could still be eligible for support, but only if it contributes to the solution of particular problems (it should not be a goal in itself). TC should focus on innovative, small-scale pilot projects with the aim of supporting the scaling-up of successful pilot projects for financing under other EU funding streams that have larger budgets, as well as through domestic funding. In that case some synergies could be achieved between ETC and those external funds (e.g. ETC project dedicated to feasibility studies). Investments in border crossings were postulated in case studies on PL-SK-UA and FI-RU as a means of increasing benefits from exchange (of people, goods and capital). For example, benefits from Russian accession to the WTO could be more widely spread through such investments.

3. A change in focus is needed within TC structures in which civil society networks and local-regional co-operation are prioritised and eligible for more generous and specifically-targeted support. Encouraging the involvement of different types of partners (NGOs, business, local population) in TC projects was especially mentioned in the case studies on UK-NO-SE and EL-TR-BG, and investments in capacity-building and human resources to support enterprises as partners in TC projects were emphasised in the case studies on FI-RU, PL-SK-UA and PL-CZ-DE. One way to encourage NGOs would be to initiate pre-financing. Encouraging the participation of private sector partners can be difficult due to complex State Aid and competition rules but could be improved by: including private sector partners in programme development (INTERREG); including private sector partners as subsidiary beneficiaries; organising TC business forums to actively engage the business community, exchange experience and build confidence; and by further engagement of the National Contact Points with the business community.

4. Co-operation partnerships, rather than mere projects, should be a target of multi-annual support. One possible strategy would be to develop international networks between public, private and non-profit sector actors that provide assistance to emerging and future private and social entrepreneurs through a variety of means, including support in project development, securing grants (including the provision of guarantees), and assistance in acquisition and provision of loans and investment capital, as well as training, advisory, logistical and informational support. Furthermore, such support would not only reduce one-sided grant dependency but also establish greater rapport between CSOs and local governments.

5. New TC support structures could promote collaborative forms of policy formulation and delivery based on partnerships involving the state, the private sector, and foundations, as well as civil society at large. This is particularly important in more peripheral regions with limited prospects for short-term

'returns' on social investment and where multiple support mechanisms are needed in order to nurture entrepreneurial activity.

6. Efforts could be undertaken to develop new, user-friendly 'delivery mechanisms'. Decreasing administrative burdens, and simplifying and increasing the flexibility of procedures in INTERREG projects, were postulated especially in the case studies on FI-RU, PL-SK-UA, PL-CZ-DE and EL-TR-BG, and a need to shift the focus from rules to results was raised in the case study on PL-CZ-DE. It was underlined in the case study of PL-CZ-DE that super-regional and common spatial planning should be a precondition for the future co-ordination of TC activities.

7. More advanced models of governance and a 'light touch' top-down approach are recommended to give TC programmes a strategic focus. Evidence shows that top-down elements in TC foster strategic focus in programmes (read more in case study on Governance, ScR, Part. II, Ch. 2.10), and a need for multi-level governance was postulated in the case study on PL-CZ-DE.

Policy recommendations by TC types

8. Networking of twinning cities is quite restricted by distance, hence the strongest co-operation is among cities from neighbouring regions. In order to make this network expand geographically, policy support would be needed to overcome the distance barrier. The study shows that a network of cities is able to generate territorial integration and forms a precondition for more complex co-operation scope. However, not every twinning city has enough substance (e.g. some of them do not bring any development of territorial integration or are only façade co-operation – see MR, Ch. 2.5.1).

9. In the case of **INTERREG A**, possible benefits would result from delimitating eligible areas based on issues/problems they aim to resolve, rather than on arbitrary distance or the administrative boundaries of the regions. One such possibility is an INTERREG A strand programme between coastal regions in Norway and the east coast of Scotland – due to the distance between the two areas, such a programme is currently not permitted. A cross-border programme in INTERREG A fashion could also be launched for transcontinental co-operation with North Africa, and South and North America. In order to overcome physical barriers, those TC programmes could take steps to develop ICT, drawing on their partner databases, and make seed money available to allow partnerships to develop the preparatory stage of a project (see ScR, Part II, case study on UK-NO-SE, Ch. 2.4).

10. In the case of **INTERREG B**, possible benefits would result from extending the eligibility criteria so that regions such as the central and north-west regions of Germany, eastern regions of the Netherlands, regions of the Massif Central in France, the Romanian North-East region and Iceland could belong to more than one INTERREG B programme. The existing established links are most likely to benefit from such flexibility. In addition, the Carpathian region could be supported as a single ecosystem rather than a combination of various sub-regions (see ScR, Part II, case study on PL-SK-UA, Ch. 2.2).

11. INTERREG C could have a stronger contribution to territorial integration if further consideration is given to identifying the most appropriate/effective issues tackled by this co-operation, networks of partners, and means of targeting within this particular co-operation type.

12. Transcontinental co-operation should expand through: (i) a top-down approach to the coordination of activities, a more rigorous evaluation of programmes, stable financing that includes clear commitment from the EU to multi-annual programmes and budgeting, and matching funds among partners (ScR, Part II, case study on Spain-Morocco, Ch. 2.9); (ii) improvement of information diffusion for more complementary actions by public and private organisations and agents towards new areas of co-operation (ScR, Part II, case study on Spain-Argentina, Ch. 2.7); and (iii) the interests of Latin America and North Africa in establishing multi-regional territorial co-operation, i.e. linking several regions in Latin American or North African countries with various regions/countries in Europe.

10 Directions for further research

Using TERCO data and methods for further research

Further research could extend TERCO data and methods by: (i) enriching the quantitative database on twinning cities with qualitative analyses to find out how much substance is behind the co-operation and identify the historical reasons for establishing the co-operation (spontaneous vs. politically driven); and (ii) constructing a SWOT-type tool, based on the external/internal conditions behind co-operation, which would be helpful in creating a strategic vision for territorial development through TC and future TC delimitation.

Article 21 of ERDF Regulation 1080/2006

No respondent mentioned article 21 of the ERDF explicitly in the case studies, but there were requests for increased flexibility in relation to including external partners. Hence, it would be interesting to investigate whether this article has been effectively applied.

Analysing all groups of actors involved in TC

It would be useful to analyse more actors involved in TC, such as businesses, civil organisations, migrants, visitors and their networks. Special attention should be given to networks of NGOs, through which the EU may be present in the internal development of neighbouring countries.

Effective ways of working with external partners

Further research should focus on how relations with external EU partners can be initiated, managed and implemented most effectively. Such research should particularly take into account new TC instruments such as macro-regional strategies and the European Grouping of Territorial Co-operation (EGTC).

How to create lasting and sustainable partnerships in TC

A promising field of research is to focus on how existing partnerships can continue to work effectively and successfully whilst becoming reliant on external resources. In other words, how can TC partnerships become more sustainable in the long run?

Private-sector inclusion

Many TC programmes and actors involved in TC would like to see increased involvement of the private sector in TC initiatives, as they have the potential to make a valuable contribution to TC activities. However, private-sector engagement has in many cases proved difficult. Future research could look for ways in which this sector can be further involved in TC.

The contribution of macro-regional strategies to territorial co-operation

There is a lack of understanding of what the macro-regional strategy contributes to TC and how it supplements existing TC arrangements (INTERREG). Further research could investigate how macro-regional strategies can add value to TC and how they can be most effectively implemented.

Systematic assessment of TC's impact on various socio-economic flows

The research attempted to analyse the impact of TC on flows such as FDI, migration and trade, but there is a lack of data on those flows. Accordingly, future analyses could be more focused on monitoring and data collection of cross-border flows to produce a systematic, EU-wide assessment.

Analyses of experience of the European Grouping for Territorial Co-operation

There are four main areas of research that can build on the work of TERCO. These include: EGTC as Managing Authority for Cohesion Policy programmes; bilateral EGTC between EU MS and non-MS; 'network' EGTC (no geographic proximity); and mechanisms to involve civil society.

Synergies between domestic regional and national programmes vs. TC programmes

Future research could provide insights into the most appropriate mechanisms for achieving synergies and in particular how TC programmes can be 'upscaled' within domestic programmes, which often have greater resources.

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